

**DIVIDEND DISTRIBUTION POLICY  
[ADOPTED BY BOARD ON 05.02.2025]**

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**📍 Kuvempunagar, Mysuru**

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┆ Gaganachumbi Double Rd,  
┆ Block K, G & H Block, Kuvempu Nagara,  
┆ Mysuru-570 023, Karnataka, India

**📍 Hyderabad**

┆ 2nd floor, IMAGE Incubation centre,  
┆ Software Technology Parks of India,  
┆ Divyasree solitaire, Plot No. 14 & 15,  
┆ Software Units layout, HITEC City, Madhapur,  
┆ Hyderabad - 500081, Telangana, India

**📍 Noida**

┆ Plot no. A 42/6, Suite No.401,  
┆ 4th Floor, Sector - 62,  
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## 1. Objective

This Policy seeks to lay down a broad framework for the distribution of dividend by Excelsoft Technologies Limited (“Company”) whilst appropriately balancing the need to retain resources for the Company’s growth and sustainability. Through this Policy, the Company endeavours to maintain fairness, consistency and transparency whilst considering the distribution of dividends to its shareholders.

The Policy sets out the circumstances and various factors to be considered by the Board of Directors (“Board”) at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders and enabling them to take informed investment decisions.

## 2. Regulatory Framework and Voluntary Adoption

The declaration and distribution of dividend shall, at all times, be in accordance with the provisions of Section 123 of the Companies Act, 2013 (“the Act”) read with applicable rules framed thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Articles of Association of the Company, and all other applicable laws for the time being in force.

Regulation 43A of the SEBI Listing Regulations mandates the top listed entities based on market capitalisation (currently top 1,000 listed entities, calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy. Listed entities outside this threshold may disclose their Dividend Distribution Policy on a voluntary basis on their websites and provide a web link in their annual reports.

## 3. Definitions

- a. **“Act”** means the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.
- b. **“Board”** means the Board of Directors of the Company.
- c. **“Company”** means Excelsoft Technologies Limited
- d. **“Dividend”** includes interim dividend declared by the Board of Directors and final dividend recommended by the Board of Directors and declared by shareholders at the Annual General Meeting, as provided under the Act.
- e. **“Free Reserves”** means such surplus in the profit and loss account and such other reserves as may be available for distribution as dividend, excluding reserves created out of revaluation of assets or as set apart for specific purposes.
- f. **“Policy”** means this Dividend Distribution Policy.
- g. **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, together with circulars issued thereunder, as amended from time to time.

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#### **4. Parameters for Declaration of Dividend**

The Board shall consider the following parameters while taking a decision on the declaration or recommendation of dividend. These parameters are indicative and the Board may, in its discretion, consider such other factors as it deems appropriate in the interest of the Company and its shareholders.

##### **4A. Financial / Internal Factors**

The following financial and internal factors shall be considered:

- a. Net operating profit after tax for the relevant financial year;
- b. Accumulated reserves, including retained earnings and Free Reserves;
- c. Profits earned and available for distribution during the financial year;
- d. Working capital requirements of the Company;
- e. Capital expenditure requirements, including planned investments in technology, infrastructure or capacity expansion;
- f. Resources required to fund acquisitions, joint ventures or new business initiatives;
- g. Cash flow requirements to meet contingencies and maintain adequate liquidity;
- h. Outstanding borrowings, debt repayment schedules and debt maturity profile;
- i. Past dividend trends and consistency of dividend payout;
- j. Covenants in loan agreements or other debt instruments restricting or limiting the declaration of dividends; and
- k. Tax implications of dividend distribution on the Company and its shareholders.

##### **4B. External Factors**

The following external factors shall be considered:

- a. Prevailing economic environment, both domestic and global;
- b. Unfavourable or volatile market conditions;
- c. Changes in Government policies, regulatory provisions or taxation framework applicable to dividends;
- d. Cost of raising funds from alternate sources;
- e. Inflation rates and their impact on the Company's business;
- f. Shareholder expectations and feedback received through investor engagement;
- g. Industry trends and comparable dividend practices in the industry; and
- h. Any other relevant external factors that the Board may consider appropriate.

##### **4C. Circumstances Under Which Shareholders May or May Not Expect Dividend**

The decision regarding dividend payout is a crucial one, as it determines the amount of profit to be distributed among shareholders and the amount to be retained for business purposes.

**Shareholders may expect dividend** when the Company has adequate surplus funds after providing for all expenses, depreciation, tax and statutory requirements under applicable laws, and after the Board has assessed that the distribution is in the best interest of the Company and its shareholders.

