

Dividend Distribution Policy – MosChip Technologies Limited

1. Objective

The objective of this policy is to set out parameters for distribution of dividend and other related matters as defined in/ in line with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“the Regulations”) (including any statutory modification(s) or re-enactment(s) thereof) and any other laws and regulations as may be applicable to the Company.

This policy is framed in accordance with the requirements of Regulation 43A of the Regulations and other applicable provisions of the Companies Act, 2013 (“the Act”) and is adopted by the Board of directors (“the Board”) of MosChip Technologies Limited (“the Company”) for the distribution of dividend by the Company.

2. Definitions

The terms referred to in the policy will have the same meaning as defined under the Act and the Rules made thereunder and the Regulations.

3. Background

Securities and Exchange Board of India (“SEBI”) has, vide its notifications from time to time amended the Regulations by inserting Regulation 43A after Regulation 43. As per Regulation 43A, the top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year) are required to formulate a dividend distribution policy, which shall be disclosed in the website of the Company and a web-link shall be provided in the annual report of the Company every year.

This Policy sets out the parameters that shall be taken into account by the Board of Directors of the Company to determine 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.

4. Parameters

a. The circumstances under which the shareholders may expect dividend;

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the current

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year earnings, the financial parameters/ internal factors described in policy , the advice of executive management.

b. The financial parameters/internal factors that shall be considered while declaring dividend;

The Board of directors of the Company shall consider the following financial parameters/ internal factors while declaring dividend or recommending dividend to shareholders:

- Capital allocation plans including:
 - Expected cash requirements of the Company towards working capital and capital expenditure in technology & Infrastructure etc.;
 - Funds required for any acquisitions that the Board of directors may approve; and
 - Diversification of Business.
- Minimum cash required for contingencies or unforeseen events;
- Funds required to service outstanding loans and interest cost.
- Future earnings expectation;
- Crystallization of contingent liabilities, if any
- Any other significant developments that require cash investments.

c. External factors that shall be considered for declaration of dividend;

The Board of directors of the Company shall consider the following external factors while declaring dividend or recommending dividend to shareholders:

- 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;
- Any changes in the competitive environment requiring significant investment.

d. Policy as to how the retained earnings shall be utilized.

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The profits earned by the Company will be used as follows:

Retained in the business and used for various purposes as outlined above, since the Company is in growth phase and any excess amount will be distributed to shareholders as dividend subject to approval of Board of Directors and Shareholders.

e. Provisions with regard to various classes of shares.

The provisions contained in this policy shall apply to all classes of shares of the Company. It may be noted that currently the Company has only one class of shares, namely, equity shares.

5. Review:

The Board shall review and amend the provisions of this Policy on annual basis, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy in conformity with the provisions of Companies Act, 2013 and the rules made thereunder, the SEBI Act, 1992 or the rules and regulations made thereunder and any other law applicable.

6. Limitation and Amendment:

In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments ("Rules") and the provisions of this policy, the Rules shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.