

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

The Board of Directors (the “Board”) of Windlas Biotech Limited (“WBL” or the “Company”) understands the importance of shareholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure 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 (“Policy”).

PURPOSE

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, dividend, which shall be consistent with the performance of the Company over the years.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The Company may retain all its future earnings, if any, for use in the operations and expansion of its business. The dividend, if any, will depend on a number of factors, including but not limited to the Company’s profits, accumulated reserves, earnings outlook, capital requirements, financial commitments and financial requirements including business expansion plans, applicable legal restrictions, cost of raising funds from alternate sources, cash flows and other factors considered relevant by the Board. In addition, the dividend, if any, will also depend on a number of external factors including but not limited to applicable laws and regulations including taxation laws, economic conditions, prevalent market practices, and technological changes.

The Board will refer to the Policy while declaring/ recommending dividends on behalf of the Company.

AUTHORITY

This Policy has been adopted by the Board of the Company at its Meeting held on, 2021. The Policy shall also be displayed on the website of the Company.

FORMS OF DIVIDENDS

- Interim Dividend

The interim dividend may be declared by the Board one or more times in the financial year as may be deemed fit.

- Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

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 20% of Windlas Biotech Limited's consolidated profit after tax, subject to -

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

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 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.

DIVIDEND DISTRIBUTION

The Board of Directors shall endeavor to take a decision for Dividend Distribution with an objective to enhance shareholders value. However, the decision regarding pay-out is subject to several parameters which form part of this Policy.

The Dividend once declared or approved will be paid/ distributed within the statutory period permitted by law.

DECLARATION OF DIVIDEND

Dividend shall be declared or paid only out of –

1) Current financial year's profit:

- a. after providing for depreciation in accordance with law;
- b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law.

Or

2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed;

Or

3) Out of 1) & 2) both.

DECLARATION OF DIVIDEND OUT OF RESERVES

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

REVIEW & AMENDMENT

This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.

In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.

Version 1 – Original Policy dated May 6, 2021