



The Specialist
in Cancer Care

HEALTHCARE GLOBAL ENTERPRISES LIMITED

DIVIDEND DISTRIBUTION POLICY

(As approved by the Board of Directors on February 08, 2017)

1. OBJECTIVE/BACKGROUND

The objective of Dividend Distribution Policy is to set standard procedures / guidelines to be followed by the Board of Directors in recommending and deciding the amount of dividend (interim or final) per share. The dividend policy provides the framework to decide the proportion of dividend and retained earnings. Retained earnings are an important internal source of finance for long term growth of the company, while dividend reduces the available cash funds of company.

This Policy aims to ensure that, the Company while retaining enough funds as required for its future prospects, also would ensure to reward its shareholders through either of dividend income and long term capital appreciation

The Board of Directors will refer to the policy while declaring / recommending dividends on behalf of the Company. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans in case of sufficient profits and considering such other factors as specified in this policy.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made after taking into consideration all the relevant circumstances enumerated hereunder or factors as may be decided as relevant by the Board.

2. DEFINITIONS

- (i). **Act:** Act means Companies Act, 2013 & rules and any amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof, made there under.
- (ii). **“Applicable Laws”** shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder; as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend.
- (iii). **“Board”** or **“Board of Directors”** shall mean Board of Directors of the Company.
- (iv). **Regulations:** Regulations mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment(s) or modification(s) or circular(s) or notification(s) thereof made there under.
- (v). **“Dividend”** includes any interim dividend as defined under the Companies Act, 2013.
- (vi). **Free Reserves:** Free reserves means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend:
Provided that –
 - a. any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or
 - b. any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.

(vii). **“Policy” or “this Policy”** shall mean the Dividend Distribution Policy.

(viii). Words and Expressions used and not defined in this Policy but defined in the Act, Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 shall have the same meaning respectively assigned to them in those Acts/Regulations.

3. **APPLICABILITY**

The Policy is applicable to HealthCare Global Enterprises Limited.

4. **PARAMETERS FOR DIVIDEND DISTRIBUTION**

A. The circumstances to be evaluated to ascertain if the shareholders of the Company may or may not expect Dividend: The Shareholders of the Company may expect dividend only if the Company has sufficient profits and free reserves with surplus cash after providing all expenses, depreciation etc., and complying all other statutory requirements of the Companies Act, 2013. Company’s expansion plan shall also be a major factor for taking the dividend decision and determining the dividend amount.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortization or ESOP or resulting from change in accounting policies or accounting standards.

B. Without prejudice to the generality of the aforesaid clause, the factors/parameters falling within the following categories shall be considered while making decision on dividend distribution

(i). Internal factors to be considered for declaration of Dividend

- (a) **Growth Prospects** - The Company’s financial requirements are directly related to the growth strategy. The fund requirement of the Company for growth opportunities is key criteria to arrive if Dividend maybe declared by the Board of Directors.
- (b) **Company’s liquidity position** - Dividend payout decision is affected by the Company’s liquidity position. In spite of sufficient retained earnings, the Company may not be in a position to pay dividend if the earnings are not held in cash.
- (c) **Repayment need** - Company uses several forms of debt financing to meet its investment needs which must be repaid at maturity. If the Company may have to retain its profits for the purpose of repaying debt, the dividend payment capacity would change.
- (d) **Timing of Investment Opportunities** - Dividend decisions shall be made in the light of timing of investment opportunities available with the Company.
- (e) **Ability to Borrow** – According to the provisions of Companies Act, the ability to borrow is determined on the basis of paid-up share capital and free reserves, and if the Company has any

plan to borrow in near future in that case to strengthen its ability to borrow, Company can retain its current profits.

(f) **Other Factors** - The Board shall take into account various other factors while declaring Dividend, which inter alia includes:

- I. Profits earned during the year;
- II. Present & future Capital requirements of the existing businesses;
- III. Brand/Business Acquisitions;
- IV. Expansion/Modernization of existing businesses;
- V. Additional investments in subsidiaries/associates of the Company;
- VI. Fresh investments into external businesses;
- VII. Any other factor as deemed fit by the Board.

