

DIVIDEND DISTRIBUTION POLICY

I. Scope and Purpose

This Policy will regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act, 2013 read with the applicable Rules framed thereunder, as may be in force for the time being, and the Notification dated July 8, 2016 of Securities and Exchange Board of India (SEBI), which has mandated the top 500 listed companies (by way of market capitalisation as on March 31) to formulate Dividend Distribution Policy, which shall be disclosed in the Annual Report and on the website of companies. Accordingly, this Dividend Distribution Policy has been adopted by the Company.

II. Effective Date

The Policy shall become effective from the date of its adoption by the Board i.e., 12th August, 2017,

III. Objective

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion, modernisation or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the policy while declaring/ recommending dividends on behalf of the Company. Through this policy, the Company would endeavour to maintain a consistent approach to dividend pay-out plans.

The Company believes that it operates in the high potential and fast growing medical devices industry. This offers huge investment opportunities. Therefore, the retention of surplus funds for future growth will over-ride considerations of returning cash to the shareholders. However, considering the consistent and impressive generation of profits year on year, there is a need to provide greater clarity on the dividend pay-out philosophy of the Company.

IV. Financial Parameters to be Considered for Declaration of Dividend

The decision regarding dividend pay-out is a crucial as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Retained profit plays an important role in the future growth and expansion of the Company because these are internal sources of financing and do not involve floatation costs and legal formalities. As such, the Company will adopt the policy of residual or passive distribution; so far it can profitably invest its retained earnings as a source of internal financing. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders' wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Board may consider the following financial parameters for declaration of Dividend to its shareholders:

- a) Availability of sufficient Distributable Profits with the Company after taking into consideration the performance of the Company and other factors listed in this Policy. Provided, that Board may declare Interim Dividend based on the then or estimated Distributable Profits for the Financial Year.
- b) If sufficient Distributable Profits are not available with the Company in any Financial Year, the Board may at its discretion recommend payment of Dividend out of the Free Reserves of the Company in accordance with the Act. However, it is clarified that no Interim Dividend shall be paid out of the Free Reserves of the Company.
- c) The Company may transfer any such percentage/amount of its Net Profits to the reserves of the Company, as the Board considers appropriate.
- d) The declaration/disclosure of Dividend and payment thereof shall be in accordance with the procedure and manner as prescribed under the Act and the Regulations.

V. Internal and External Factors to be Considered for Declaration of Dividend

In addition to the performance of the Company and Net Profit earned by the Company, the following factors may also effect the declaration of the Dividend.

- a) External Factors:
 - i. State of Economy: In case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.

- ii. Capital Markets: When the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.
- iii. Statutory Restrictions: Prevailing legal requirements, regulatory conditions or restrictions laid down under applicable laws with regard to declaration of dividend.

b) Internal Factors:

Apart from the various external factors as aforementioned, the Board will take into consideration various internal factors while declaring Dividend, which inter alia will include

- i. Profits earned during the year;
- ii. Present & future Capital requirements of the existing businesses;
- iii. Business Acquisitions; Expansion/ Modernization of existing businesses;
- iv. Additional investments in subsidiaries/associates of the Company;
- v. Cash flow required to meet contingencies
- vi. Outstanding borrowings
- vii. Past dividend trends
- viii. Any other factor as deemed appropriate by the Board.

VI. Dividend Range

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal to a business and external to it.

The Board will endeavour to maintain a dividend pay-out at an appropriate percentage of profits after tax on the standalone financial. Further, the Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision.

VII. Utilization of Retained Earnings

In case the Board proposes not to distribute the profits of the Company as Dividends, the grounds thereof and details regarding utilization of the retained earnings of the Company will be provided to the Shareholders in the Annual Report. Broadly, as per the trend and the policies of the Company, retained earnings will be utilized to reinvest in expansion of the Company, pay off debts of the Company and to add to the cash reserves or for any other needs of the Company.

VIII. Provisions in Regard to Various Classes of Shares

Presently the Company only has one class of shareholders, i.e., equity shareholders with equal rights, hence there is no separate policies for Distribution of Dividend to different classes of shares/shareholders.

IX. Disclosure

The Company shall make appropriate disclosures as required under the applicable laws.

X. General

The Company reserves its right to alter or amend any of the provisions of this Policy. In case of any amendment, issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment, shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment.
