



TATA COMMUNICATIONS

Dividend Distribution Policy – Tata Communications Limited

1. Introduction

From the time of its public listing in early 1990s, Tata Communications Limited has been meeting all its capital requirements through internal accruals and consistently returning surplus cash to shareholders through regular annual dividend.

While adhering to this core philosophy of returning surplus cash to shareholders, and to provide shareholders with greater visibility and predictability in pay-outs; Tata Communication Limited's Dividend Distribution Policy has been drawn up in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Key Parameter to be considered while declaring Dividend

a. FINANCIAL PARAMETERS

Dividend shall always be declared and paid in accordance with the Companies Act, 2013 and the rules made thereunder. In computing the aforesaid, the Board may consider *inter-alia* the following parameters:

- Capital requirements including proposals for major capital expenditures
- Profits earned during the fiscal year
- Overall financial condition
- Cost of raising funds from alternate sources
- Liquidity and cash flow position
- Obligations to creditors
- Post dividend EPS The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extra-ordinary profits from sale of investments etc.

b. INTERNAL & EXTRNAL FACTORS

The dividend pay-out decision depends on several internal and external factors and *inter-alia* includes the following:

1. INTERNAL FACTORS

- Past performance of the Company
- Expansion plans for existing business
- Plans for additional investments in subsidiaries / associates
- Strategy for investments into additional businesses
- Any other factor as may be deemed fit by the Board

2. EXTERNAL FACTORS

- Macroeconomic conditions
- Money market conditions
- Taxation and other statutory and regulatory considerations
- Providing for unforeseen events and contingencies with financial implications

3. Dividend Distribution to Members

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 longer sustainable growth.

At Tata Communications, we are committed to our strategy and position ourselves to consistently deliver growth for the long term. **Barring unforeseen circumstances, we plan to pay dividends at between 30% and 50% of the Consolidated Profit After Tax. We are committed to a sustainable dividend policy in line with our earnings and cash flow generation.**

4. Utilization of Retained Earnings

The profits earned by the Company can either be retained in business or distributed to shareholders. The Board may also strike a balance by retaining part of the profits and distribute the balance among shareholders in the form of dividend. The Board may also retain earnings so as to make better use of available funds to increase the value of the business for the stakeholders in the long run. The Board may consider various factors to determine the utilisation of retained earnings including, but not limited to: strategic expansion plans, diversification of business, cost of raising capital from other sources and other factors as the Board may deem fit.

5. Circumstances under which a dividend may not be paid out

Some conceivable circumstances under which shareholders may or may not expect a dividend are adverse market conditions and business uncertainty, inadequacy of earned 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.

Even under such circumstances, the Board may, at its discretion and subject to applicable rules, choose to recommend a dividend out of the Company's free reserves.

6. Multiple Class of Shares

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited. The Company shall pay all dividend on such equity shares in line with this policy.

Dividend on Preference Shares and shares of other classes, if and when issued by the Company, shall be determined in accordance with the terms and conditions of issue of such shares.

7. Policy Review

This policy has been adopted by the Board of Directors of the Company. Going forward, the Board of Directors may review this policy, periodically, by considering the national and global economic conditions, Company's growth and investment plans and financial position etc. and in accordance with any regulatory amendments.

8. Website

The policy shall be disclosed on the website of the Company.

Adopted on October 18, 2016

Amended on April 21, 2022