**Shareholders may not expect dividend** in the following circumstances, subject always to the discretion of the Board:

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- a. The Company has inadequacy of profits or incurs a loss for the financial year;
- b. The Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- c. The Company undertakes or proposes to undertake any acquisition, merger or joint arrangement requiring significant capital allocation;
- d. The Company has significantly higher working capital requirements adversely affecting free cash flow;
- e. The Company proposes to utilise surplus funds for buy-back of its securities;
- f. The Company is prohibited from recommending or declaring dividends by any regulatory authority or under any loan agreement, debenture trust deed or other contractual arrangement with any lender or creditor; or
- g. The Board determines that it is in the best interest of the Company and its shareholders to retain profits for strengthening the financial position of the Company.

#### **4D. Utilisation of Retained Earnings**

The Board may retain earnings in order to make better use of available funds and enhance long-term shareholder value. The decision on utilisation of retained earnings shall be based on such factors as the Board deems appropriate, which may include:

- a. Long-term strategic plans and business objectives of the Company;
- b. Augmentation or increase in production, delivery or technology capacity;
- c. Market expansion plans, including entry into new geographies or customer segments;
- d. Product and service expansion plans;
- e. Research and development initiatives;
- f. Modernisation or upgradation of existing infrastructure and systems;
- g. Diversification of business;
- h. Replacement or maintenance of capital assets;
- i. Balancing the capital structure, including de-leveraging;
- j. Payment of dividend, issue of bonus shares or buy-back of securities; and
- k. Any other purpose as the Board may deem fit from time to time.

#### **4E. Classes of Shares**

As on the date of adoption of this Policy, the Company has only one class of equity shares carrying equal rights in respect of dividend. Each equity share of the Company shall be entitled to dividend in proportion to its paid-up value, subject to the provisions of the Act and the Articles of Association.

In the event the Company issues multiple classes of shares or securities with differential dividend rights in the future, the parameters of this Policy shall be reviewed and updated accordingly to address the dividend entitlements applicable to each class. Any such revision shall be disclosed in the Annual Report and on the website of the Company along with the rationale.

### **5. Procedure for Declaration of Dividend**

**(a) Interim Dividend:** The Board of Directors may, at any time during the financial year, declare interim dividend out of the surplus in the profit and loss account or out of the profits of the current financial year, after providing for depreciation in accordance with the Act.

Provided that where the Company has incurred a loss in 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 dividend declared by the Company during the immediately preceding three financial years, as required under the proviso to Section 123(3) of the Act.

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**(b) Final Dividend:** The Board of Directors may recommend a final dividend for any financial year at the time of approval of the annual financial statements. Final dividend shall be subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

**(c) Recommendation Process:** The management of the Company shall place before the Board a proposal for declaration or recommendation of dividend, containing the amount proposed, the rationale for such proposal and a brief assessment of the relevant parameters set out in Clause 4 of this Policy. The agenda for the Board meeting at which the dividend proposal is considered shall contain sufficient information to enable the Board to make an informed decision

**(d) Additional Parameters:** If the Board proposes to declare dividend on the basis of parameters in addition to those set out in Clause 4 of this Policy, or proposes to change any such additional parameters, the Board shall ensure that such changes are disclosed in the Annual Report and on the website of the Company along with the rationale for the same.

**(e) Compliance:** The Company shall ensure compliance with all provisions of applicable law in relation to the dividend declared or recommended, including requirements relating to the unpaid dividend account, the Investor Education and Protection Fund, and all applicable disclosure requirements.

## 6. Disclosure

- a. This Policy shall be disclosed on the website of the Company and a web link to the Policy shall be provided in the Annual Report of the Company, in accordance with the SEBI Listing Regulations.
- b. Any changes to this Policy, or any additional parameters adopted by the Board for declaration of dividend beyond the parameters set out in Clause 4 of this Policy, shall be disclosed in the Annual Report and on the website of the Company along with the rationale for such changes, as required under the proviso to Regulation 43A(2) of the SEBI Listing Regulations.
- c. The Company shall make all other disclosures in relation to dividends as required under the Act and the SEBI Listing Regulations, including disclosures on stock exchanges and in the Annual Report.

## 7. Review and Amendments

- a. This Policy shall be subject to revision and amendment in accordance with the guidelines that may be issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India or any other regulatory authority from time to time in relation to the subject matter.
- b. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy. Any amendment to this Policy shall be approved by the Board of Directors.
- c. In case of any amendment(s), clarification(s) or circular(s) issued by any relevant authority that are inconsistent with the provisions of this Policy, such amendment(s), clarification(s) or circular(s) shall prevail and this Policy shall stand amended accordingly from the effective date, even if not expressly incorporated herein.
- d. The Board of Directors shall review this Policy at least once in a year or upon any significant regulatory amendment, to ensure that it continues to remain aligned with applicable laws and the business objectives of the Company.

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## EXCELSOFT TECHNOLOGIES LIMITED

Formerly known as Excelsoft Technologies Private Limited.

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