



Dividend Distribution Policy

[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Introduction:

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

IOL Chemicals and Pharmaceuticals Limited (the "Company") being one of the top five hundred listed companies as per the criteria mentioned above, the Company has approved and adopted this Dividend Distribution Policy (the "Policy") at its meeting held on 10th February 2021.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board

Scope and Objective

This Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for the Company's growth & sustainability. Through this policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders.

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

Parameters to be considered while recommending/declaring dividend

Dividend Distribution Policy shall include the following parameters:

A. Circumstances under which the shareholders of the listed entities may or may not expect dividend;

The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the

provisions of the Companies Act, 2013 and Listing Regulations. The Board of Directors of the Company may not declare/ recommend dividend or declare lower rate of dividend based on the following:

1. Prospective growth opportunities/threats/concerns of the Company;
2. Inadequacy or absence of profits;
3. Higher working capital requirements for business operations of the Company.
4. Any other factors as deemed fit by the Board.

B. Financial parameters that shall be considered while declaring dividend;

The Board of Directors of the Company shall consider the following financial including the internal parameters while declaring or recommending dividend to shareholders:

1. Profits earned during the financial year
2. Retained Earnings
3. Major capital expenditure to be incurred by the Company;
4. Cash flow requirements of the Company;
5. Setting off unabsorbed losses and / or depreciation of past years, if any.
6. Earnings outlook for next three to five years
7. Any other relevant factors and material events

C. External factors that shall be considered for declaration of dividend;

The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:

1. Regulatory requirements;
2. Market conditions;
3. Economic environment;
4. Political/geographical situations;
5. Inflation rate;
6. Industry Outlook for future years.
7. Any other factors as deemed fit by the Board.

D. Policy as to how the retained earnings shall be utilized;

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital;
2. Organic and/ or inorganic growth;
3. Investment in new business (es) and/or additional investment in existing business (es);
4. Declaration of dividend;
5. Capitalisation of shares;
6. Buy back of shares;



7. General corporate purposes, including contingencies;
8. Correcting the capital structure;
9. Any other permitted usage as per the Companies Act, 2013.

E. Parameters that shall be adopted with regard to various classes of shares:

The Company has issued only one class of equity shares of Rs 10 each. Parameters for dividend payments in respect of any other class of shares will be determined, if and when the Company decides to issue other classes of shares.

Disclosure

This policy (as amended from time to time) will be available on the Company's website and in the annual report.

Policy review and amendments

The Policy will be reviewed periodically by the Board. This policy has been approved and adopted by the Board of Directors of the Company at its meeting held on 10th February 2021, being the effective date of this Policy.

Disclaimer

The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a 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 so warrant.