



## Dividend Distribution Policy(DDP)

### **Meghmani Organics Limited** (Formerly known as Meghmani Organochem Limited)

#### Registered & Corporate office

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# **Meghmani Organics Limited (MOL)**

## **I PREAMBLE**

As per the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the “Regulations”) read with SEBI (Listing Obligations & Disclosure Requirements) (Second Amendment) Regulations, 2021, the top One Thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy, which shall be disclosed on the website of the Company and a web-link shall be provided in the Annual Report.

Meghmani Organics Limited (“the Company”) falls in top One Thousand Listed Companies as per the reports published by NSE/BSE, the Board of Directors of the Company has considered, approved and adopted this Dividend Distribution Policy at its meeting held on May 2, 2022.

## **II OBJECTIVE AND SCOPE**

Considering the above and recognising the need to lay down a broad framework for deciding the factors pertaining to distribution of Dividend and / or retaining the profits of the Company, the Board of the Company has laid down and adopted this policy.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for the growth of the Company. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions.

The Policy, however, is not an alternate to the decision making process of the Board for recommending Dividend and the Board may take into consideration other factors as well in addition to these numerated in this policy.

## **III GENERAL POLICY ON DIVIDEND**

The Board shall determine the Dividend pay-out in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors.

The Board may consider and recommend dividend pay-out upto **20%** of Profit After Tax (PAT) during a particular year subject to the following;

1. restrictions and covenants contained in the agreements as may be entered into by the Company with financial institutions / other lenders of the Company from time to time.
2. to ascertain the needs for capital conservation and appreciation;
3. to build sufficient reserves of retained earnings;
4. to augment long term financial strength;

5. to build a pool of internally generated funds to provide long-term resources as well as resource raising potential for the Company
6. the need for replacement of capital assets, expansion and modernization or augmentation of capital stock, including any major capital expenditure proposals.
7. the state of the Country's economy, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to meet unforeseen circumstances.

**8. Statutory requirements**

The Company shall observe the relevant statutory requirements including transfer of a certain portion of the profits to any specific reserve(s), as may be applicable to the Company at the time of taking a decision with regard to declaration / recommendation of Dividend or retention of profits.

**9. Inadequacy of profits**

If during any financial year the profits of the Company are inadequate, the Board may decide not to declare Dividends for that financial year.

**10. Expectations of Stakeholders**

The Board, while considering the decision of Dividend pay-out or retention of a certain amount or the entire profits of the Company for the year, shall, as far as possible, consider the expectations of the major stakeholders as also the small shareholders of the Company who generally expect a regular Dividend payout.

**11. Operating cash flow of the Company**

If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board may consider the same before taking its decision whether to declare Dividend or retain its profits.

**12. Taxation and other regulatory concerns**

Statutory tax, imposed or to be imposed on distribution of dividend. Any restrictions on payment of Dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of Dividend.

#### **IV MANNER OF DIVIDEND PAYOUT**

The declaration and payment of Dividends will be as per the laws and regulations applicable to the company.

#### **V DECLARATION OF DIVIDEND**

Subject to the provisions of the Act, Dividend may be declared and paid out of: (a) Profits of the Company for the Financial Year for which the Dividend is to be paid after setting off carried over losses of the previous Financial Year and depreciation not provided in the previous Financial Year(s); (b) Undistributed profits of the previous Financial Years remaining undistributed after providing for depreciation in accordance with the Act and/or Regulations; or (c) Out of (a) and (b) both.

Before declaration of Dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

## **VI PROCEDURE**

Pursuant to the provisions of the Act, the Regulations and the Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.

The Members, whose name appears in the Register of Member as on Record Date/Book Closure, as may be decided by the Board of Directors, shall be entitled for Dividend.

The Dividend shall be paid to the Members within the limit prescribed under the Act and/or Regulations.

The Company shall ensure compliance of provisions of the Act and/or Regulations and this Policy in relation to Dividend declared by the Company.

## **VII PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES**

Since the Company has issued only one class of Equity Shares with equal voting rights, all the members of the Company are entitled to receive the same amount of Dividend per share. The Policy shall be suitably revised at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

## **VIII DISCLOSURE ON DEVIATION**

Declaration of Dividend on the basis of parameters other than those stated in this Policy or resulting in amendment of any element stated in this Policy will be regarded as deviation. Any such deviation, when deemed to be necessary in the interest of the Company, in extraordinary circumstances, shall be disclosed in the Directors' Report along with the rationale thereof.

## **IX CONFLICT IN THE POLICY**

In the event of any conflict between the provisions of this Policy and of the Listing Regulation/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulation / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **X DISSEMINATION OF POLICY**

Either this Policy or the important provisions of this policy shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

**Note: This Policy was adopted by the Board in their meeting held on May 2, 2022 and it shall be effective from 1 April, 2022.**

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