

DIVIDEND DISTRIBUTION POLICY

1. Objective

The Dividend Distribution Policy ("the policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company to strike balance between pay-out and retained earnings, in order to address future needs of the Company. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

The policy shall come into force for financial year beginning from 1st April, 2021.

2. Philosophy

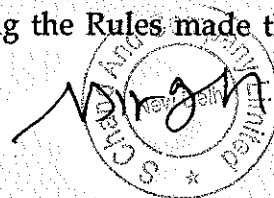
The philosophy of the Company is to maximize the shareholders' wealth through the prudent use of various financial tools and mechanisms for balancing sustainable periodic returns to shareholders and funds required for growth. Our intent is to reward the shareholder through distribution of profits after retaining sufficient funds for various purposes including future growth, debt reduction, organic/inorganic opportunities, cash flow requirements etc. to the shareholders.

3. Regulatory Framework

This Policy is framed in accordance with the requirement under Regulation 43A of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

4. Definitions: Unless repugnant to the context:

"Act" shall mean The Companies Act, 2013 including the Rules made thereunder, as amended from time to time.



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"Applicable Laws" shall mean The Companies Act, 2013 and Rules made thereunder, The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, The Income Tax Act, 1961, as amended from time to time, and such other act, rules or regulations which provides for the distribution of Dividend.

"Company or S Chand" shall S Chand And Company Limited.

"Board" or "Board of Directors" shall mean Board of Directors of the Company.

"Dividend" shall mean Dividend as defined under Companies Act, 2013.

"Policy or this Policy" shall mean the Dividend Distribution Policy.

5. Declaration of dividend

The declaration of dividend (including interim dividend) would be subject to compliance with the applicable provisions of the Act.

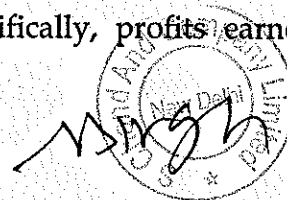
6. Parameters for declaration of Dividend

In line with the philosophy stated above in point no. 2, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

Financial and Internal Factors:

The Board of Directors of the Company would consider the following financial and internal parameters before declaring or recommending dividend to shareholders:

- a) Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - i. Previous years; and
 - ii. Internal budgets,
- b) Accumulated reserves;
- c) Earnings stability;



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- d) Consolidated net operating profit after tax;
- e) The Company's liquidity position and future cash flow needs;
- f) Working capital requirements;
- g) Fund requirements for future capital expenditure;
- h) Fund requirements for Long term organic/inorganic investments opportunities;
- i) Debt to equity ratio (at net debt and gross debt level);
- j) Cash flow position of the company to meet future obligations & contingencies; and
- k) Level of Outstanding borrowings.

External Factors:

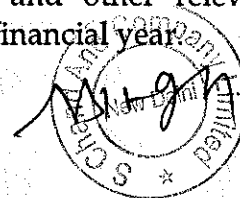
The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- a) Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- b) Business cycles;
- c) Economic environment;
- d) Cost of external financing;
- e) Industry outlook for the future years;
- f) Expectations of shareholders;
- g) Changes in the Government policies, industry specific rulings & regulatory provisions; and
- h) Dividend pay-out ratios of companies in the same industry

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend.

7. Circumstances under which the shareholders may or may not expect Dividend:

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors as mentioned in point no. 6 and declare Dividend in any financial year.



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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) Whenever it proposes to utilise surplus cash for buy-back of securities; or
- e) In the event of inadequacy of profits or whenever the Company has incurred losses.

8. Utilization of retained earnings:

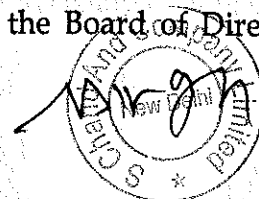
The retained earnings of the Company may be used in any of the following ways:

- a) Capital expenditure or working capital;
- b) Organic and/ or inorganic growth;
- c) Investment in new business(es) and/or additional investment in existing business(es);
- d) Declaration of dividend;
- e) Capitalisation of shares;
- f) Buy back of shares;
- g) Issuing bonus shares
- h) General corporate purposes, including contingencies; or
- i) Any other permitted usage as per the Act.

9. Parameters adopted with regard to various classes of shares:

The Company currently has only one class of shares, viz. equity, for which this policy is applicable.

As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.



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10. Disclosure of the policy:

The policy shall be disclosed in the Company's website i.e. www.schandgroup.com and weblink of the website will also be disclosed in the annual report of the Company.

11. General

This Policy would be subject to revision/amendment in accordance with the amendment(s), clarification(s) and circular(s) as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Approved and adopted on 09-June-2021

