



PIRAMAL PHARMA LIMITED

DIVIDEND DISTRIBUTION POLICY

ORIGINAL EFFECTIVE DATE: 14th October, 2022

1. Regulatory Framework

In compliance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Regulations'), as amended from time to time, the Board of Directors ('the Board') of Piramal Pharma Limited ('the Company') has adopted the Dividend Distribution Policy ('the Policy') and procedures with respect to dividends declared/ recommended by the Company.

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

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board:

- i. Proposed expansion plans requiring higher capital allocation;
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches, etc. which requires significant capital outflow;
- iii. Requirement of higher working capital for the purpose of business of the Company;
- iv. Proposal for buy-back of securities or other corporate actions;
- v. In the event of loss or inadequacy of profit; and
- vi. Adverse economic /market conditions and business uncertainties;

However, the final decision for declaring dividend vests with the Board, who may, decide to declare dividend despite existence of the above circumstances.

3. The financial parameters that shall be considered while declaring dividend

The dividend pay-out decision of the Board depends upon the following financial parameters:

- i. Operating cash flow of the Company
- ii. Profit earned during the financial year
- iii. Profit available for distribution
- iv. Earnings Per Share
- v. Likelihood of crystallization of contingent liabilities, if any
- vi. Creation of contingency fund
- vii. Cost of external financing
- viii. Past dividend payout ratio / trends
- ix. Debt obligations of the Company

These are general indicative financial parameters. The Board may consider other financial parameters which may not be covered above.

4. Internal and external factors that shall be considered for declaration of dividend

Internal factors

- i. Working capital requirements
- ii. Capital expenditure requirement
- iii. Business expansion and growth
- iv. Additional investment in subsidiaries and associates of the Company
- v. Upgradation of technology and physical infrastructure
- vi. Acquisition of brands and business
- vii. Financial parameters referred to above

External factors

- i. Economic environment
- ii. Capital markets
- iii. Global conditions
- iv. Changes in the government policies, industry specific rulings & regulatory provisions
- v. Tax implications
- vi. Industry outlook in future
- vii. Political/geographical situations
- viii. Business cycles

The Board may consider other internal and external factors, which may not be covered above.

5. Utilization of Retained Earnings

The Board may retain its earnings in order to make better use of the available funds and/or increase shareholder value. The decision of utilization of the retained earnings of the Company will be based on the following factors:

- i. Market expansion plan
- ii. Product expansion plan
- iii. Increase in production capacity
- iv. Modernization plan
- v. Diversification of business
- vi. Mergers & Acquisitions
- vii. Declaration of dividend
- viii. Buy back of shares
- ix. Any other permitted usage as per the Companies Act, 2013

The Board may consider other factors on the basis of which profits may be retained in the business.

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

Since the Company has issued only one class of equity shares in its paid up share capital, with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. Specific parameters to be adopted for any other classes of shares that may be issued in future, shall be adopted at that time.

7. Disclosures

The Dividend Distribution Policy shall be disclosed on the website of the Company and the web link of the same shall be provided in the Annual Report of the Company.
