

ELIN ELECTRONICS LIMITED

DIVIDEND DISTRIBUTION POLICY

Introduction and Background

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy. The objective of this Policy is to provide clarity to stakeholders on the dividend distribution framework to be adopted by the Company. The Board of Directors shall recommend dividend in compliance with this Policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

Interim and Final Dividend

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.

Dividend Payout

The Board of the Company has approved this Dividend Distribution Policy to comply with these requirements. The circumstances under which Members may expect dividend are based on the following factors:

- Current year profits and outlook in line with internal and external environment.
- Operating cash flows.
- Funding growth needs including working capital, capital expenditure, repayment of debt, etc. → Dividend payout trends
- Tax implications if any, on distribution of dividends
- Providing for unforeseen events and contingencies with financial implications.
- Any other relevant factor that the Board may deem fit to consider.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital

- b. Significantly higher working capital requirements adversely impacting free cash flow
- c. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital
- d. In the event of inadequacy of profit or whenever the Company has incurred losses.

In case the Board proposes not to distribute the profit; the fact shall be disclosed in the Annual Report of the Company. In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.

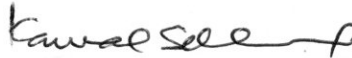
Disclosure

This policy (as amended from time to time) will be available on the Company's website and in the annual report.

Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

For Elin Electronics Limited



Authorised Signatory/Director