

DIVIDEND DISTRIBUTION POLICY

1. Background

In accordance with the provisions of the Companies Act, 2013 and Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of Dr Lalchandani Labs Limited (“the Company”) has adopted this Dividend Distribution Policy.

This Policy sets out the principles and parameters to be considered by the Board in determining the distribution of dividend to shareholders.

2. Objective

The objective of this policy is to ensure a transparent and consistent approach towards dividend distribution while balancing the interests of shareholders and the Company’s long-term growth.

The policy aims to:

- Provide clarity on the circumstances under which dividends may be declared or distributed.
- Outline the factors considered by the Board while recommending dividends.
- Maintain an appropriate balance between dividend payout and reinvestment of profits.

3. Definitions

Dividend

Dividend means distribution of profits of the Company to its shareholders in accordance with the Companies Act, 2013.

Free Reserves

Free reserves shall have the meaning assigned under the Companies Act, 2013.



4. Circumstances Under Which Shareholders May or May Not Expect Dividend

The Company may declare dividends out of profits of the Company for the year or accumulated profits, after providing for depreciation and in accordance with applicable laws.

However, the Board may decide not to recommend dividend under circumstances such as:

- Inadequate profits
- Requirement of funds for business expansion or capital expenditure
- Adverse market or economic conditions
- Need for strengthening financial position of the Company
- Any other strategic considerations.

5. Financial Parameters Considered While Declaring Dividend

While recommending dividend, the Board shall consider the following financial factors:

1. Profit after tax for the year
2. Earnings stability and growth
3. Cash flow position of the Company
4. Capital expenditure requirements
5. Working capital requirements
6. Debt repayment obligations
7. Past dividend trends.

6. Internal Factors

The Board may also consider internal factors such as:

- Business expansion plans
- Future investment opportunities

- Research and development requirements
- Corporate restructuring plans
- Capital requirements for subsidiaries or joint ventures.

7. External Factors

External factors which may influence dividend decisions include:

- Economic and market conditions
- Industry outlook
- Government policies and regulatory changes
- Cost of raising funds from external sources.

8. Utilization of Retained Earnings

Retained earnings may be used for:

- Business expansion and diversification
- Capital expenditure
- Strategic acquisitions
- Strengthening financial position
- Working capital requirements.

9. Types of Dividend

The Company may declare:

(a) Interim Dividend

Declared by the Board of Directors during the financial year.

(b) Final Dividend

Recommended by the Board and approved by shareholders at the Annual General Meeting.



10. Parameters with Regard to Various Classes of Shares

If the Company issues different classes of shares, the Board may consider the rights attached to each class while determining dividend distribution.

Currently, the Company has equity shares, and dividend is declared on such shares in accordance with applicable laws.

11. Procedure for Declaration of Dividend

The procedure for declaration of dividend shall be in accordance with the Companies Act, 2013 and applicable rules, including:

- Recommendation by the Board of Directors
- Approval by shareholders (for final dividend)
- Transfer to a separate dividend bank account
- Payment within the prescribed timeline.

12. Unpaid Dividend

Any dividend remaining unpaid or unclaimed shall be transferred to the Unpaid Dividend Account of the Company within the prescribed period.

If such amount remains unclaimed for seven years, it shall be transferred to the Investor Education and Protection Fund (IEPF) in accordance with applicable laws.

13. Review of the Policy

The Board of Directors may review and amend this policy from time to time in line with regulatory requirements, business needs, and financial position of the Company.
