



**ALKEM LABORATORIES LIMITED
POLICY ON DIVIDEND DISTRIBUTION**

("Policy")



DIVIDEND DISTRIBUTION POLICY OF ALKEM LABORATORIES LIMITED

PREAMBLE

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI LODR Regulations), such class of listed entities as may be specified under the said Regulation are required to formulate a Dividend Distribution Policy, disclose the same on their website and provide a web-link thereto in their Annual Report. Accordingly, Alkem Laboratories Limited ("the Company") adopted this Dividend Distribution Policy ("Policy") to comply with the requirements of the SEBI (LODR) Regulations.

OBJECTIVE

The objective of the policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend, utilization of Retained Earnings and the circumstances under which the shareholders of the Company may or may not expect dividend.

PHILOSOPHY

The Company is deeply committed to driving superior value creation for all its stakeholders. The Company believes that driving growth creates maximum shareholder value and thus it would first like to deploy its profits to fund its working capital requirements, capital expenditure requirements, reducing debt, allocate reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

DEFINITIONS

- **'Company'** means Alkem Laboratories Ltd.
- **'Board' or 'Board of Directors'** means Board of Directors of the Company
- **'Dividend'** means Dividend as defined under Companies Act, 2013
- **'Policy or this Policy'** means the Dividend Distribution Policy
- **'SEBI (LODR) Regulations'** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force
- **'Subsidiary'** shall mean Subsidiary of the Company as defined under the Companies Act, 2013

PARAMETERS FOR DECLARATION OF DIVIDEND

Internal Factors / Financial Parameters - The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- The Board of Directors of the Company shall declare dividend depending on the profit earned by the Company during the relevant financial year after adjusting for accumulated losses & unabsorbed depreciation, if any and out of the carried forward profits not transferred to any reserves. However, under special circumstances, Dividend may be declared out of the accumulated profits earned by it in previous years and transferred by it to the free reserves, subject to compliance with the requirements of the relevant provisions of the Companies Act, 2013 including the Rules made thereunder.
- The Board of Directors of the Company would consider its working capital requirements, R&D expenditure and capital expenditure requirements for future growth before declaring the dividend

- The Board of Directors of the Company shall take into account resources required to fund acquisitions and / or new businesses and additional investment required in its subsidiaries/associates of the Company
- The dividend declaration would also depend upon the liquidity position of the Company, Outstanding borrowings and the cash flow required to meet contingencies
- The Board of Directors of the Company shall also take into account past dividend trends of the Company

External Factors

- Dividend declared would be in compliance with prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws
- The Board of Directors of the Company would consider dividend pay-out ratios of companies in the same industry

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:

- Organic and inorganic growth opportunities
- Capital expenditure and working capital requirement
- Capitalisation of reserves
- General corporate purposes, including contingencies
- Declaration of dividend or any such alternate profit distribution measure
- Any other permitted usage as per the Companies Act, 2013

Circumstances under which the shareholders may or may not expect Dividend

The Company shall not recommend dividend if it is of the opinion that it is financially not prudent to do so. The shareholders of the Company may not expect Dividend under the following circumstances:

- In case the Company is undertaking significant expansion which would require higher allocation of resources
- If the Company requires significant amount of working capital to fund its future growth
- In case the Company proposes to utilise surplus cash for buy-back of securities
- In the event of inadequacy of profits or whenever the Company has incurred losses

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

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

The Company has issued only one class of shares viz. equity shares having uniform dividend rights.

Modification of the Policy

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc.

Disclosure

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

For and on behalf of the Board
Alkem Laboratories Limited

Basudeo N. Singh
Executive Chairman
DIN: 00760310

REVISION HISTORY	
Approved and Adopted by Board of Directors	11 th November, 2016
Recommended by Audit Committee and Adopted by Board of Directors	14 th August, 2026