



KMC SPECIALITY HOSPITALS (INDIA) LIMITED

CIN: L85110TN1982PLC009781

No: 6, Royal Road, Cantonment, Trichy, Tamil Nadu 620001

DIVIDEND DISTRIBUTION POLICY

Background

This policy is being adopted and published in compliance with regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021. The regulation mandates framing of Dividend Distribution Policy by top 1000 listed companies, based on the market capitalization (calculated as on March 31 of every financial year) which shall be disclosed on the website of the Company & the web link to be provided in the Annual Report.

The SEBI regulation further prescribes that, the dividend distribution policy shall include the following parameters:

- a. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- b. the financial parameters that shall be considered while declaring dividend;
- c. internal and external factors that shall be considered for declaration of dividend;
- d. policy as to how the retained earnings shall be utilized; and
- e. parameters that shall be adopted with regard to various classes of shares:

❖ Parameters/Factors considered by the Company while declaring dividend

The Board of Directors of the Company may consider the following parameters before declaring or recommending dividend to the shareholders:

• Financial Parameters

- Profits earned during the year.
- The need for retaining profits to fund the Company's expansion activities and future strategic growth plans.
- Working capital requirements.
- Capital expenditure requirements.
- Funds required for organic and inorganic growth plans from time to time.
- Funds to meet any contingencies.
- Position of the outstanding borrowings.
- Cost of debt.
- Operating cash flow and future cash flow needs
- Accumulated reserves
- Cost of borrowings
- Any other relevant factors and material events

❖ **Internal and External factors that may be considered while declaring dividend**

A) Internal Factors:

- Restructuring events including mergers and acquisitions.
- Loan covenants entered into with Bankers/ Lenders/ Financial institutions.
- Expansion of existing business.
- Legal and regulatory requirements.
- Any other relevant factors that the Board of Directors may deem fit

B) External Factors:

- Macroeconomic conditions:
- Financing costs
- Government Regulations
- Taxation
- Any other relevant factors that the Board of Directors may deem fit

After meeting internal cash requirements and maintaining a reasonable cash balance towards any strategic investments, the Company shall endeavour to return the rest of the free cash generated to shareholders through regular dividends.

❖ **Circumstances under which the shareholders of the Company may or may not expect dividend**

There may be certain circumstances under which the shareholders of the Company may not expect dividends, including the following, but not limited to,

- Adverse market conditions and business uncertainty
- Inadequacy of profits earned during the financial year
- Inadequacy of cash balance
- Substantial forthcoming capital requirements which are best funded through internal accruals.
- Changing government regulations etc.
- Accumulated Losses
- Any other corporate action resulting in cash outflow
- Any other relevant factors and material events

Even under such circumstances, the Board may at its discretion, and subject to applicable rules, choose to recommend a dividend out of the Company's free reserves.

❖ **Utilization of Retained Earnings**

The Company may utilize the retained earnings for its capital expenditure, mergers and acquisitions, business expansion, growth and for such other purposes as may be statutorily permissible.

❖ **Parameters adopted with regard to various classes of shares**

Currently, the Company has only one class of equity shares. In the future, if the company issues multiple classes of shares, the parameters of the dividend distribution policy will be appropriately addressed.

The payment of any future dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

❖ **Amendments to the Policy**

This policy may be amended by the Board at any time, either suo-moto and / or pursuant to amendments to the SEBI (Listing Obligations & Disclosure Requirements) Regulations or such other law, rules, regulations, standards, guidelines as applicable. Such amendments will take effect from date of the approval of such amendment by the Board. The policy shall be reviewed periodically by the Board as and when deemed necessary or required.

❖ **Website Disclosure**

The Policy shall be hosted on the website of the Company.