

Wockhardt Limited

Dividend Distribution Policy

Article I. Background

1. Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 ('SEBI Listing Regulations'), the top 500 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 report and on their website.
2. The regulation further prescribed that, the dividend distribution policy shall inter-alia include the following parameters:
 - a) the circumstances under which the shareholders of the listed entities may or may not expect dividend;
 - b) the financial parameters that shall be considered while declaring dividend;
 - c) internal and external factors that shall be considered for declaration of dividend;
 - d) policy as to how the retained earnings shall be utilized; and
 - e) parameters that shall be adopted with regard to various classes of shares

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

Article II. Objective

1. As Wockhardt Limited ('Wockhardt' or 'the Company') is amongst the top 500 listed entities as per the criteria as at 31st March 2016, the dividend distribution policy has to be formulated.
2. While the "Company" has always strived to enhance shareholders value, the objective of this Policy is to reward the Company's shareholders by sharing profits earned by the Company through payment of dividend, after ensuring that adequate funds are retained for sustaining its operations, required capital expenditure and future growth of the Company.
3. The Policy is aimed at striking the right balance between the quantum of dividend paid to its shareholders and the amount of profits retained for its business requirements, present and future.

4. The intent of the Policy is to broadly specify various external and internal factors that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.
5. The Policy shall not apply to:
 - i. Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of such issuance of preference shares.
 - ii. Issue of Bonus Shares by the Company
 - iii. Buyback of Securities.
6. The Policy is not an alternative to the decision of the Board for recommending dividend, which is made time to time after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.
7. This Policy shall be applicable only to Wockhardt Limited and not to any of its Subsidiaries including step-down subsidiaries, Associates and Joint Ventures.
8. This Policy of dividend declaration and its pay-out shall work within the realms of applicable provisions of the Companies Act, 2013 ('the Act'), the Rules framed thereunder and other applicable statutes, if any.

Article III. Types of Dividend

1. The Act provides for two forms of Dividend i.e. Final & Interim.
2. The Board of Directors have the power to recommend final dividend to the Shareholders for their approval in the Annual General Meeting of the Company. The Board's recommendation shall be in accordance with this policy & with the provisions of the applicable Statutes and Rules.
3. The Board of Directors have the power, at its discretion, to declare one or more interim dividend(s) during the financial year based on the Company's financials as per its quarterly/ half yearly financial statements.

Article IV. Considerations

1. The Board of Directors of the Company ("Board") while recommending dividend distribution under this policy shall take cognisance of the following financial parameters and internal/ external factors:
 - i. Reported Net Profit after Tax (PAT) available for distribution in the financial statements prepared in accordance with applicable GAAP for the current period
 - ii. Stability of earnings
 - iii. Reported and Projected statements of Cash Flow

- iv. Planned capital expenditure, Business expansions both organic & inorganic, investment in subsidiaries & associates of the company, working capital requirements, likelihood of crystallisation of contingent liabilities, if any
- v. Current and Committed Capex
- vi. Debt raising capacity
- vii. Past track record of dividend payouts
- viii. The macro economic factors, regulatory and general business environment, Global scenario & Capital markets
- ix. Statutory provisions & guidelines
- x. Any other factors that deemed necessary

Article V. Circumstances under which the shareholders of the company may or may not expect dividend

The decision of dividend distribution seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy cash flow / net worth to support sustainable future growth. Accordingly, the shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Any proposed Business expansion plans that requires 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 capex and/ or working capital for the purpose of business of the Company adversely impacting cash flow of the company
- iv. Proposal for buy-back of securities
- v. In the event of loss or inadequacy of profit
- vi. Any other contingency that may impact Profitability, Cash flow of the Company in future

Article VI. Utilization of Retained Earnings

The Company is engaged into the Pharmaceuticals Business. The profit earned by the Company can either be retained or used for expansion, diversification, acquisition, statutory purposes etc. or it can be distributed amongst the Shareholders. The Board of Directors may choose to retain its earnings in order to make better use of the available funds and increase the value of the shareholders in the long run.

Article VII. Parameters with regard to various classes of shares

1. Upon declaration of dividend, the holders of the Equity Shares of the Company, as on the Record Date, are entitled to receive dividends. Since the Company, as on date, 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.

2. In case Preference Shareholders, they shall be entitle to receive dividend at the fixed coupon rate as per the terms of issue and shall stand in priority to Equity Shareholders for payment of dividend.

Article VIII. Procedure for declaration of dividend

1. The Managing Director in consultation with the Chairman of the Company shall propose any amount to be declared / recommended as dividend to the Board of Directors of the Company.
2. The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the details of the proposal.
3. Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders; and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.

Article IX. Disclosures

1. The Company shall make appropriate disclosures as may be required under the SEBI Listing Regulations.
2. This Policy has been approved by the Board of Directors of the Company at its meeting held on 24th January, 2017. The Policy will be applicable from the Company's Financial Year 2016-17.

Article X. Review

1. This Policy would be subject to revision/ amendment in accordance with the amendments as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, in the matter.
2. The Board of Directors shall review the Policy as may be required from time to time.
