

Dividend Distribution Policy

ZYDUS WELLNESS LIMITED

Dividend Distribution Policy

Approver	Board of Directors Revised Policy approved by the Board of Directors at their Meeting held on January 30, 2017
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Dividend Distribution Policy

1. Objective

The objective of this Policy is to ensure that the Company strikes a right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

2. Philosophy

The philosophy of the Company is to maximize the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

3. Regulatory Framework

The Securities Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

ZyduS Wellness Limited being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Definitions

Unless repugnant to the context:

- 4.1 "**Act**" shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- 4.2 "**Applicable Laws**" shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.

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- 4.3 **"Company"** shall mean Zydus Wellness Limited.
- 4.4 **"Chairman"** shall mean the Chairman of the Board of Directors of the Company.
- 4.5 **"Compliance Officer"** shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.
- 4.6 **"Board"** or **"Board of Directors"** shall mean Board of Directors of the Company.
- 4.7 **"Dividend"** shall mean Dividend as defined under Companies Act, 2013.
- 4.8 **"CFO"** shall mean Chief Financial Officer of the Company.
- 4.9 **"Policy or this Policy"** shall mean the Dividend Distribution Policy.
- 4.10 **"SEBI Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

5. Parameters for declaration of Dividend:

In line with the philosophy stated above in Clause 2, the Board of Directors of the Company shall consider the following parameters for declaration of Dividend:

5.1 Internal Factors:

The Board of Directors of the Company would consider the following internal factors before declaring or recommending dividend to shareholders:

- i. Standalone and Consolidated net operating profit after tax,
- ii. Working capital requirements,
- iii. Capital Expenditure planned,
- iv. Resources required to fund any acquisition,
- v. Cash flow requirement to meet contingency, and
- vi. Past Dividend trends.

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5.2 External Factors:

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- i. Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws; and
- ii. Dividend pay-out ratios of companies in the same industry. Usually, the Board distributes 25-30% of the relevant year's profits available for distribution to the shareholders, including dividend distribution tax.

5.3 Circumstances under which the shareholders may or may not expect Dividend:

The shareholders of the Company may not expect Dividend in the event of inadequacy of profits or whenever, the Company has incurred losses.

5.4 Utilization of retained earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

5.5 Parameters adopted with regard to various classes of shares:

- i. Presently, the Authorised Share Capital of the Company is divided into equity share of Rs. 10/- each and the issued and paid-up share capital of the Company comprises only of equity shares.
- ii. As and when the Company issues any other kind of shares, the Board of Directors may suitably amend the policy.

6. Procedure

- i. The Chief Financial Officer, in consultation with the Chairman of the Company, shall recommend any amount to be declared / recommended as Dividend to the Board of Directors of the Company.
- ii. The agenda of the Board of Directors where dividend declaration or recommendation is proposed shall contain the rationale of the proposal.

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- iii. Pursuant to the provisions of the applicable laws and this 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.
- iv. The Company shall ensure compliance of provisions of applicable laws and this Policy in relation to dividend declared by the Company.

7. Disclosure:

The Company shall make appropriate disclosures as required under the SEBI Regulations.

8. General

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment[s], clarification[s], circulars[s], etc.
