

# ***Balaxi Pharmaceuticals Limited***

## **Dividend Distribution Policy**

# Balaxi Pharmaceuticals Limited

## 1. INTRODUCTION

The Board of Directors (the “Board”) of Balaxi Pharmaceuticals Limited (“Balaxi” 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”) and procedures with respect to Dividends declared/ recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time.

## 2. PURPOSE

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long-term capital appreciation for all stakeholders of the Company.

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business. The Board will refer to the Policy while declaring/recommending dividends on behalf of the Company.

## 3. AUTHORITY

This Policy has been adopted by the Board of the Company at its Meeting held on 20<sup>th</sup> May, 2021. The Policy shall also be displayed in the Annual Report and also on the website of the Company.

## 4. 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.

### - Special Dividend

The Board may declare/recommend special dividend as and when it deems fit.

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## 5. PER SHARE BASIS

The dividend will be declared on per share basis only.

## 6. 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.

## 7. DECLARATION OF DIVIDEND

The Board reserves the right to declare interim dividend/ final recommend dividends to the shareholders during any financial year out of the surplus in the statement of profit and loss and/or out of the profits of the financial year in which such interim dividend is sought to be declared, subject to the provisions of the Companies Act, 2013 and the rules made thereunder ("Act"), including the Companies (Declaration and Payment of Dividend) Rules, 2014 ("Rules") and other applicable laws and conditions.

## 8. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

8.1 The Board, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable law including the provisions of the Companies Act, 2013, Rules and the Listing Regulations. The Board, while determining the dividend to be declared or recommended shall take into consideration the advice of the executive management of the Company.

8.2 The Board may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board, including the situation where earnings are greater than what is needed to finance for capital budgeting needs of the Company as projected in the annual operating plan for each year.

8.3 The Board may declare one or more interim dividends during the year. Additionally, the Board may recommend final dividend for the approval of the shareholders at the annual general meeting.

8.4 The dividend for any financial year shall be paid:

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(a) out of the Company's profits for that year (arrived at after providing for depreciation in accordance with applicable law and transferring such amount to reserves as may be prescribed or as may be considered appropriate by the Board of the Company); and / or

(b) out of accumulated profits of any previous financial year(s) in accordance with provisions of the Companies Act, 2013, Rules, Listing Regulations and any other applicable law, as applicable.

8.5 In the event of inadequacy or absence of profits in any year, if the Board considers appropriate, the Company may declare dividends out of the accumulated profits earned by it in previous years and transferred by the Company to the free reserves subject to the fulfilment of the conditions laid down in Rule 3 of the Rules and any other applicable law.

## 9. FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND

9.1 The Board shall consider the following financial/ internal parameters while declaring or recommending dividend to the shareholders of the Company:

- (a) Investment opportunities, i.e. opportunities for expansion and diversification into new projects, acquisitions and/or any other potential strategic actions that may help the Company grow;
- (b) Liquidity position of the Company;
- (c) Growth in earnings of the Company;
- (d) Contingency requirements;
- (e) State of the economy and nature of industry; and
- (f) Any other factors that may be considered by the Board as relevant before declaring dividend.

9.2 These internal and external factors are described in more detail below:

### Internal Factors

- a) Liquidity: In order to pay dividends, the Company will require access to cash. Even in the event that the Company is profitable, payment of dividend would be difficult if resources are tied up in other forms of assets or commitments.
- b) Stability of profits: With a stable profit, it is more likely that dividend pay-out will be at a higher percentage of earnings.
- c) Project finance: The Company may use retained earnings to finance new projects, expansion programs, acquisitions and/or any other potential strategic actions, without raising external finance.

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## External Factors

- a) Access to capital market: The access to capital markets would be easier, when the Company declares more dividends rather than retain earnings.
- b) Legal consideration: Prevailing legal requirements, tax rules, Government policies and statutory conditions or restrictions as may be provided under applicable laws.
- c) Market expectation: The declaration of dividends and its quantum may have a positive impact on the market prices.
- d) Tax considerations: Dividend pay-out may be impacted by change in applicable taxation laws.
- e) Inflation: The Company may also take into account the rate of inflation when declaration of dividend.

## 10. UTILISATION OF RETAINED EARNINGS

The Company maintains sufficient amount of retained earnings to address the financing of working capital, capital expenditure, corporate actions, inter alia, buyback and reduction of capital, and unanticipated and emergency expenditures. The Company may also use the retained earnings for such purposes as are within the provisions the Act, Rules, Listing Regulations and any other applicable law.

## 11. PARAMETERS FOR VARIOUS CLASS OF SHARES

Currently, the Company has only one class of equity shareholders. In the absence of any other class of equity shares and/or equity shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

## 12. CONFLICT IN POLICY

In the event of a conflict between this policy and the extant regulations, the regulations shall prevail.

## 13. DISCLOSURE OF POLICY

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, [www.blaxipharma.in](http://www.blaxipharma.in)

## 14. AMENDMENTS

Any subsequent amendment/modification in the Companies Act, 2013, SEBI regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

## 15. REVIEW

The dividend policy of the Company would be reviewed annually, or earlier if material change take place in the applicable laws.

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