(ii). **External Factors that shall be considered for declaration of Dividend**

- (a) **Statutory Restrictions** – Subject to provisions of the Act, the Company cannot pay more in dividend than the sum of its current year's profit and past retained earnings.
- (b) **Contractual Restrictions/Restrictions in Debt Covenants** - Company's ability to pay dividends will depend on any restrictive provisions if signed in a loan agreement (which will surely be done with the prior permission of shareholders by way of passing resolution).
- (c) **Economy in general state** - In uncertain economic conditions, Company may be required to retain large part of earnings to build reservoir to absorb future hurdles. Period of recession or inflation or beginning stages of it, then also Company may retain large part of earning to maintain the liquidity.
- (d) **Markets Behavior** - When the capital markets are favorable, dividend pay-out may be liberal. However, in case of unfavorable market conditions, Board may resort to a conservative dividend pay-out in order to save cash outflows.

5. POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED

Reserve or Retained Earnings shall be used for emergencies, non- recurring expenditures, or major capital expenditure or new projects or investment that cannot be accommodated through current year savings. The main advantage of having retained earnings is to have financial resources to reinvest in their operations, creating growth. Retained earnings fund several projects such as research and development and facility construction, renovation and expansion and to purchase equipment and other assets as well as pay off Company debts and liabilities. It shall be the discretion of the Board of Directors to:

- (a). Maintain a minimum level of unreserved retained earnings;
- (b). Use for working capital or redemption of securities;
- (c). Use for unanticipated and emergency expenditures;
- (d). Use for equipment replacement or purchase of any new capital assets;
- (e). Use for investment
- (f). Use for such other purposes as may be determined by the Board of Directors in compliance with the applicable laws.

6. PROVISIONS WITH REGARD TO DIVIDEND

- (i). **Payment of dividend** – Subject to the provisions of the Act and SEBI (LODR) Regulations and MOA & AOA and the terms & conditions of the issue of securities by the Company, the Company may pay dividend in proportion to the amount paid up on each share.
- (ii). **Transfer to the reserves** – Company may, before declaration of any dividend in any financial year, transfer such percentage of its profit for that financial year as it may consider appropriate to the reserves of the Company.
- (iii). **Declaration of Dividend in case of inadequacy or absence of profits in any financial year** - In the event of inadequacy or absence of profits in any year, the Company may in accordance with the provisions of the Act and rules and regulations made thereunder, declare dividend out of free reserves subject to the fulfillment of the following conditions, namely: -
 - (a). The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.
 - (b). The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.
 - (c). The balance of reserves after such withdrawal shall not fall below fifteen per cent of its paid up share capital as appearing in the latest audited financial statement.
- (iv). **Interim Dividend** - The Board of Directors may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared. Provided that in case the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years.
- (v). **Payment of Final Dividend** – Subject to approval of shareholders in Annual General Meeting, the Board of the Company may recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy, based on the profits arrived at as per the audited financial statements.
- (vi). **Payment of Interim Dividend:** Board may declare Interim Dividend at its absolute discretion in line with this Policy, based on profits arrived at as per quarterly (or half- yearly) financial statements.
- (vii). **Form and Mode of Dividend**– The dividend shall be paid only in cash form through use of any electronic mode of payment facility approved by Reserve Bank of India.
- (viii). **Prior Intimation of Dividend** – The Company shall give prior intimation (at least two working days in advance, excluding the date of the intimation and date of meeting) to stock exchange(s) about the Board Meeting in which the declaration/recommendation of dividend will be considered.

- (ix). **Record Date or Date of closure of transfer books** – The Company shall intimate/announce (at least seven working days in advance, excluding the date of the intimation and the record date/dates of closure of its transfer books) the record date/dates of closure of its transfer books to the stock exchange(s) for the purpose of declaration of dividend.

7. DISCLOSURES

The Dividend Distribution Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

8. AMENDMENT/REVIEW

The Board of Directors reserves the right to amend or modify or review this Policy in whole or in part, at any point of time or periodically.