

DIVIDEND DISTRIBUTION POLICY

Zota Health Care Limited

1. Preamble and Regulatory Framework:

Regulation 43(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires the top 1000 listed entities based on their market capitalisation calculated on March 31st of every financial year to formulate a Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites, a Dividend Distribution Policy.

The Company being one of the top 1000 listed companies as per the market capitalisation is adopting the policy of Dividend Distribution to comply with the requirements of the Listing Regulations.

2. Objective and Philosophy:

The Dividend Distribution Policy (“the policy”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The objective of this Policy is to reward its shareholders by returning a portion of its profits after retaining sufficient funds for growth of the Company thus maximizing shareholders’ value.

The Policy set forth’s the broad principles for guiding the Board and the Management in matters concerning declaration and distribution of dividend, with a view to ensure fairness, transparency, sustainability and consistency in the decision for distributing profits to shareholders.

The Policy shall 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 and how the retained earnings shall be utilized, etc.

3. Parameters for Declaration of Dividend:

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

Financial parameters and Internal Factors:

- Operating cash flow of the Company;
- Earnings Per Share and Profit After Tax during the Year;
- Working capital requirements;
- Business expansion and growth;
- Capital restructuring, debt reduction, capitalisation of shares;

- Upgradation of technology and physical infrastructure;
- Mandatory transfer of Profits earned to specific reserves, such as Debenture Redemption Reserve, etc.

External Factors:

- Changes in Government policies and regulatory provisions;
- Economic environment, both domestic and global;
- Dividend pay-out ratios of competitors in the same industry;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Inflation rates;
- Cost of external financing.

4. Declaration of dividend only out of profits:

Dividend shall be declared or paid only out of:

- i. Current Year's profit:
 - a. After providing for depreciation in accordance with the applicable law,
 - b. After transferring to the reserves of the Company such percentage of profits as may be considered appropriate or as may be prescribed, or
- ii. The Profits for any previous financial year or years:
 - a. after providing for depreciation in accordance with the applicable law, and
 - b. remaining undistributed, or
- iii. out of i) & ii) both

5. Set off of Losses and depreciation of previous years:

Before declaring any dividend, the carried over previous losses and depreciation not provided in previous year or years must be set off against the profits of the Company for the current year.

6. Declaration of Dividend out of reserves :

Board of directors should avoid the practice of Declaration of Dividend out of Reserves.

7. Utilization of Retained Earnings:

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market Expansion Plans;
- Diversification of business;
- Product Expansion Plans;

- Long term strategic plans for growth;
- Payment of Dividend or issue of Bonus Shares;
- Acquisition of brands/ businesses;
- Entry into Joint Ventures;
- Modernization of plans;
- Such other Criteria's as the Board may deem fit from time to time.

8. Manner and timelines for Dividend Payout:

i. Interim Dividend

- a) Interim Dividend(s), if any, shall be declared by the Board of Directors.
- b) The payment of Interim Dividend, if declared, shall be made to the shareholders as per the applicable laws within 30 days from the date of declaration of Interim Dividend.

ii. Final Dividend

- a) Recommendation for final dividend, if any, shall be done by the Board of Directors and shall be subject to approval of the shareholders of the Company in Annual General Meeting.
- b) The payment of dividends shall be made to the shareholders as per the applicable law within 30 days from the date of approval of final dividend.
- c) In case no final dividend is declared, Interim Dividend, if any, will be regarded as final dividend in AGM.

9. Parameters that shall be adopted with regard to various classes of shares:

The Company has issued only one class of shares viz. equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

10. Circumstances under which the shareholders of the Company may or may not expect dividend:

The Board of Directors shall consider the criteria and factors provided in this policy before determining any amount of profit to be distributed among shareholders via dividend payout.

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

- the Company undertakes/proposes to undertake a significant expansion project requiring higher allocation of capital;
- Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow;
- In the event of loss or inadequacy of profit.

11. Conflict in Policy:

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the Regulations shall prevail.

12. Disclosures:

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at <https://www.zotahealthcare.com>.

13. Amendments:

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and Listing Regulations or as deemed fit on a review.

14. Disclaimer:

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.