

## **DIVIDEND DISTRIBUTION POLICY**

### **1. REGULATORY FRAMEWORK AND EFFECTIVE DATE**

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

Shilpa Medicare Limited (SML) being one of the top five hundred listed companies, as per the market capitalization as March 31 of the immediately preceding financial year, has approved and adopted the Policy at the meeting of the Board of Directors held on 14.02.2017 being the effective date of the Policy.

### **2. DEFINITIONS**

- 2.1 "Act"** shall mean the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
- 2.2 "Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 2.3 "Board"** shall mean Board of Directors of the Company.
- 2.4 "Listed Entity/Company"** shall mean Shilpa Medicare Limited.
- 2.5 "Dividend"** shall mean Dividend as defined under the Companies Act, 2013.
- 2.6 "Policy"** shall mean Dividend Distribution Policy.

### **3. POLICY**

#### **A. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS CAN OR CANNOT EXPECT DIVIDEND:**

The shareholders of the Company may not expect Dividend in the following circumstances, subject to the discretion of the Board of Directors:

- i. Whenever the Company undertakes or proposes to undertake, significant expansion plan(s) requiring higher allocation of capital;
- ii. Requirement of higher working capital for the purpose of business of the Company;
- iii. To undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc., requiring significant allocation of capital;
- iv. Proposal for buy-back of securities;
- v. In the event of inadequacy of profits or whenever the Company has incurred losses.

#### **B. FINANCIAL PARAMETERS:**

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

- i. Working capital requirement(s);
- ii. Capital expenditure requirement(s);
- iii. Business expansion and growth;

- iv. Additional investment in subsidiaries and associates of the Company;
- v. Consolidated net operating profit after tax;
- vi. Operating cash flow of the Company;
- vii. Outstanding borrowings;
- viii. Cost of Borrowing;
- ix. Profit available for distribution;
- x. Past dividend payout ratio.

### **C. INTERNAL AND EXTERNAL FACTORS**

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

#### **External Factors:**

- i. Applicable laws and regulations;
- ii. Global conditions;
- iii. Macro-Economic environment;
- iv. Social/Geo-political factors/risks;
- v. Prevalent market practices

### **D. UTILIZATION OF RETAINED EARNINGS**

The Company would utilize the retained earnings, in a manner which is beneficial and in the interest of the Company and its stakeholders, but not limited to the parameters mentioned above or for such other purposes the Board may deem fit from time to time in the interest of the Company and its stakeholders.

### **E. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES**

Currently the Company does not have any other class of shares, other than equity shares. In the absence of any other class of shares, the entire distributable profit(s) for the purpose of declaration of dividend is considered for the equity shareholders only.

### **4. CONFLICT IN POLICY**

In the event of a conflict between the policy and the regulations, the regulations shall prevail.

### **5. REVIEW OF POLICY**

The Board of Directors of the Company will review the policy, as and when it is necessitated. If the Board proposes to declare dividend on the basis of criteria in addition to those specified in the policy or proposes to modify the criteria, it shall disclose shall changes along with rationale for the same on the Company's website and in the Annual Report.

### **6. DISCLOSURE OF POLICY**

The Policy will be available on the Company's website and will also be disclosed in the Annual Report.