



DIVIDEND DISTRIBUTION POLICY

THE SANDESH LIMITED

(CIN: L22121GJ1943PLC000183)

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Background and Applicability:

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto ("*the Regulations*", for short) require top 1000 listed companies (by market capitalization) to formulate a dividend distribution policy and shall be uploaded on the website of the listed entity and a web-link shall also be provided in the Annual Report.

Accordingly, the Board of Directors ("the Board", for short) of The Sandesh Limited ("the Company", for short) at its meeting held on June 29, 2021, has adopted "Dividend Distribution Policy" ("the policy", for short).

Objective:

The objective of this policy is to provide a set of parameters to be considered by the Board before recommending or declaring dividend in any financial year. The Company's endeavor has been towards balancing the objective of appropriately rewarding the shareholders and to support the future growth of the Company.

If the Board proposes to declare or recommend dividend on the basis of the criteria in addition to those specified in the policy or proposes to change any parameters, it shall disclose such changes along with the rationale for the same on the Company's website and in Annual Report.

Dividend:

Generally, dividend represents the profit of the Company, which is distributed to the shareholders of the Company. Dividend includes any interim dividend.

Circumstances under which the shareholders may or may not expect dividend:

The Company believes in the philosophy of payment of dividend at regular intervals, whenever the financial position and other factors permit. Before recommending or declaring dividend in any financial year, the Board will assess the Company's financial

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requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned in the policy). The shareholders of the Company may not expect Dividend in certain circumstances, which include:

- i. In the event of loss or inadequacy of profit;
- ii. To conserve capital for business purposes and expansion;
- iii. Working capital requirements;
- iv. Non-availability of surplus cash and liquid funds; or
- v. Such other circumstances where the Board is of the opinion to not declare or recommend any dividend.

Parameters that shall be considered while declaring dividend:

The following parameters shall be considered while declaring or recommending Dividend:

A. Financial / Internal parameters:

- 1) Net profits for the current financial year;
- 2) Investments necessary for execution of the strategies,
- 3) Availability of Free Reserves;
- 4) Earning outlook for next three to five financial years;
- 5) Retained earnings;
- 6) Liquidity projections;
- 7) Capital expenditure requirements;
- 8) Acquisitions, buy-back, etc.
- 9) Funds required to service any loans;
- 10) Funds required for unforeseen events and contingencies;
- 11) Crystallization of the contingent liabilities, if any; and
- 12) Any other relevant factors and material events.

B. External Parameters

- 1) Economic environment;
- 2) Business cycles;
- 3) Technological changes;
- 4) Change in the Government Policies; and
- 5) Regulatory changes.

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Policy as to how the retained earnings shall be utilized:

The Company shall endeavor to utilize the retained earnings in a manner which shall be in the interest of the Company and the shareholders. The retained earnings of the Company may be utilized for the following purposes:

- i. Future business growth;
- ii. For generating higher returns;
- iii. Meeting the financial emergencies and other contingencies;
- iv. Payment of dividend, buyback of shares, etc.;
- v. Business expansion, renovation, modernization, major repairs / maintenance, up-gradation, etc.;
- vi. Any other purpose as may be deemed proper by the Board.

Parameters that shall be adopted with regard to various classes of securities:

The Company has issued only one class of shares viz. equity shares having face value of Rs. 10/- per equity share. Parameters for payment of Dividend in respect of any other class of securities will be as per respective terms of issue and in accordance with the applicable regulations and the same will be determined, if and when the Company decides to issue other classes of securities.

Conflict in policy:

In the event of any conflict between this policy and the provisions of the regulations/law, the provisions of the regulations/law shall prevail.

Amendment and Modification:

The Company may, from time to time, make amendments or modifications to the policy to make it consistent with the applicable laws and the regulations. Such amended policy shall be placed before the Board for noting and necessary ratification.