

QUICK HEAL TECHNOLOGIES LIMITED DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND, SCOPE PURPOSE AND EFFECTIVE DATE

The intent of this Policy is to broadly specify the external and internal factors including financial parameters that shall be considered by the Board of Directors of the Company (“Board”) while recommending/declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

Moreover, the Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (“Regulations”). Regulation 43 of the Regulations, which mandates top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

In accordance with the Regulations, the Board has approved and adopted this Dividend Distribution Policy (the “Policy”) at its meeting held on 3rd February 2017, which will be operative with immediate effect.

This Policy is not an alternative to the decision of the Board for 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 **“Board” shall** mean Board of Directors of the Company.

2.2 **“ Act” shall** mean the Companies Act, 2013 and Rules thereunder, as amended from time to time.

2.3 **“Dividend”** includes any interim dividend(s).

2.4 **“Listed Entity / Company”** shall mean Quick Heal Technologies Limited.

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

2.6 **“Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time.

2.7 **“Stock Exchange”** shall mean a recognised Stock Exchange(s) as defined under clause (f) of Section 2 of the Securities Contracts (regulation) Act, 1956.

3. POLICY

A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The dividend pay-out decision of the Board depends upon the following financial parameters and internal and external factors-

Financial parameters and Internal Factors:

- i. Operating cash flow of the Company
- ii. Profit earned during the year
- iii. Profit available for distribution
- iv. Earnings Per Share (EPS)
- v. Working capital requirements
- vi. Capital expenditure requirement
- vii. Business expansion and growth
- viii. Likelihood of crystalization of contingent liabilities, if any
- ix. Additional investment in subsidiaries and associates of the company
- x. Upgradation of technology and physical infrastructure
- xi. Creation of contingency fund
- xii. Acquisition of brands and business
- xiii. Cost of Borrowing
- xiv. Past dividend payout ratio / trends

External Factors:

- i. Economic environment
- ii. Capital markets
- iii. Global conditions
- iv. Statutory provisions and guidelines
- v. Dividend payout ratio of competitors

B. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY 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 of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding Shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The Shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Proposed expansion plans requiring higher capital allocation
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- iii. Requirement of higher working capital for the purpose of business of the Company
- iv. Proposal for buy-back of securities
- v. In the event of loss or inadequacy of profit

C. UTILIZATION OF THE RETAINED EARNING

The Board may retain its earnings in order to make better use of Internal Accruals and enhance the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Modernization plan
- Diversification of business
- Long term strategic plans
- Capex Plan
- Deleveraging plan
- Such other criterias, as the Board may deem fit from time to time.

D. MANNER OF DIVIDEND PAYOUT

In case of final dividend:

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend, as recommended by the Board shall be approved/declared by the Shareholders of the Company at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law(s).

In case of interim dividend:

- i. Interim dividend, if any, shall be declared by the Board.
- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to the Shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

E. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of equity shares with equal voting rights, all the Shareholders of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

4. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at www.quickheal.com

5. POLICY REVIEW AND AMENDMENTS

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy.