



Divi's Laboratories Limited

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

This Policy has been adopted by the Board of Directors (the "Board") of Divi's Laboratories Limited (the "Company") at its meeting held on 12th August, 2016. The Board may review and amend this policy from time to time and shall comply with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013 as amended.

2. POLICY

The Board of Directors decides each year, in accordance with this policy, which portion of the earnings shall be retained in reserves to fund future growth or for other purposes and the portion of earnings to be distributed to reward shareholders for their investment in the Company.

Dividends are declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may recommend dividends, to be paid to shareholders, after taking into consideration the operating and financial performance of the Company, the advice of executive management including the CFO, and other relevant factors. The Board may also declare interim dividends.

This Policy sets out the parameters and circumstances that may be taken into account by the Board in determining recommendation of dividend and/or retain the profits earned by the company.

a) Statutory requirements

The Company shall observe the relevant statutory requirements for creation of any reserves from out of profits etc., as provided in the Companies Act, 2013 as applicable while taking decisions for dividend declaration or retention of profits.

b) Prudential requirements

The Company shall analyse the prospective projects, capital expenditure for expansions, growth of business, working capital needs, acquisitions, strategic decisions or as a result of expanded capital on account of bonus, new issue of various classes of shares or debentures, which may need creation of healthy reserve, internal resources, servicing and capital conservation for such needs.

c) External factors

The Board may taken into account any external factors while considering recommending dividend, such as:

- Political, tax or regulatory changes relating to its business or declaration of dividend

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- Any material changes relating to the operations of the company or the economic and technological environment impacting the business of the company
 - Any significant change in the competitive conditions affecting the operations of the company which might require dynamic changes in operations or making significant investments.
 - 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.
- d) Expectations of stakeholders / various classes of shares**
The Board, while deciding recommendation of dividend, shall also factor the expectations of the stakeholders while also taking into account the needs of business and consistency of a dividend payout.
- e) Utilisation of retained earnings:**
Profits as earned by the company may either be retained in business for future business needs as detailed under b) above or may be distributed to the shareholders.
- f) Manner of pay-out:**
- Interim dividend, if any, may be declared by the Board.
 - Recommendation, if any, shall be done by the Board, usually at the Board meeting that considers and approves the annual financial statements
 - dividend recommended by the Board shall be approved at the annual general meeting of the Company.
 - payment of dividends shall be made within the stipulated time and in compliance with the regulations or the applicable law.
- g) Circumstances under which dividend may not be paid:**
The Board may in extraordinary circumstances like adverse market conditions, business uncertainty, inadequacy of profits etc., deviate from the policy parameters and may prune or not recommend dividend.
- h) Multiple classes of shares:**
The factors, parameters and payment for dividend to different class of shares of the Company shall be similar to the policy formulated herein, and subject to the respective rights attached to each class of shares as per their terms of issue and in compliance with applicable regulations or law.