

TRIOCHEM PRODUCTS LIMITED

Registered Office: 4th Floor, Sambava Chambers, Sir. P. M. Road, Fort, Mumbai, Maharashtra, PIN: 400001. Telephone: 00 91 (22) 2266 3150

Fax: 00 91 (22) 2202 4657 E-mail: info@amphray.com

Website: www.triochemproducts.com Corporate Identity Number: L24249MH1972PLC015544



DIVIDEND DISTRIBUTION POLICY

(Approved by the Board of Directors at their meeting held on 27th June 2020)

1. About the Company

Triochem Products Limited (hereinafter referred to as 'the Company' or 'TPL') is a Company an existing public limited company incorporated on 17/01/1972 under the provisions of the Indian Companies Act, 1956 and deemed to exist within the purview of the Companies Act, 2013, having its registered office at 4th Floor, Sambava Chamber, Sir P. M. Road, Fort, Mumbai - 400 001. It has been engaged primarily in the business of manufacturer and exporter of pharmaceuticals products, APIs and chemicals. The equity shares of the Company are listed on BSE Limited ("BSE").

2. Objectives of the Policy

- 2.1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') has, by its Notification dated July 8, 2016, inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force. (hereinafter referred to as 'the Listing Regulation')
- 2.2. Regulation 43A of the Listing Regulations requires the Company to formulate a Dividend Distribution Policy which shall be disclosed in the Annual Report and on the website of the Company.
- 2.3. In view of the above, the Company has framed this Dividend Distribution Policy (hereinafter referred to as 'the Policy') to determine the parameters on the basis of which the Company may or may not declare dividend.
- 2.4. The Policy seeks to balance the objectives of rewarding the shareholders through dividends and retaining capital to invest in the growth of the Company, while ensuring fairness, sustainability, and consistency in distributing profit to the shareholders.

3. Payment Frequency

The dividend shall, subject to the parameters hereinafter described, be payable annually and shall be declared at the Annual General Meeting of the Company, based on the recommendation of the Board of Directors of the Company (hereinafter referred to as 'the Board'). The Board may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which the interim dividend is sought to be declared. The Board may recommend special dividend in years of exceptional

4. Declaration of Dividend

It is the intention of the Board of Directors, subject to applicable laws, to pay dividend on the Company's outstanding Equity Shares. The Company does not have any class of shares other than Equity Shares.

5. Parameters for Distribution of Dividend

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5.1. Your Company has a track record of steady dividend declaration and payment over its history. The Board considers the yearly dividend based on the Net Profit After Tax ('PAT') available for distribution. In addition, the Board reviews the capital expenditure needs, cash requirements for investments in capability enhancements and future non organic growth initiatives.

5.2. As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Based on the above, the Company will endeavour to maintain the steady level of dividend per share over the medium term.

5.3. Circumstances under which the shareholders of the Company may or may not expect dividend:

The Shareholders may ordinarily expect dividend if the Company has made profits during the current year. Recommending dividend out of profits of previous financial years or out of retained earnings shall be at the discretion of the Board, subject to the compliance with the Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time. The Board may not recommend a dividend if:

- 5.3.1. Proposed expansion plans require higher allocation of capital; or
- 5.3.2. Significantly higher working capital requirements adversely impact free cash flow; or
- 5.3.3. The Company undertakes any acquisitions or investments including in joint ventures, new product launches, etc., requiring significant capital outflow; or
- 5.3.4. In case of proposal for buyback of shares; or
- 5.3.5. In the event of inadequacy of profits.
- 5.3.6. If the Board proposes not to distribute profit, the grounds thereof and information on utilisation of undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

5.4. Financial Parameters for declaring dividend:

The Board shall consider the following financial parameters while declaring dividend:

- 5.4.1. the Company's Financial Results of operations and earnings.
- 5.4.2. working capital requirements for the operations and growth of the Company and its subsidiaries.
- 5.4.3. quantum of profits and liquidity position;
- 5.4.4. future fund requirements, including for brand building, business acquisitions, business expansion, modernisation of existing business;
- 5.4.5. level of debt;
- 5.4.6. providing for unforeseen events and contingencies;
- 5.4.7. any other financial factor as the Board may deem fit.

5.5. Internal and External Factors for declaring dividend:

The Board may consider the following internal and external factors while declaring dividend:

5.5.1. Internal Factors:

- 5.5.1.1. the level of dividends paid historically;
- 5.5.1.2. contractual restrictions and financing agreement covenants;

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5.5.1.3. likelihood of crystallisation of contingent liabilities, if any.

5.5.2. External Factors:

5.5.2.1. general business conditions, risk and uncertainties;

5.5.2.2. industry outlook and business cycles for underlying businesses;

5.5.2.3. prevailing economic, competitive and regulatory environment;

5.5.2.4. tax law and the Company's taxpayer status;

5.5.2.5. capital market.

This is not intended to be an all-inclusive list, but rather a representative list of factors which may be considered while declaring dividend.

5.6. Manner in which the retained earnings shall be utilised:

Retained earnings are the sum of the Company's profits after dividend payments, since the Company's inception. The retained earnings of the Company will be utilised in one or more of the following manner:

5.6.1. for expansion and growth of business;

5.6.2. for contributing towards the fixed as well as working capital needs of the Company;

5.6.3. major repairs and maintenance, including replacement of old assets which have become obsolete;

5.6.4. renovation/modernisation for improving working efficiency of plants and equipment's and for capacity enhancements;

5.6.5. to make the Company self dependent of finance from external sources;

5.6.6. for redemption of loans and debentures (if any);

5.6.7. for upgradation of technical knowhow;

5.6.8. non organic growth initiatives, including acquisition of brands/businesses;

5.6.9. for issuing fully paid-up bonus shares to the Shareholders.

5.7. Dividend Range:

5.8. As in the past, subject to the provisions of applicable laws, the Company's dividend payout will be determined based on availability of financial resources, investment requirements and also take into account optimal shareholder return. The Company would endeavour to target a total dividend payout ratio in the range of 30% to 50% of the Annual Standalone PAT of the Company.

6. Review of Policy

This Policy has been adopted by the Board of Directors of the Company and the Board may review and amend the Policy from time to time, pursuant to any change in law or otherwise.

7. Disclosures

TPL shall disclose the Dividend Distribution Policy in the Board's Report forming part of the Annual Report. This Policy shall also be disclosed on the website of the Company at www.triochemproducts.com. Any changes in the Policy, along with the rationale for the same, shall also be disclosed in the Annual Report and on the website of the Company.

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8. Amendments to the Policy

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to modification. Any amendment(s) of any provision of this policy shall be carried out by the persons authorised by the Board in this regard.

Mumbai. 27th June 2020