



## Dividend Distribution Policy

### REGISTERED OFFICE

## Shalby Limited

Shalby Multi-Specialty Hospitals  
Opposite Karnawati Club  
Sarkhej Gandhinagar Highway  
Near Prahlad Nagar Garden  
Ahmedabad – 380 015  
Gujarat, India

**CIN:** L85110GJ2004PLC044667

## DIVIDEND DISTRIBUTION POLICY

### 1. INTRODUCTION

The Securities and Exchange Board of India (SEBI), has inserted regulation 43A in SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“SEBI LODR”) w.e.f. July 8, 2016, which mandates top 500 listed companies based on market capitalization as on March 31 every year shall mandatorily require to formulate the Dividend Distribution Policy. Though this policy is mandated for top 500 listed entities (based on market capitalization), we at Shalby Limited, have adopted this policy on voluntary basis effective from January 8, 2021.

### 2. PURPOSE

The main objective of this Policy is to regulate the process of dividend declaration and its payout by the Company while ensuring to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

### 3. IMPORTANT DEFINITIONS

In this Code the following definitions have been adopted:

“**Act**” shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendment or re-enactments.

“**Board**” shall mean the Board of Directors of the Company.

“**Company**” or “**Shalby**” shall mean Shalby Limited registered in India under the Companies Act, 1956 having CIN: L85110GJ2004PLC044667

“**Dividend**” shall mean Dividend as defined under the Companies Act, 2013.

“**Financial year**” shall mean period beginning from 1st April every year to 31st March of succeeding year.

“**Policy or this policy**” shall mean this Dividend Distribution Policy and as may be amended from time to time

“**Shares**” or “**Equity Shares**” shall mean the existing equity shares and equity shares as may be allotted from time to time.

### 4. POLICY

The Company would endeavor to keep consistent Dividend payment track record except for the reasons to be recorded. The dividend payout in a particular year shall be determined after considering the operating and financial performance of the Company and the cash requirement for financing the Company’s future growth.

## **5. PROCEDURE**

The agenda of the Board of Directors where Dividend declaration or recommendation is proposed, shall contain the rationale of the proposal which shall be in line with the Parameters mentioned in this Policy. If the Company proposes to declare dividend on the basis of parameters in addition to this policy or proposes to change such parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in the annual report and on the website.

## **6. TYPES OF DIVIDEND**

### **A. INTERIM DIVIDEND**

The interim dividend may be declared by the board one or more times in the financial year as may be deemed fit.

### **B. FINAL DIVIDEND**

The final dividend is paid once for the financial year after the annual accounts are prepared. The board of directors of the company has the power to recommend the payment of final dividend to the shareholders for their approval at the annual general meeting of the company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the annual general meeting.

### **C. SPECIAL DIVIDEND**

The board may declare/recommend special dividend as and when it deems fit.

## **7. PER SHARE BASIS**

The dividend will be declared on per share basis only.

## **8. DIVIDEND DISTRIBUTION**

The Board of Directors shall endeavour to take a decision for dividend distribution with an objective to enhance shareholders value. However, the decision regarding pay-out is subject to several parameters which form part of this policy.

The dividend once declared or approved will be paid/ distributed within the statutory period permitted by law.

## **9. FACTORS AFFECTING DIVIDEND DECLARATION**

### **A. EXTERNAL FACTORS TO BE CONSIDERED WHILE RECOMMENDING/ DECLARING DIVIDEND**

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.

### **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:

- Profit earned during the year
- Capital expenditure requirement
- Past performance/dividend history of the Company
- Resources required for fund acquisition and/or new business
- Cash flow required to meet operations and contingencies
- Cost of borrowing and outstanding borrowing
- Return on capital invested & post dividend EPS
- Additional investment in subsidiaries/associates of the Company
- Any other factor as deemed fit by the Board

### **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.

## 10. DECLARATION OF DIVIDEND

Dividend shall be declared or paid only out of –

A. Current financial year's profit:

- a. after providing for depreciation in accordance with law;
- b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law.

Or

B. The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed;

Or

C. Out of 1) & 2) both.

In case of inadequacy or absence of profits in any financial year, the Company may also declare/ pay Dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, provided such declaration/ payment of dividend shall be made only in accordance with the provisions of the Companies Act, 2013 and rules specified therein.

## 11. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY NOT EXPECT DIVIDEND

The Shareholders of the Company may not expect the dividend under following circumstances 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 inadequate profit or in case of loss incurred by the Company and Board considered it appropriate not to consider the dividend in that year.
- c. Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders;
- d. Where the Company require higher allocation of capital either in capex, acquisition or expansion.
- e. Uncertainty of the earnings/ financial results of the Company;
- f. The availability of opportunities for reinvestments of surplus funds;
- g. Wherever it proposes to utilize surplus cash for buy-back of securities.
- h. Any other corporate action resulting in cash outflow

## 12. UTILISATION OF RETAINED EARNINGS

The portion of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. It is also referred to as plough back of profit. These earnings may be utilized for internal financing of various requirements of the Company and for working capital. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as Dividend after having due regard to the parameters laid down in this Policy.

## 13. GENERAL

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board of Director of the Company has the right to change/amend the policy as may be expedient taking into account the law for the time being in force. Such amended Policy shall be placed before the Board for noting and necessary ratification at its subsequent meeting.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

\*\*\*\*\*

### Footnote

1. The Board of Directors of Shalby Limited at its meeting held on January 8, 2021 has adopted this Policy for the first time.