

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

The Board of Directors (the Board) of Gufic Biosciences Limited (Gufic or the company) recognises the importance of the Company's shareholders' confidence and trust. The Board of the Company has adopted the Dividend Distribution Policy and Procedures with respect to Dividends declared/ recommended by 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.

OBJECTIVE

The purpose of this policy is to make the process of recommending or declaring a dividend and the Company paying it out as simple as possible, ensuring consistent dividend income for shareholders and long-term capital appreciation for all of the Company's stakeholders.

A dividend is a payment paid by a company to its shareholders, usually in the form of a profit distribution. Profits made by the company might be kept in the business, utilised for acquisitions, expansion, or diversification, or paid to shareholders. The Company may decide to keep a portion of its profits and divide the rest among its shareholders.

The Company would ensure that the quantum of dividends paid and the amount of earnings retained in the business are in balance. When declaring or recommending dividends on behalf of the Company, the Board will refer to the Policy.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY NOT EXPECT DIVIDEND/ OR WHEN THE DIVIDEND COULD NOT BE DECLARED BY THE COMPANY SHALL BE FOR THE REASONS STATED HEREIN, BUT ARE NOT LIMITED TO, THE FOLLOWING REASONS ONLY.

- a. Due to operation of any other law in force;
- b. Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- c. Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders;
- d. Uncertainty of the earnings/ financial results of the Company; and
- e. The availability of opportunities for reinvestments of surplus funds;
- f. Any other corporate action resulting in cash outflow.

FACTORS AFFECTING DIVIDEND DECLARATION:

a) External Factors to be considered while recommending/ declaring dividend

- Economic environment
- Government regulations
- Capital markets
- Global conditions
- Statutory provisions and guidelines
- Dividend pay-out ratio of competitors

b) Internal Factors to be considered while recommending/ declaring dividend

Apart from the various external factors, the Board shall take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include:

- Expected cash requirements of the Company including working capital, capital expenditure
- Quarterly and Annual results
- Cash flow required to meet contingencies;
- Investments including Mergers and Acquisitions (M&A)
- Free cash flow generation
- Buy-back of shares
- Funds required to service any outstanding loans;

c) Retained Earnings

Retained earnings would be used to further the company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via Dividends or other means as permitted by applicable regulations.

d) Parameters that shall be adopted with regard to various classes of shares

Currently, the Company does not have different classes of shares and follows the 'one share, one vote' principle. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares.

POLOCY 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.