

## **HINDUSTAN PETROLEUM CORPORATION LIMITED**

### **DIVIDEND DISTRIBUTION POLICY**

#### **PREAMBLE**

The Shares of Hindustan Petroleum Corporation Limited (the “Company”) are listed on National Stock Exchange of India Limited, Mumbai and Bombay Stock Exchange Limited, Mumbai.

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 has inserted Regulation 43A w.e.f. 08<sup>th</sup> July, 2016 to the Securities and Exchange Board of India (LODR) Regulations, 2015. As per Regulation 43A, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites. Considering the fact that the Company, as of 31<sup>st</sup> March 2016, is amongst the top 500 listed entities as per the criteria, the dividend distribution policy has been formulated.

The Board of Directors of the Company (the “Board”) has approved the Dividend Distribution Policy of the Company (the “Policy”) in its meeting held on November 15, 2016.

#### **OBJECTIVE**

The objective of this Policy is to ensure a regular dividend income for the members and long term capital appreciation for all stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the Policy while declaring/recommending dividends on behalf of the Company. Through this Policy, the Company would endeavor to maintain a consistent approach to dividend pay-out plans, subject to the applicable laws and conditions.

The policy has been framed broadly in line with the provisions of the Companies Act, 2013 and also taking into consideration guidelines issued by other Regulatory Authorities, to the extent applicable.

#### **PARAMETERS FOR DIVIDEND DISTRIBUTION**

- The Company has issued only one class of Shares, i.e. Equity Shares and, hence, the parameters disclosed hereunder apply to the same.
- The Board while considering payment of dividend for a financial year may, inter-alia, consider the following factors: -
  - Profit for the financial year as well as general reserves of the Company;
  - Projections of future profits and cash flows;
  - Borrowing Levels and the Capacity to borrow;

- Present and Future Capital expenditure plans of the Company including organic/inorganic growth avenues;
  - Applicable taxes including tax on dividend;
  - Compliance with the provisions of the Companies Act, 2013 or any other statutory guidelines including guidelines issued by Govt. of India;
  - Past dividend trend for the Company and the industry;
  - State of economy and capital markets;
  - Any other factor as may be deemed fit by the Board.
- The company endeavors to declare the dividend as per the guidelines issued by Department of Investment & Public Asset Management (DIPAM), Govt. of India from time to time.
  - The Company strives to be a world class energy company and has plans requiring significant capital outlay. The retained earnings, after distribution of dividend, shall be primarily be utilized towards this purpose.
  - The Board may declare interim dividend(s) as and when they consider it fit, and recommend final dividend to the shareholders for their approval in the ensuing general meeting of the Company.

## **GENERAL**

- The Company reserves its right to alter, modify, add, delete or amend any or all of the provisions of this Policy as it may deem fit or in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority. The change in policy shall, however, be disclosed alongwith the justification thereof on the Company's Website and in the ensuing Annual Report in accordance with the extant regulatory provisions.