



Dabur India Limited

DIVIDEND DISTRIBUTION POLICY

Dabur

Celebrate Life!



1. INTRODUCTION

The Company has in place a Dividend Policy since long. After incorporation of regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') the existing Dividend policy has been revised and framed according to the Listing Regulations and the Companies Act, 2013.

The Company aims at rewarding its shareholders by sharing a part of its profits after retaining sufficient funds for the growth of the Company. The Company has been able to pursue its aim over years and has been able to maintain fairness, consistency and sustainability while distributing profits to its shareholders. This policy has been framed with an objective to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, this Policy lays down various guidelines, factors and parameters to be considered by the Board of Directors of the Company while recommending/ declaring Dividend from time to time.

2. PURPOSE AND REGULATORY FRAMEWORK

As per regulation 43A of the Listing Regulations, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, the Company is required to formulate a Dividend Distribution Policy which shall be disclosed in its Annual Report and on its website. Accordingly, the Company has revised its existing Dividend Policy in line with the requirements of Listing Regulations and the Companies Act, 2013.

3. POLICY

A) Declaration of dividend only out of profits

Dividend shall be declared or paid only out of -

- i) Current Year's profit
 - a) After providing for depreciation in accordance with law,
 - b) After transferring to the reserves of the Company such percentage of profits as may be considered appropriate or as may be prescribed, or
- ii) The Profits for any previous financial year or years
 - a) after providing for depreciation in accordance with law, and
 - b) remaining undistributed, or
- iii) out of i) & ii) both

B) Set off of Losses and depreciation of previous years

Before declaring any dividend, the carried over previous losses and depreciation not provided in previous year or years must be set off against the profits of the Company for the current year.

C) Declaration of Dividend out of reserves

Board of directors should avoid the practice of Declaration of Dividend out of Reserves.

D) Amount of Dividend

Board of directors shall endeavor to maintain the Dividend Payout Ratio* (Dividend/ Net Profit after Tax for the year) as near as possible to 50% of Dabur India Ltd's standalone profit after tax OR 40% of Dabur India Ltd's consolidated profit after tax, subject to

- Company's need for Capital for its growth plan
- Positive Cash Flow

(* To be reviewed every 2 to 3 years, if need be)

E) Timing

1. Interim Dividend

- Board of directors to declare,
- Based on review of profits earned during the current year - to date one to three times a year.

2. Final Dividend

- Board of directors to recommend to members for their approval,
- Based on review of profits arrived at as per audited financial statements, for the year,
- Maximum once in a year.

F) Parameters / factors to be considered before declaring dividend

1) Financial parameters

- Current year profits
- Operating cash flow
- Outstanding borrowings, including debt to equity ratio.
- Cost of borrowings
- Past dividend trends

2) Internal Factors that shall be considered for declaration of dividend

- Outlook of the company in line with its business plan
- Future capital expenditure program including
 - New project
 - Expansion of capacities of existing units
 - Renovation/ Modernization
 - Major Repairs & Maintenance
- Working capital requirements
- Likelihood of crystalization of contingent liabilities, if any
- Contingency Fund
- Acquisition of brands / businesses

- Sale of brands/ businesses.
- Restrictions in any agreements executed by the company.

3) External factors

- Prevailing regulatory and legal requirements, including tax regulations
- Industry trend
- State of economy in the country and worldwide.

4) Parameters that shall be adopted with regard to various classes of shares

Presently, the Authorized Share Capital of the Company is divided into equity shares of Re.1/-per share and accordingly, the issued and paid-up share capital of the Company comprises of only one class of equity shares.

As and when the Company shall issue other class of equity shares or other kind of shares, the Policy may be suitably amended.

G) Circumstances under which shareholders may or may not expect dividend

The Board of Directors shall consider the factors provided in this policy before determination of any dividend payout.

The shareholders of the Company may not expect Dividend under the following circumstances:

- In the event of inadequacy of profits or whenever the Company has incurred losses,
- Whenever the company undertakes or proposes to undertake a significant expansion Project or any acquisition or joint venture, requiring significant allocation of funds;

H) How the retained earnings will be utilised

The retained earnings shall be utilized for business purposes of the Company and to increase the value of the stakeholders in the long run. Utilization of retained earnings may be for:

- Acquisition of brands/ businesses;
- Entry into Joint Ventures;
- Expansion plans;
- Enhancement of production capacity;
- Modernization plans;
- Diversification of business;
- Long term Business plans;
- Declaration of any special dividend under any special circumstances, as permitted by law;
- Other such utilizations as may be deemed fit from time to time.

I) Disclosures

- The Company shall make appropriate disclosures as required under the Listing Regulations and the Companies Act, 2013.
- The Policy shall be disclosed in the Company's Annual Report and website.
- If the company proposes to declare dividend on the basis of parameters in addition to the parameters/ factors mentioned in this policy 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.

J) Amendments to the policy

The Policy may be amended, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Footnote:

Version 1 – Original Policy Date 29th January, 1999

Version 2 – First Amendment Date 21st July, 2016