



# **Panacea Biotec Limited**

## **DIVIDEND DISTRIBUTION POLICY**

**Approved by: Board of Directors**

Date of Approval: July 23, 2021

Effective Date: July 23, 2021

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# Panacea Biotec Limited

## DIVIDEND DISTRIBUTION POLICY

### 1. Preamble and Objective

The Securities and Exchange Board of India (“SEBI”) on September 02, 2015 has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) effective from December 01, 2015.

On May 05, 2021, SEBI notified SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 to be effective from May 06, 2021. Vide this notification, SEBI has amended Regulation 43A of the SEBI LODR Regulations, making it mandatory for the top 1,000 (one thousand) listed Companies based on the market capitalization (calculated as on March 31 of every Financial Year) to formulate a Dividend Distribution Policy, which shall be disclosed on their website and a web-link shall also be provided in their annual reports.

Panacea Biotec Limited (the “Company”) being one of the top 1,000 (one thousand) listed companies based on market capitalization calculated as on March 31, 2021, as per the criteria mentioned above, has approved and adopted this Dividend Distribution Policy (the “Policy”) on July 23, 2021, being the effective date of the Policy, in compliance with Regulation 43A of the SEBI LODR Regulations.

The objective of this Policy is to broadly specify the circumstances under which the shareholders of the Company may or may not expect dividend and the external and internal factors including financial parameters that shall be considered by Board of Directors of the Company while declaring dividend and how the retained earnings shall be utilized, in the interest of providing transparency to the shareholders.

This Policy is not an alternative to the decision of the Board for recommending / not recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

### 2. Definitions

2.1 “**Act**” means Companies Act, 2013 and rules made thereunder or any subsequent amendment(s) or modification(s) thereof.

2.2 “**Board**” / “**Board of Directors**” means the Board of Directors of Panacea Biotec Limited.

2.3 “**Company**” means Panacea Biotec Limited.

2.4 “**Financial year**” shall mean the period starting from 1<sup>st</sup> day of April and ending on 31<sup>st</sup> day of March every year.

2.5 “**Policy**” means Dividend Distribution Policy.

2.6 “**SEBI LODR Regulations**” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any subsequent amendment(s) or modification(s) thereof.

Words and Expressions used and not defined in this Policy but defined in the Act or SEBI LODR Regulations or any other applicable laws shall have the same meaning respectively assigned to them therein.

### **3. Category of Dividends**

The Act provides for two forms of Dividend - Final Dividend and Interim Dividend.

a) Final Dividend:

The final dividend is paid once for the Financial Year after the annual accounts are prepared. The Board of Directors shall have the power to recommend the payment of final dividend to the shareholders for their approval in the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

b) Interim Dividend:

Subject to compliance with the provisions of Act including the rules made thereunder and other relevant regulations, if any, the Board of Directors shall also have the absolute power to declare interim dividend, one or more times, during any Financial Year out of the surplus in the profit and loss account and out of profits of the Financial Year in which such interim dividend is sought to be declared, as and when they consider it fit. Interim Dividend may be paid in order to supplement the annual dividend or in exceptional circumstances. Normally, the Board could consider declaring an interim dividend after finalization of quarterly or half yearly financial statements.

The date of the Board meeting in which the dividend proposal will be considered, will be intimated to the stock exchanges, as required by SEBI LODR Regulations.

### **4. Declaration of Dividend**

The declaration of dividend (including interim dividend) would be subject to compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

### **5. Circumstances under which Shareholders 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 and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having

adequate profits after complying with all other statutory requirements under the Applicable Laws.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- a) In case of inadequacy of profits or whenever the Company has incurred losses;
- b) Proposed expansion plans requiring higher capital allocation;
- c) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches, etc. which requires significant capital outflow;
- d) Requirements for repayment of debt including interest thereon;
- e) Higher working capital requirements for business operations of the Company;
- f) Whenever the Company proposes to utilize surplus cash for buy-back of securities or setting off of previous year losses or losses of its subsidiary/ies ; and
- g) In case being prohibited to recommend/declare dividend by any regulatory body.

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors and declare dividend in any financial year. The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the ongoing or planned business expansion or other factors which may be considered by the Board. 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.

## **6. Parameters to be considered for Declaration of Dividend**

The Board of Directors of the Company shall consider the following **financial / internal parameters** while declaring or recommending dividend to shareholders:

- a) The Company's liquidity position and future cash flow requirements;
- b) Profits earned and available for distribution during the financial year;
- c) Accumulated reserves including retained earnings;
- d) Earnings outlook for next three to five years;
- e) Expected future capital expenditure or working capital requirements;
- f) Additional investments in subsidiaries / associates / joint ventures or new business of the Company;
- g) Likelihood of crystallization of contingent liabilities, if any;
- h) Cost and availability of alternative sources of financing;
- i) Track record of dividends distributed by the Company;
- j) Restrictions / covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company;

k) Any other relevant or material factors as may be deemed fit by the Board.

The Board of Directors of the Company shall consider the following **external parameters** while declaring or recommending dividend to shareholders:

- a) Regulatory requirements / changes;
- b) Macro-economic environment;
- c) Capital market(s);
- d) Political/geographical situations;
- e) Technological changes necessitating significant new investments in any of the businesses in which the Company is engaged;
- f) Inflation rate;
- g) Industry Outlook for future years;
- h) Any other relevant or material factors as may be deemed fit by the Board.

## **7. Utilization of Retained Earnings**

- a) Retained earnings shall be utilized in a manner which is beneficial to the interests of the Company and also its shareholders.
- b) The retained earnings may be utilized by the Company for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company or permitted under the provisions of Companies Act, 2013.
- c) In absence of any viable growth opportunity (organic / inorganic), the Company shall utilize retained earnings for reducing its debt obligations.
- d) In absence of the opportunity to utilize retained earnings in any of the above options, as an exception, the Board shall use the larger portion of profits to distribute amongst the shareholders as dividend.

## **8. 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 equity shares that may be issued in future, shall be adopted at that time.

The Company has issued preference shares as well. Preference Shareholders shall receive dividend at the fixed rate as per the terms and conditions of their issue and shall stand in priority to equity shareholders for payment of dividend, as and when declared.

## **9. Disclosures**

The Company shall disclose the Dividend Distribution Policy on the website of the Company i.e. [www.panaceabiotec.com](http://www.panaceabiotec.com) and web-link shall be provided in its Annual Report.

## **10. Conflict in Policy**

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

## **11. Amendments**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy, at any time, as it deems fit, or from time to time, in consistence with the applicable provisions of any law for the time being in force and the decision of the Board in this respect shall be final and binding.

**Approved by**  
**For and on behalf of Board**

**Sd/-**  
**Mr. Soshil Kumar Jain**  
**Chairman**

**Place: New Delhi**

**Date: July 23, 2021**