

EXPLEO SOLUTIONS LIMITED

DIVIDEND DISTRIBUTION POLICY

Effective from 3rd February, 2022

Introduction:

This Dividend Distribution Policy (**the “Policy”**) is made pursuant to Regulation 43A of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as the “Listing Regulations”). The Policy was approved by the Board of Directors of the Company (the “**Board**”). The Policy shall be disclosed on the website of the Company and web-link of the same shall also be provided in the annual reports. This Policy sets out the general parameters adopted by the Company for declaration/recommendation of dividend.

Objective:

The objective of this Policy is to provide clarity to shareholders on the dividend distribution framework of the Company. The Policy endeavors to strike an optimum balance between rewarding shareholders through dividends and ensuring that sufficient profits are retained for the growth of the Company and other needs, by taking into consideration statutory, economic, market, industry, external and various internal factors including the financial performance of the Company, and expansion plans.

Effective Date:

The Policy shall be effective from February 3, 2022 being the date of approval by the Board of Directors.

The Policy has been formulated in line with the provisions of the Companies Act, 2013, Regulations issued by SEBI, guidelines issued by Ministry of Finance/Ministry of Corporate Affairs and other guidelines, to the extent applicable on the Company. Any subsequent amendments in these provisions would, ipso-facto, apply to this Policy. The Policy is not an alternative to the decision taken by the Board regarding the declaration/recommendation of dividend after considering the various relevant factors and in extraordinary circumstances, the Board of Directors may deviate from the parameters listed in this policy.

PARAMETERS CONSIDERED FOR DECLARATION OF DIVIDEND

The Board of Directors may declare interim dividend / recommend final dividend for consideration of shareholders of the Company.

As in the past, subject to the provisions of applicable laws, the Company's dividend payout will be determined by the Board of Directors from time to time based on the available financial resources, investment requirements and other factors more fully described hereunder.

The Board of Directors of the Company will consider the following parameters while recommending/declaring Dividend:

(a) the circumstances under which the shareholders of the Company may or may not expect dividend:

The decision regarding dividend payout is a vital decision, as it determines the amount of the profit to be distributed among its shareholders and the amount of the profit to be retained in the business for future growth, modernization and expansion plans of the Company. The Company would continue to adopt a progressive and dynamic dividend distribution policy to ensure its immediate and long-term requirements while rewarding the Shareholders of the Company. Dividend for the financial year shall be decided/recommended by the Board.

The Company may not declare dividend under the following circumstances:

- Adverse market conditions and business uncertainty;
- In the event of the Company making loss or inadequacy of profits earned during the financial year;
- Inadequacy of cash balance;
- Expected capital requirements which are funded through internal accruals;
- Changing government regulations;
- higher cost of raising funds from alternate sources; and

- where the Company is having a requirement of funds for Capex, requiring high capital allocation, working capital, repayment of loans taken in the past

It may be noted that declaration of dividend shall be at the discretion of the Board and subject to the provisions of Companies Act, 2013, SEBI Regulations, Guidelines issued by Ministry of Corporate Affairs/Ministry of Finance from time to time.

(b) the financial/internal parameters that shall be considered while declaring dividend:

The financial factors that shall be considered by the Board of Directors while declaring quantum of dividend payout on a yearly basis, include the following:

- Existing and expected underlying financial performance;
- Cash flow and liquidity position to meet contingencies or unforeseen events;
- Business expansion/modernization;
- Capital expenditure in technology and infrastructure;
- Investment plans for execution of Company's strategy;
- Mergers, acquisitions and disposals;
- Additional investment in joint ventures/subsidiaries/associates;
- Restructuring activities;
- Interim dividend, if any, already declared during the year;
- Future requirement of funds for any share buy-back plans; and
- Any other significant developments that require cash investments.

(c) the external factors that shall be considered for declaration of dividend:

The external factors that shall be considered by the Board of Directors for declaration of dividend include the following:

- Macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its Clients;
- Cost of External Financing;
- Market conditions and consumer trends;

- Industry outlook for future;
- Changes in Government policies, industry-specific rulings, tax and regulatory requirements; and
- Changes in competitive environment requiring significant investment.

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

The Company will utilize its retained earnings in a manner that is beneficial to the interest of the Company and its stakeholders in the following manner:

- To enhance future growth by venturing into new markets/geographies/verticals;
- The reduction of debt;
- Research and development of new products to increase market share;
- To utilize for capital expenditure by way of physical infrastructure, technology infrastructure, etc.
- Inorganic growth opportunities, including mergers and acquisitions as may be approved by the Board of Directors of the Company from time to time.
- If there are excess reserves beyond the medium to long term business requirements, the retained earnings may be distributed to shareholders via dividends or other means as permitted by the Companies Act, 2013 and other applicable regulations.

(e) parameters that shall be adopted with regard to various classes of shares:

Currently, the Company has only one class of Equity Shares with equal voting rights. As and when the Company issues different class of shares, the Board of Directors may suitably amend this Policy.

Policy Review:

This Policy is issued with the consent of the Board of Directors of the Company and can be amended only with the authority of the Board of Directors.

- In the event of the Policy being inconsistent with any new regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy and the Policy shall be construed to be amended accordingly from the effective date of such provision.
- The Company reserves its right to alter, modify, add, delete or amend any or all the provisions of the Policy as it may deem fit or in accordance with the guidelines and regulations as may be issued by Securities and Exchange Board of India, Government of India or any other regulatory authority from time to time. The amended Policy, if any, shall, however, be disclosed on the Company's website and in the ensuing annual report of the Company in accordance with the extant regulatory provisions.

Disclosure of the Policy:

The Policy (as amended from time to time) will be available on the Company's website www.expleosolutions.com and a web-link shall also be provided in the Company's Annual Report.