



Dividend Distribution Policy

Classification: Public

Content

I. Preface	3
II. Scope	3
III. Objective.....	3
IV. Forms of Dividend	3
V. Parameters for Dividend Declaration.....	4
VI. Circumstances under which dividend may or may not be declared	4
VII. Utilization of Retained Earnings.....	5
VIII. Classes of shares.....	5
IX. Policy Review.....	5

I. Preface

This policy applies to the distribution of dividend by Tata Elxsi Limited (the "Company") in accordance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, as amended (Listing Regulations).

SEBI vide its notification dated July 8, 2016 introduced a new regulation 43A which prescribed that the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

II. Scope:

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.

The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

III. Objective:

The Company has always strived to enhance stakeholder value for its investors. The Company believes that returning cash to shareholders is an important component of overall value creation.

IV. Forms of dividend:

The Companies Act provides for two forms of Dividend:

1. Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

2. Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit, in line with this policy. The Board should consider declaring an interim dividend after finalization of quarterly/ half yearly financial results.

V. Parameters for Dividend Declaration

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings.

In distributing the profits of the company among shareholders, the Board of Directors will seek to balance members' need for a reasonable and predictable return on their investment with the Company's funding requirements for a longer-term sustainable growth.

Generally, the Board shall determine the dividend for a particular period distributing up to 50% of PAT after taking into consideration the operating and financial performance of the Company, the advice of executive management, and other parameters described in this Policy.

However, the Board may decide to distribute more than 50% of the PAT for a particular period as appropriate under instrument of law and basis Company's performance in that period taking into consideration internal and external factors as mentioned below

Internal Factors	External Factors
Profit After Tax (PAT)	Economic Conditions
Cash Balance and Future cash flow	Government Regulations
Current and Future Requirements	Taxation
<ul style="list-style-type: none">• Business expansion,• Mergers & Acquisitions,• Investments required towards execution of the Company's strategy,• working capital, capital expenditure in technology and Infrastructure etc,• Any share buy-back plans,• Minimum cash required for contingencies or unforeseen events	Financing Cost
Any Other Factors	Any Other Factors

VI. Circumstances under which dividend may or may not be declared:

There are certain circumstances under which dividend may or may not be paid. The parameters for such circumstances include, without limitation, business uncertainty, adverse economic/market conditions, inadequate profits or cash balance, future cash requirements as mentioned in table above for which best source of funds are through internal accruals, changes in government regulations, etc.

VII. Utilization of retained earnings:

The earnings retained by the company may be utilized for various requirements not limited to internal financing of its business expansion, Capital Expenditure and working capital requirements, Mergers and Acquisition, Research and Development or any other business requirement.

VIII. Classes of shares:

Currently, the Company does not have different classes of shares. If the company issues multiple classes of shares in the future, this policy will be amended accordingly.

IX. Policy review

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board has the right to change/amend the policy as may be expedient taking into account the law for the time being in force.

X. Limitation and Amendment

Limitation and Amendment In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

(Approved by the Board in the meeting held on April 23, 2024)