

DIVIDEND DISTRIBUTION POLICY

Purpose:

As per provisions of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), the Company adopts this policy.

The Company currently has only one class of shares i.e. Equity Shares, for which this policy is applicable. The equity shares of the company are listed on BSE.

Accordingly, the Board of Directors of the Company (“the Board”) has approved this Dividend Distribution Policy.

Objective:

The Policy lays down the broad criteria which the Company would take into consideration for the purpose of ascertaining the amount of dividend to be declared keeping in mind the need to maintain a balance between the payout ratio and retained earnings, in order to address future needs of the Company. The objective of this policy is to provide clarity to Stakeholders on the dividend distribution framework to be adopted by the Company.

Power to declare Dividend:

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions and the decision of the Board of Directors with respect to the amount of dividend recommended for any given period will be final and shall not be open to challenge by any person and shall be declared by the Members at the Annual General Meeting of the Company. The Board of Directors has the authority to declare interim dividend.

Dividend Payout:

Subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, growth / investment requirements and fair Shareholder return. The Company will broadly take into consideration various internal and external factors, including but not limited to the following before making any recommendation for dividend:

- Stability of earnings
- Cash flow position from operations
- Future capital expenditure, inorganic growth plans and reinvestment opportunities

- Industry outlook and stage of business cycle for underlying businesses
- Leverage profile and capital adequacy metrics
- Overall economic / regulatory environment
- Cost of external financing
- Contingent liabilities
- Past dividend trends
- Change in Government policies, rate of inflation, tax structure
- Buyback of shares or any such alternate profit distribution measure
- Any other contingency plans

Dividend shall be declared out of the current year's Profit after Tax of the Company and in exceptional circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions. However, other Comprehensive Income' (as per applicable Accounting Standards) which mainly comprises of unrealized gains/ losses, will not be considered for the purpose of declaration of dividend.

Likewise, in the event of challenging circumstances such as adverse economic cycles and industry projections, the performance of the Company in the coming years, pressure on cash flow on account of various factors such as higher working capital requirements, etc., the Company may, decide not to declare a dividend even when in a given year, the Company had generated adequate profits. However, in that case, the grounds thereof shall be disclosed to the Members in the Board's Report forming part of the Annual Report of the Company for the given financial year.

General

Retained earnings will be used for the Company's growth plans, working capital requirements, declaration of dividend, issue of bonus shares or buy back of shares, debt repayments and other contingencies permissible as per Companies Act, 2013.

Review

This policy would be subject to revision / amendment on a periodic basis, as may be necessary.

Disclosure

This policy (as amended from time to time) will be available on the Company's website viz <https://www.gennexlab.com>.