NEULAND DIVIDEND DISTRIBUTION POLICY

1. Preamble

1.1 The Dividend Distribution Policy (hereinafter referred to as the "Policy") has been developed in accordance with the applicable provisions of the Companies Act, 2013 and Rules there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

1.2 The Board of Directors (the "Board") of Neuland Laboratories Limited (the "Company") has adopted the Policy of the Company in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

1.3 The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be in force for the time being ("Act") in particular Sections 2(35), 24, 51, 134(3)(k), 123, 124, 125, 126 and 127 of the Act and the Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such other applicable provisions of law and the Articles of Association of the Company as amended.

2. Objective

2.1 This Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for the Company's growth & sustainability. It establishes the principles to ascertain amounts that can be distributed to shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

2.2 The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

2.3 The Policy is not an alternative to the decision of the Board for recommending / declaring dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

3. Types of dividend

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

4. Parameters to be considered while recommending / declaring dividend

The Board while declaring or recommending dividend to the shareholders, will consider following financial/ internal and external factors:

4.1 Financial/Internal Factors:

- Profits earned and available for distribution during the financial year
- Accumulated reserves, including retained earnings
- Distributable surplus available as per the various Acts and Regulations ▫ Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- Earning Stability
- Future Capital Expenditure requirement of the Company
- Growth plans, both organic and inorganic investment opportunities or any other potential strategic actions
- Capital restructuring, debt reduction, capitalisation of shares
- Current and future leverage and, under exceptional circumstances, crystallization of contingent liabilities
- Cash Flows
- Liquidity position and Company's working capital requirements. ▫ Covenants in loan agreements and debt servicing obligations

4.2 External Factors

- Economic environment, both domestic and global
- Unfavorable market conditions
- Changes in Government policies and regulatory provisions, including tax on dividend
- Capital market scenario
- Cost of raising funds from alternate sources
- Inflation rates
- Sense of shareholders' expectations
- Cost of external financing

5. Circumstances under which shareholders of the Company may or may not expect dividend

5.1 The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the Applicable Laws.

5.2 The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- the Company has inadequacy of profits or incurs losses for the Financial Year;
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;

- the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital.
- the Company has significantly higher working capital requirement affecting free cash flow.
- the Company proposes to utilize surplus cash for buy-back of securities;
- the Company is prohibited to recommend/declare dividend by any regulatory body, lenders or investor or any other person; and
- any other circumstance in which the Board does not deem it expedient to recommend any dividend.

5.3 The Board shall recommend the dividend payout after considering the balanced interest of the shareholders and the Company.

6. Utilization of retained earnings

6.1 The Board may retain its earnings in order to make better use of the available funds and increase 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:

- Long term strategic plans
- Capital Expenditure and / or to meet working capital requirements
- Organic / Inorganic growth
- Investment in new business(es) and/or additional investment in existing business(es),
- Balancing the Capital Structure by de-leveraging the Company
- Payment of Dividend or issue of Bonus Shares
- Changes to the capital structure, including buy-back of shares
- General Corporate Purposes, including contingencies
- Other such criteria as the Board may deem fit from time to time and in accordance with extant laws.

7. Manner of dividend payout

7.1 Subject to the circumstances and scenarios mentioned above, the Company may declare dividends for a year, usually payable for a financial year at the time when the Board considers and recommends the Annual Financial Statements, which is called final dividend. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the Annual General Meeting of the Company.

7.2 The Board of Directors may also declare interim dividend during the financial year, between two Annual General Meetings as and when they consider it fit.

8. Parameters for various classes of shares

8.1 The Company has only one class of shares, Equity Shares.

9. Review and Amendments

9.1 The Policy may be reviewed periodically by the Board. This Policy has been adopted by the Board of Directors of the Company at its meeting held on May 11, 2021 and shall come into force for accounting periods beginning from April 1, 2021.

10. Disclaimer

10.1 The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

10.2 Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.

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