



PRIVI SPECIALITY CHEMICALS LIMITED

(Formerly known as Fairchem Speciality Limited)

(CIN: L15140MH1985PLC286828)

**Regd Off: Privi House, A-71, TTC, Near Koparkhiarne, Navi
Mumbai -400710**

DIVIDEND DISTRIBUTION POLICY

**(Reviewed by the Board at its meeting held on Thursday,
July 29, 2021)**

DIVIDEND DISTRIBUTION POLICY

SCOPE AND PURPOSE

Privi Speciality Chemicals Limited (Formerly known as Fairchem Speciality Limited) ('the Company') is a public listed Company with only one class of shares namely Equity Shares which are listed on the BSE Limited and the National Stock Exchange of India Limited.

The Securities and Exchange Board of India ('SEBI') vide its notification dated July 8, 2016 has inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has made it mandatory for the top 500 listed entities, based on market capitalization, as on March 31 of every financial year to formulate a Dividend Distribution Policy ('Policy').

The Company has framed Dividend Distribution Policy to clearly outline the manner in which the net profits / retained earnings of the Company is to be utilized for future sustainable growth of the Company and the circumstances as also various parameters on which the Company may recommend Interim / Final dividend to its shareholders. The Board of Directors of the Company has adopted the Policy which endeavours for fairness, consistency and sustainability while distributing profits to the shareholders.

OBJECTIVE

The Policy defines the conditions for paying a dividend. The Board of Directors will recommend any annual dividend based on this Policy as well as any specific financial or market conditions prevailing at the time. The intention of the Policy is to set out the broad criteria to be considered when determining what dividend to declare or not declare to the shareholders of the Company. The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Circumstances Under Which Shareholders may or may not expect Dividend	The Board of Directors while Recommending Dividend, ensure compliance with the provisions of the Companies Act, 2013 read with rules made thereunder and Listing Regulations. No Dividend shall be declared or paid by a Company from its reserves other than free reserves.
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	<p>The Board of Directors of the Company may not declare or recommend dividend for a particular Financial Year if it is of the view that it would be prudent to plough back / retain its profit for the ongoing or planned business activities or other factors as may be deemed necessary by the Board for the benefit of the Company and its shareholders from a long term perspective.</p> <p>It shall be at the discretion of the Board to declare and recommend the interim dividend during any financial year or at any time during the period from closure of financial year till holding of the Annual General Meeting out of the surplus in the profits and loss account or out of profits of the Financial year based on its quarterly or half yearly Financial Results.</p> <p>The Board may at the discretion recommend the Final Dividend for any financial year out of the surplus in the profits and loss account or out of profits of the Financial year based on its Annual Financial Results, subject to approval of the members at its Annual General Meeting.</p> <p>The Members may not expect any Dividend during the financial year in which the Company has no profits or inadequate profits or if the Board has decided to retain its profits for future growth and expansion.</p> <p>Apart from the above, the Board also considers past dividend history and sense of shareholders expectations while determining the rate of Dividend. All efforts will be taken by the Company to maintain a Dividend pay-out as per historic trend of the Company.</p>
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<p>Consideration of Internal Factors by Board, while recommending Dividend</p>	<ul style="list-style-type: none"> • Profits earned during the financial year. • Cash Flow position of the Company • Accumulated Reserves including Retained Earnings. • Earning Stability • Past Dividend Trend – Rate of Dividend, EPS, Payout Ratio etc. • Future Cash Requirement for growth and expansion to further enhance Shareholder’s value. • Setting aside cash to meet debt repayments. • Capital Expenditure • The ratio of Debt to Equity • Retaining earnings to provide for contingencies or unforeseeable events.
<p>Consideration of External Factors by Board, while recommending Dividend</p>	<ul style="list-style-type: none"> • Payout ratio of peer Companies • Prevailing Capital Market, Money Market and Global Economic Conditions • Changes in cost and availability of external financing. • Changes in Government policy, industry rulings and regulatory positions • Prevailing taxation laws and policies and amendments thereof in the law pertaining to Dividend Distribution or introduction of new regulatory requirements.
<p>Financial Parameters</p>	
<p>Utilization of retained earnings</p>	<p>The Board may at its discretion choose to retain profits of the Company after considering various parameters as mentioned above and it shall strive to utilize the retained earnings for funding of future growth and expansion plans, payment of dividend in future years, to meet CAPEX requirements or for payment of Debt or any other purpose as may be approved by the Board and which the Board thinks is in the best interest of the Company and its Shareholders.</p>

Dividend Range	Subject to provisions of applicable laws, the Company's Dividend payout will be determined based on availability of financial resources, investment requirements and also considering optimal shareholder return.
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DISCLOSURE

This Policy is framed taking into consideration the provisions of the Act and rules made thereunder and the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case subsequent changes in the provisions of the Act or any regulations which makes any of the provisions in the policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the policy.

The Board of Directors will review the policy as and when required. Any revision in the policy will be communicated to Shareholders in a timely manner. The Policy shall be disclosed on the website of the Company at www.privi.com.

DISCLAIMER

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents general guidance regarding Dividend Policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances warrants.