

DIVIDEND DISTRIBUTION POLICY

1. Preamble and Objective

This Policy shall be called 'Cipla's Dividend Distribution Policy' and shall come into force for accounting periods beginning from 1st April 2016.

To ensure transparency on the Company's take on dividend and that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company has adopted the Dividend Distribution Policy ("the Policy").

This Policy is framed in accordance with the requirement under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

The Company shall make appropriate disclosures as required under the Listing Regulations.

This policy provides clarity to stakeholders on the dividend distribution framework adopted by the Company. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

2. Definitions

- a. "Board" means the Board of Directors of Cipla Limited.
- b. "Company" means Cipla Limited.
- c. "Policy" means this Dividend Distribution Policy, as amended from time to time.
- d. "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).
- e. "Financial year" shall mean the period starting from 1st day of April and ending on 31st day of March every year.

Explanation: Any words/terms used in the Policy but not defined herein shall have the same meaning ascribed to it, in the Act or rules made thereunder, the SEBI LODR, the Indian Accounting Standards or any other relevant legislation / law applicable to the Company.

3. Interpretation

In the event of a conflict between the terms of the Policy and any rule, regulation or standards, the provisions of such rule, regulation or standards shall prevail over this Policy, to the extent of such inconsistency.

In case of any dispute or difference upon the meaning/interpretation of any provision in the Policy, the same shall be referred to the Board and the decision of the Board in such a case shall be final.

4. Parameters for dividend payout

In line with the objective stated above, the Board of Directors of the Company shall consider the following parameters while declaring dividend:

a. Financial Parameters/ Internal Factors:

- i. Standalone and consolidated profit for the financial year.
- ii. Past dividend pattern
- iii. Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company;
- iv. Cash flow requirements of the Company
- v. Debt obligation
- vi. Capital expenditure and working capital
- vii. Investment in Organic and inorganic growth opportunities
- viii. Buyback of shares or any such alternate profit distribution measure
- ix. Any unforeseen events and/or contingencies

b. External Factors

Certain external factors could compel the Board of the Company to reflect on the dividend payout for any financial year of the Company. Some of the external factors affecting the Company's dividend payment are:

- i. Regulatory requirements;
- ii. Economic environment;
- iii. Political/geographical situations;
- iv. Industry Outlook for future years.
- v. Capital Market

c. Utilization of Retained Earnings:

The Company believes in cash retention for growth, expansion and diversification including acquisitions to be made by it, and also as a means to meet contingency. The retained earnings of the Company may be used in any of the following ways:

- i. Organic and inorganic growth opportunities
- ii. Capital expenditure and working capital requirement
- iii. Capitalisation of reserves
- iv. General corporate purposes, including contingencies
- v. Declaration of dividend and/or Buyback of shares or any such alternate profit distribution measure.
- vi. Any other permitted usage as per the Companies Act, 2013

d. Circumstances under which the shareholders may or may not expect dividend:

The Company intends to offer maximum return on investment to the shareholders keeping in mind the underlying growth and future of the Company and would generally pay dividend subject to availability of adequate profits. However, the Board may consider not declaring any dividend or declare a lower rate of dividend under the following circumstances:

- i. Prospective growth opportunities/threats/concerns/ regulatory actions;
- ii. Inadequacy or absence of profits;

e. Parameters with regard to various classes of shares:

Presently, the issued share capital of the Company comprises of only one class of equity shares of Rs. 2 each. In the event of the Company issuing any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

5. Quantum of dividend payout

The Board of Directors of the Company, considering the business and financial parameters and external factors mentioned above, shall endeavour to maintain dividend pay-out of upto 30% of its consolidated Profits After Tax (PAT). Subject to per share amount rounding off to nearest 25 paise and further subject to percentage being adjusted to nearest multiple of 5.

The Board may consider recommending a lower payout or no dividend for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

In such events, the Board shall provide the rationale for such lower payout in the Annual Report.

Amendments & Review

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. The Board shall periodically review the Dividend Distribution Policy of the Company.

Foot Note:

Version 1.0: Original Policy approved by Board in their meeting dt. 8th February, 2017, effective from 1stApril, 2016.

Version 2.0: Amended Policy by the Board in their meeting dt.12th May 2023 and effective from12th May 2023.