



Policy on Dividend Distribution

Type: Policy

Effective Date: 10/11/2016

Communication Plan: Web

Owner: Board of Directors

Review Schedule: Need base

Privacy Classification: Open General

Custodian: Compliance Officer

Last Review: May 25, 2022

Doc. No.: FHL/LODR/DDP/2017

Version: V.7

FORTIS HEALTHCARE LIMITED

Dividend Distribution Policy

1. **LEGAL FRAMEWORK & OBJECTIVE**

This Dividend Distribution Policy is framed in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and sets out the parameters that will be taken into account by the Board of Directors of the Company (hereinafter referred to as 'the Board') in determining the distribution of surplus to its shareholders and/or retaining profits earned by Fortis Healthcare Limited ("the Company").

The Company will strive to maintain a steady stream of dividend to its shareholders.

2. **POLICY**

21 Source of Payment of Dividend

Dividend shall be declared or paid only out of -

- i) Current Year's profit
 - a) After providing for depreciation in accordance with law,
 - b) After transferring to the reserves of the Company such percentage of profits as may be considered appropriate or as may be prescribed under the Act, or
- ii) The Profits for any previous financial year or years
 - a) after providing for depreciation in accordance with law, and
 - b) remaining undistributed, or
- iii) out of i) & ii) both

Further, in the event of inadequacy or absence of profits in any year, the Company may declare dividend out of free reserves subject to the fulfillment of the conditions as may be prescribed under the Act.

22 Set-off of previous years' losses

Before declaring any dividend, the carried over previous losses and depreciation not provided in previous year or years must be set off against the profits of the Company for the current year. Further, in case huge losses have occurred in previous year(s) by the Company or by its subsidiaries then funds internally generated may be used towards making good of losses.

3. **PARAMETERS FOR DIVIDEND DISTRIBUTION**

- 3.1 The circumstances under which the shareholders of the Company may or may not expect Dividend** - The Shareholders of the Company may expect dividend only if the Company is having 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.

3.2 Without getting prejudice to the generality of the aforesaid clause 3.1, the factors/parameters falling within the following categories shall also be considered while making decision on dividend distribution:

FINANCIAL PARAMETERS	INTERNAL FACTORS	EXTERNAL FACTORS
<ul style="list-style-type: none"> ➤ Free cash flow ➤ Profits earned during the year ➤ Sales Growth ➤ Outstanding borrowings, including debt to equity ratio. 	<ul style="list-style-type: none"> ➤ Company's liquidity position including working capital requirements ➤ Repayment needs of debt. ➤ Any other factor as deemed fit by the Board. 	<ul style="list-style-type: none"> ➤ Statutory and Contractual Restrictions/Restrictions in Debt Covenants ➤ Government Policies

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

The retained earnings shall be utilized to meet:

- Current and future Capital requirements
 - Business Expansion including growth plans (organic and inorganic)
 - Mergers and Acquisitions
 - Additional investment in Subsidiaries/ JVs / Associates
- Prevailing economic and market conditions
- Financial capacity that needs to be address any contingencies that may arise in future.
- Dividend distribution will also cognize for foreseeable opportunities and threats in the globalized competitive context.
- When there are any prolonged business disturbance due to natural calamities, regulatory actions or major accident.

5. PAYMENT OF DIVIDEND

- a) **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.
- b) **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.
- c) **Amount of Dividend (Including Interim Dividend):** Subject to consideration of the above factors/parameters, the dividend pay-out ratio is expected to be around 20% of Consolidated Group's profit after tax and minority interests (before exceptional items) at the Company level.

6. PROVISION WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of equity shares with equal voting rights, all

the members of the Company shall be entitled to receive the same amount of dividend per share. As and when the Company shall issue other class of equity shares or other kind of shares, the Policy may be suitably amended.

7. DISCLOSURES

The Dividend Distribution Policy shall be disclosed on the Company's website & 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.