

**INDOCO REMEDIES LIMITED**  
**DIVIDEND DISTRIBUTION POLICY**

**1. Background**

Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, stipulates that the top five hundred 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 in their annual reports and on their websites. Indoco Remedies Limited is amongst the top 500 listed entities as per the criteria and therefore the dividend distribution policy has been formulated.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business and used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. The intent of the policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.

**2. Factors considered while declaring Dividend**

The dividend pay-out decision of the Company depends upon the following external and internal factors-

**3.1 External Factors**

**3.1.1 Economic Environment**

In case of uncertain or recessionary economic and business conditions, the Company will endeavour to retain profits to build up reserves to absorb future shocks.

**3.1.2 Capital Markets**

In the times of favourable markets, dividend pay-out can be liberal. However, in case of unfavourable market conditions where the availability of credit is restricted, the Company may resort to a conservative dividend pay-out in order to conserve cash outflows.

**3.1.3 Statutory Provisions and Guidelines**

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time

### **3.2 Internal Factors**

The Company considers various financial parameters before considering the declaration of Dividend as below

#### **3.2.1 Profit Earned during the year**

As per Section 123 of the Companies Act, 2013, no dividend shall be declared or paid by a company for any financial year except out of the profits of the company for that year or out of profits of the company for any previous financial year/years arrived at after providing for depreciation in accordance with the provisions of the Act.

#### **3.2.2 Capital Structure and Debt obligations of the Company**

The Company believes that it operates in the high potential and fast growing Pharmaceutical segment and has ambitious plans for growth. This will involve capital expenditure which the Company proposes to use a mix of both internal accruals as well as debt

The Company may consider various internal factors, which inter alia include:

- Present & future capital requirements of the existing businesses;
- Additional investments in subsidiaries/associates of the Company;
- Any other factor as deemed fit.

### **4. Category of Dividends**

The Companies Act provides for two forms of Dividend, Final & Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

#### **4.1 Final Dividend**

The Final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in a general meeting. The declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

#### **Process for approval of Payment of Final Dividend:**

- Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Based on the profits arrived at as per the audited financial statements;
- Shareholders to approve in Annual General Meeting;
- Once in a financial year;

## **4.2 Interim Dividend**

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts. This would be in order to supplement the annual dividend or in exceptional circumstances.

### **Process for approval of Payment of Interim Dividend:**

- Board may declare Interim Dividend at its complete discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half- yearly) financial statements including exceptional items;
- One or more times in a financial year.
- To be Ratified by shareholders at the next Annual General Meeting

## **4. Circumstances under which the shareholders of the Company may or may not expect dividend**

The decision regarding dividend pay-out is determined by the profit earned and the decision of the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision will seek to balance the dual objectives of appropriately rewarding shareholders and retaining profits in order to maintain a healthy capital structure to support future growth.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilisation of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

## **5. Utilization of Retained Earnings**

The Company is engaged into pharmaceutical sector and the retained earnings are deployed in the expansion of manufacturing facilities. The profits being retained in the business shall be continued to be deployed to further the growth to the business and operations of the Company. The Company stands committed to deliver sustainable value to all its stakeholders.

## **6. Parameters to be adopted with regard to various classes of shares**

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. 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 revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

## **7. Modifications/ deviations to the policy**

The Board of Directors is authorized to approve any modifications/ deviations to the policy and MD/Jt. MD will be the competent authority for any interpretation regarding the policy. This Policy will be reviewed periodically by the Board.