

## **DIVIDEND DISTRIBUTION POLICY OF CAPLIN POINT LABORATORIES LIMITED**

### **BACKGROUND**

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

Pursuant to the above said regulation, top 500 Listed Companies based on market capitalisation (calculated as on March 31 of every financial year) should formulate Dividend Distribution Policy. Caplin Point Laboratories Limited being one amongst the top 500 Listed Companies based on the market capitalisation has formulated this policy.

The objective of this Policy is to provide the policy framework for declaration and payment of dividend in the best interests of the shareholders and the Company.

This policy will be applicable to interim and final dividend payouts by the Company.

### **CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED:**

The shareholders of the Company may not expect Dividend under the following circumstances:

- ✓ Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- ✓ Significantly higher working capital requirements adversely impacting free cash flow;
- ✓ Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- ✓ Whenever it proposes to utilise surplus cash for buy-back of securities;
- ✓ In the event of inadequacy of profits or whenever the Company has incurred loss

## FINANCIAL PARAMETERS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND

The Board of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- ✓ Consolidated net operating profit after tax;
- ✓ Operating cash flow
- ✓ Net sales
- ✓ Return on invested capital
- ✓ Post dividend Earnings Per Share
- ✓ Any other factor as deemed fit by the Board

## INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND

### INTERNAL FACTORS

- ✓ Business expansion and growth
- ✓ Company's liquidity position and future cash flow requirements
- ✓ Additional investments in subsidiaries of the Company
- ✓ Current year's profits and future outlook in light of the development of internal and external environment
- ✓ Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- ✓ Operating cash flows and treasury position keeping in view the total debt to equity ratio Possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders

### EXTERNAL FACTORS

- ✓ Product/Market expansion plan;
- ✓ Macroeconomic conditions; and
- ✓ Expectations of major stakeholders including small shareholders
- ✓ Foreign Exchange Fluctuation

#### UTILISATION OF RETAINED EARNINGS

The Company would utilize the retained earnings in a manner which is beneficial to the interest of the Company & its stakeholders, including, but not limited to meeting the Company's future business growth/ expansion and strategic plans or such other purpose the Board may deem fit from time to time.

#### PARAMETERS FOR VARIOUS CLASSES OF SHARES:

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

#### DISCLOSURE OF POLICY

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, [www.caplinpoint.net](http://www.caplinpoint.net)

#### APPROVAL

The Board has approved this Dividend Distribution Policy at its meeting held on February 07,2018.

\*\*\*\*\*