



## **DIVIDEND DISTRIBUTION POLICY FOR XCHANGING SOLUTIONS LIMITED**

This policy applies to the distribution of dividend by Xchanging Solutions Limited (the “Company”) in accordance with the provisions of the Companies Act, 2013 (“Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

### **Background and Applicability**

Through its notification dated, May 5, 2021, the SEBI has made amendments in Regulation 43A of the Listing Regulations by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021. Through above amendments, the SEBI has made it mandatory to the top 1000 Listed Entity (*based on market capitalization calculated as on March 31 of every financial year*) to formulate a “Dividend Distribution Policy”, which shall be disclosed on the website of the Company and a web-link shall also be provided in their Annual Reports.

The Company, being one of the top 1000 listed companies as per the criteria mentioned above, has approved and adopted this Policy at the meeting of its Board of Directors held on May 31, 2021, being the effective date of the Policy.

### **Purpose, Objectives and Scope**

The Company has always strived to enhance stakeholder value for its investors. This policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company, in the interest of providing transparency to the shareholders.

### **Factors to be considered before recommending dividend**

The Board will consider the following factors before recommending dividend to the shareholders of the Company:

#### **Financial/Internal Factors :**

- Financial performance of the Company for the year for which dividend is recommended, including the free cash flow generated and the cash flow position;
- Any interim dividend paid;
- Accumulated reserves;
- Capital allocation plans including:
  - Expected cash requirements of the Company towards working capital, capital expenditure in technology and Infrastructure etc.;
  - Investments required towards execution of the Company’s strategy;
  - Funds required for any acquisitions that the Board of Directors may approve; and
  - Any share buy-back plans.
- Minimum cash required for contingencies or unforeseen events;
- Funds required to service any outstanding loans;
- Liquidity and return ratios;
- Business expansion and growth including acquisitions, mergers/demergers;
- Investments in subsidiaries/associates of the Company;
- Tax implications if any, on distribution of dividends;
- Cost of raising funds from alternate sources of capital;
- Any other significant developments that require cash investments.



### **External Factors :**

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- 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;
- Government policies, industry specific rulings & regulatory provisions; including policies adopted by the countries where the Company conducts its business or gets its business from;
- Any changes in the competitive environment requiring significant investment;
- Such other factors and/or material events which the Board may consider.

### **Dividend Eligibility**

Currently, the Company has only one class of equity shareholders. In the future, if the Company issues multiple classes of shares, the parameters of the dividend distribution policy will be appropriately addressed.

### **Circumstances under which the shareholders may or may not expect dividend**

Some conceivable circumstances under which shareholders may not expect a dividend are : adverse market conditions and business uncertainty, inadequacy of profits earned during the fiscal year, inadequacy of cash balance, large forthcoming capital requirements which are best funded through internal accruals, changing government regulations, etc.

Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy. The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings.

### **Utilization of Retained Earnings**

The Company would utilise the retained earnings of the Company in a manner which is beneficial to the interest of the Company and its stakeholders. The retained earnings of the Company may be used in any of the following ways:

- Capital expenditure in technology and Infrastructure etc. or for working capital
- Investment in new business(es) and/or additional investment in existing business(es);
- Declaration of dividend;
- Capitalization;
- Buy back of shares;
- General corporate purposes, including contingencies;
- Mergers and Acquisitions
- Such other criteria's as the Board may deem fit from time to time; or
- Any other usage as permitted under applicable laws / regulations.

### **Review**

This policy will be reviewed and amended as and when required by the Board. This Policy is also subject to modification, if any, in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authorities.

### **Disclosure of the policy**

This policy will be uploaded on the website of the Company at <http://www.xchanging.com/investor-relations/xsl-content>.