

## IG PETROCHEMICALS LIMITED

### DIVIDEND DISTRIBUTION POLICY

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#### 1. Regulatory framework

The Securities and Exchange Board of India (“SEBI”) vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 had notified the applicability of formulating a dividend distribution policy for the top 1000 listed companies based on market capitalisation. Based on this criteria, the ‘Dividend Distribution Policy’ (“Policy”) is being formulated which shall be hosted on the website of the Company.

#### 2. Objective and Scope

The Policy prescribes the parameters which shall be considered by the Board of Directors of the Company before declaration/recommendation of dividend. The objective of the Policy is to ensure that the shareholders are being rewarded by way of regular dividend pay-out and also retain part of profits to meet the future growth requirements of the Company. The Company shall strive to maintain consistent dividend pay-out plans.

#### 3. Declaration of dividend

The Board of Directors of the Company (“Board”) shall take into account the following internal factors while considering to recommend/declare dividend:

##### Internal factors:

- Profits earned during the year;
- Capex requirements to fund the expansion;
- Past performance / Dividend history of the Company;
- Resources required to fund acquisitions and / or new businesses;
- Working capital requirements;
- Cost of borrowings and outstanding borrowings;
- Additional investments in subsidiaries / associates of the Company;
- Any other factor as may be deemed fit by the Board.

##### External Factors:

The Board of Directors would consider the following external factors while considering to recommend/declare dividend:

- Government and industry specific policies and regulatory provisions.
- Significant change in the business environment leading to major investments for business transformation
- Changes in the competitive environment.

In addition to above, the dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI Regulations and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

The Board of Directors may declare interim dividend as and when they consider fit in accordance with this Policy.

#### **4. Circumstances under which the shareholders of the Company may or may not expect dividend**

Subject to the internal and external factors as enumerated as above, the shareholders of the Company can expect not to receive dividend under the following circumstances:

- Whenever the Company undertakes or proposes to undertake expansion project requiring higher allocation of capital;
- Significant higher working capital requirements adversely impacting free cash flow;
- To infuse funds for the growth of the company;
- Whenever it undertakes any acquisitions or restructuring or joint ventures requiring allocation or reduction of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities;
- In the event of inadequacy of profits or whenever the Company has incurred losses; or
- Any other circumstances as may be deemed fit by the Board.

#### **5. Dividend pay-out ratio**

Dividend for every financial year shall be decided by Board considering various statutory requirements, financial performance of the company and other internal and external factors enumerated earlier in the policy. The Board may choose to retain appropriate profits to meet the Company's future growth and expansion as and when warranted so that the dependency on the external source of funds can be maintained at minimum level. Given the nature of business and the external factors which contribute significantly to the Company's overall operations and revenue, it is deemed appropriate to refrain from deciding any pre-fixed range of dividend pay-out. At the same time, the Board shall strive to maintain a dividend pay-out as an appropriate percentage of profit after tax, which shall subject to the review from time to time.

#### **6. Manner of utilisation of retained earnings**

Subject to the adherence of this Policy and in accordance with the provisions of Companies Act, 2013, the Board may recommend/declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of free reserves available for distribution of dividend.

#### **7. Amendment to the Policy**

The Policy shall be subject to the review by the Board from time to time in accordance with the changes in the Regulations and any changes to the Policy shall be effective only upon its approval by the Board.

In the event of any conflict between the Policy and the Regulations, the provisions of the Regulations shall prevail to that extent.

#### **8. Enforcement of the Policy**

The Policy shall be enforced with effect from the date of its approval by the Board i.e. 1<sup>st</sup> November, 2021.