

# **Dividend Distribution Policy**

## **Introduction**

The Securities and Exchange Board of India vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, introduced Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top one thousand listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites. Though the Company does not form part of the top one thousand listed entities based on market capitalisation, the Company vide resolution of its board of directors dated November 25<sup>th</sup>, 2023 has voluntarily resolved to adopt this policy on dividend distribution with a view to inform the shareholders about how it aims to utilise extra profits and the parameters that shall be adopted with regard to the equity shares.

## **Objective**

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earning shall be utilised, etc. The Board of Directors ("Board") may consider declaration of interim dividend depending upon the cash flow situation of the Company. The dividend distribution shall be as per the recommendations of the Board and shall always be decided at a general meeting of shareholders. Depending on the long term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

## **Declaration and payment of Dividend**

The Company endeavours to pay dividend within the range of 7% - 15% of the post-tax profits as dividend to the shareholders of the Company in any financial year subject to sufficiency of stand-alone profits available for distribution of dividend in the relevant year and the said payout shall be subject to applicable taxes as per relevant regulations. However, the Board reserves the right to recommend a higher or a lower dividend based on the performance of that year and after taking into consideration other factors enumerated above and in compliance with Section 51 of the Companies Act, 2013 ("Act"), the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised and the amount of distributable profits is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following: (a) out of the profits of the Company for that year arrived after providing for depreciation; or (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or (c) out of both (a) and (b).

## **Parameters for declaration of dividend**

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend.

## **Financial Parameters**

(a) Availability of profits;

- (b) Financial feasibility of the Company;
- (c) Favourable Debt Equity ratio;
- (d) Debt interest coverage ratio;
- (e) Liquidity position;
- (f) Business expansions, acquisitions, etc.;

#### **External Factors**

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Restrictions imposed under the Act with regard to declaration of dividend;
- (d) Sectorial performance;
- (e) Future uncertainties and industrial downturn;
- (f) Government policy;
- (g) Clientele effect;
- (h) Risk effect

#### **Internal Factors**

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernisation of existing business;
- (d) Investment in research and development;
- (e) Working capital requirements;
- (f) Any proposed mergers and acquisitions;
- (g) Approach adopted - residual, stability or hybrid.

#### **Utilisation of retained earnings**

The decision of utilisation of retained earnings of the Company shall be based on the following factors:

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) High cost of debt;
- (d) Market or product development/expansion plan;
- (e) Increase in production capacity;
- (f) Modernisation Plan;
- (g) Replacement of Capital intensive assets.

#### **Classes of Shares**

The share capital of our Company is divided into one class i.e. equity share capital consisting of equity shares of face value ₹2/-each only. Except as stated above, there are no other class of shares issued. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

#### **Publication of Policy**

This Policy as approved by the Board, shall be disclosed in the Annual Report and is available on the website of the Company at [www.thekidsclinics.com](http://www.thekidsclinics.com)

#### **Amendment**

In case of any subsequent changes in the provisions of the Act or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this

Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws. Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.