

**DIVIDEND DISTRIBUTION POLICY**  
**OF**  
**XELPMOC DESIGN AND TECH LIMITED**

**1. Title :**

This Policy shall be called '**Dividend Distribution Policy**'

**2. Scope and Purpose :**

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (LODR) Regulations, 2015, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website. Accordingly, this Dividend Distribution Policy has been adopted by the Company which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders.

**3. Applicability :**

This Policy applies to all the Dividend (including Interim) to be declared on the paid up Equity Share Capital of the Company.

**4. Guidelines :**

The intent of the policy is to broadly 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, etc. The policy has been framed broadly in line with the provisions of the Companies Act and also taking into consideration, guidelines issued by SEBI and other guidelines, to the extent applicable.

This Policy provides the Guidelines based on the following parameters prescribed under the Notification:

**(a) the circumstances under which the Equity shareholders may or may not expect dividend.**

Dividends are earnings that companies pass on to their shareholders. There are a number of reasons to decide the amount to be distributed as dividends. There are also a number of reasons for the Company to retain earnings.

A company when growing rapidly usually would pay less dividends or not pay dividend in exceptional circumstances so as to invest as much as possible into further growth, expansion of activities or forecast of future operations. At a time when Board believes it will be prudent to increase Company's value by retaining its earnings; it will choose to pay less dividend or not pay dividends and may utilize the money to finance a new project, acquire new assets, expansion, buyback its shares or even buy out another company.

Also, the choice to not pay or pay less dividend may depend upon tax considerations. At present, apart from Dividend Distribution Taxes, dividends are taxable to certain category of investors at a special rate. The capital gains on the sale of appreciated share can have a lower long-term capital gains tax rate depending upon the period of holding of shares.

**b) the financial parameters that shall be considered by the Board while recommending / declaring dividend;**

The Company shall follow consistent dividend payout. Special dividend may be considered in years of exceptionally good profit or on special occasion /anniversary.

Notwithstanding the above, subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of-

- (i)** Current financial year's profit:
  - i. after providing for depreciation in accordance with law,
  - ii. after considering the dividend distribution tax including surcharge if any,
  - iii. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

and/or

- (ii)** The profits for any previous financial year(s):
  - i. after providing for depreciation in accordance with law
  - ii. after considering the dividend tax including surcharge, if any;
  - iii. remaining undistributed; or

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 amortisation or ESOP or resulting from change in accounting policies or accounting standards.

Other parameters the Company may consider are, its Debt-Equity ratio, Return on Equity, Income Tax, Cash Flow/liquidity, future expansion and acquisition plans.

**(c) internal and external factors that shall be considered for declaration of dividend;**

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavor to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision of the company would depend upon certain external and internal factors-

**External Factors:-**

**Uncertainty** - in case of uncertain or recessionary economic and business conditions, Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

**Volatility** - when the Capital markets are favorable, dividend pay-out can be liberal. However, in case of unfavorable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

**Regulatory Restrictions** - The Board will take in account the restrictions imposed by Companies Act with regard to declaration of dividend

**Interest and inflation rate prevailing from time to time.**

**Internal Factors:-**

Apart from the various external factors afore-mentioned, the Board will take into account various internal factors while declaring Dividend, which *inter alia*, will include-

- (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.

**(d) policy as to how the retained earnings shall be utilized:**

The Company shall strive to utilize retained earnings at optimum level by investing in the business for expansion, acquisition, product development and give optimum return to the stakeholders.

The Board of Directors of the Company subject to the applicable provisions of the law may appropriate some or all of the company's retained earnings when it wants to restrict dividend distributions to shareholders.

Appropriations are usually done at the board's discretion with an exceptional circumstances, Board may contractually or statutorily require to do so.

**5. Provisions / Parameters with regard to various classes of shares.**

The Board of Directors, pursuant to applicable provisions of the Companies Act, 2013 read with rules framed thereunder, shall consider this policy while recommending dividend on Equity Shares, however, in case of other classes of Shares, dividend shall be paid as per the terms of issuance of those classes of shares.

**6. The Board of Directors shall review the policy periodically.**