

EXCEL CROP CARE LIMITED **DIVIDEND DISTRIBUTION POLICY**

1. PREAMBLE

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR**”), provides that the top 500 listed companies based on the market capitalization (calculated as on March 31 of every financial year) shall formulate a Dividend Distribution Policy, which will be disclosed in their annual reports and on their website.

Excel Crop Care Limited (“**Company**”), being one of the top 500 listed companies as per the criteria mentioned above, has framed a Dividend Distribution Policy (“**Policy**”). This Policy has been adopted by the Board of Directors of the Company at its meeting held on 25th May, 2018, being the effective date of this Policy.

2. SCOPE AND OBJECTIVE

This Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for its business needs, growth and sustainability. Through this Policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders. Fair return to the members and members’ wealth enhancement are the important factors in formulating and implementing the Policy.

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

3. STATUTORY REQUIREMENTS

This Policy on dividend distribution shall be in accordance with and subject to the provisions of the Companies Act, 2013, read with applicable rules framed thereunder, as may be for the time being in force, relating to declaration and payment of dividend out of the profits and reserves and the provisions of LODR and other applicable laws.

4. PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING/DECLARING DIVIDEND

The Board while determining quantum of the dividend payout to the shareholders, will consider the following financial parameters and internal and external factors:

Financial Parameters and Internal Factors:

- Profits earned and available for distribution during the financial year
- Accumulated reserves, including retained earnings
- Mandatory transfer of profits earned to specific reserves, such as Debenture Redemption Reserve, etc.
- Past dividend trends – rate of dividend, EPS and payout ratio, etc.
- Earning stability and future outlook
- Future capital expenditure requirement of the Company
- Growth plans, both organic and inorganic
- Capital restructuring, debt reduction, capitalisation of shares
- Crystallization of contingent liabilities of the Company
- Cash flows
- Current and projected cash balance and the Company’s working capital requirements especially in view of the fact that the Company’s business is working capital

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intensive

- Covenants in loan agreements, debt servicing obligations and debt maturity profile

External Factors:

- Economic environment, both domestic and global
- Unfavorable market conditions
- Changes in Government policies and regulatory provisions
- Cost of external financing
- Inflation rates
- Sense of shareholders' expectations

5. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend payout 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. Hence, the shareholders of the Company may expect dividend if the Company has surplus funds after providing for all the expenses, depreciation, etc., and after complying with the statutory requirements under the applicable laws.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board of Directors:

- the Company has inadequacy of profits or incurs losses in the Financial Year
- the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital
- the Company undertakes /proposes to undertake any acquisition or arrangement requiring significant allocation of capital
- the Company has significantly higher working capital requirement affecting free cash flow
- the Company proposes to utilize surplus cash for buy- back of securities
- the Company is prohibited to recommend/declare dividend by any regulatory body/provision
- The Board may also not recommend a dividend considering any compelling factors/parameters

6. UTILISATION OF RETAINED EARNINGS

The Company may declare dividend out of profits of the Company for the year or out of the profits for any previous year(s) or out of the free reserves available for distribution of dividend having due regard to the parameters laid down in this Policy and applicable laws, rules and regulations. The utilization of retained earnings of the Company shall, inter-alia, depend on:

- (a) Market and product expansion plans of the Company;
- (b) Strategic plans including those for modernization and diversification;
- (d) Increase in production capacity;
- (e) Replacement of capital assets;
- (d) Dividend payment; and
- (e) Any other criteria as may be applicable.

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7. MANNER AND TIMELINES FOR DIVIDEND PAYOUT

The Company's business is seasonal in nature and depends on monsoon and other climatic conditions. In view of the same, the Board considers and recommends dividend at the time when it considers annual financial statements. The dividend recommended by the Board is subject to approval by the members in the annual general meeting.

The Board has authority to declare interim dividend(s) as it may deem fit and appropriate subject to the provisions of the Companies Act, 2013 and other applicable laws.

8. POLICY REVIEW AND AMENDMENTS

The Policy may be reviewed and revised/modified by the Board at its sole discretion.

9. DISCLOSURES

The Policy or modified or revised Policy shall be disclosed on the website of the Company at www.excelcropcare.com.

10. DISCLAIMER

- a) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in any year and the Board reserves the right to depart from the Policy as and when circumstances so warrant.
- b) Having regard to the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.