



MANGALORE REFINERY AND PETROCHEMICALS LIMITED

(A Govt. of India Enterprise and a Subsidiary of ONGC Limited)

CIN: L23209KA1988GOI008959

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

As per Regulation 43A of SEBI (LODR) Regulations, 2015, 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.

DIPAM under Ministry of Finance vide its Office Memorandum dated 27th May, 2016 has issued Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) which mandate that CPSEs would require to a pay minimum dividend subjected to the maximum dividend permitted under the extant legal provisions.

MRPL is a CPSE and is amongst the top 500 listed entities which comply with SEBI (LODR) Regulations, 2016, DIPAM guidelines, provisions of Companies Act, 2013, Companies (Declaration and Payment of Dividend) Rules, 2014 and other guidelines to the extent applicable.

2. DEFINITIONS

- i. “**Act**” means Companies Act, 2013.
- ii. “**Company**” means Mangalore Refinery and Petrochemicals Limited (MRPL)
- iii. “**Board**” means the Board of Directors of MRPL.
- iv. “**SEBI (LODR) Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- v. “**DPE**” means Department of Public Enterprises.
- vi. “**DIPAM**” means Department of Investment and Public Asset Management
- vii. “**CPSEs**” means Central Public Sector Enterprises.
- viii. “**Dividend**” includes any interim dividend.
- ix. “**PAT**” means Profit After Tax.

3. EFFECTIVE DATE

The Policy shall be effective from the date of its approval by the Board i.e 08/11/2016.

4. OBJECTIVE OF THE POLICY

The Policy lay down a broad framework with regard to decision taking for distribution of dividend to its shareholders and/ or retaining or ploughing back of profits, in the interest of providing transparency to the shareholders. The Policy intent to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company.

The intent of the policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend, etc. The policy has been framed broadly in line with the provisions of the Companies Act and also taking into consideration, guidelines issued by Ministry of Finance/ SEBI/ DPE/ DIPAM and other guidelines, to the extent applicable.

5. FACTORS CONSIDERED WHILE DECLARING DIVIDEND

The Board of the Company shall take a decision to declare dividend after taking into account the following factors:

External Factors

- ▶ Economic Environment
- ▶ Statutory Provisions and Guidelines
- ▶ Taxation and other regulatory concern
- ▶ Cost of borrowings

Internal Factors

- ▶ Cash Flow
- ▶ Future Capital Expenditure Plan
- ▶ Profits of the Company

Apart from the above, the Company may also consider various other factors, which inter alia include:

- ▶ Obligations towards creditors of the company;
- ▶ Additional investments in subsidiaries/associates of the Company;
- ▶ Expectation of shareholders/ stakeholders;
- ▶ Any other factor as deemed fit.

6. THE FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED

As per the guidelines issued by DIPAM under Ministry of Finance, every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permissible under the extant legal provisions. However, the Company may propose lower dividend with the approval of the Administrative Ministry/Department after analysing following financial Parameters with conclusion that the retention of funds augmenting its net-worth is being optimally leveraged to ensure higher investment by the CPSEs:

Cash flow position

Future Capital Expenditure Plan

Borrowing capacity

Long-term borrowings

7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The decision of dividend payout is very crucial as it has to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits for future growth. The Company shall declare a dividend for any financial year whenever there is net profit after tax for the year after taking into account the adjustments for previous years, write back of expenses, providing for depreciation etc.

The Company will be restrained to declare dividend when there are insufficient profits or non-availability of sufficient capital to meet the minimum capital requirements prescribed by RBI or any of the external or internal factors.

8. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES.

Company has issued only one class of shares i.e equity shares. The policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

9. PROCEDURE FOR DIVIDEND PAYOUT

The following procedure shall be followed in the declaration and payment of dividends, and is subject to provisions of provisions of Companies Act, 2013, Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI (LODR) Regulations, 2016, DIPAM guidelines:

Final Dividend:

1. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
2. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.
3. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period.

Interim Dividend:

1. Interim dividend(s), if any, shall be declared by the Board after considering the financial position of the Company that allows the payment of such dividend.
2. The payment of dividends shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/ book closure.
3. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting.

10. DISTRIBUTION OF DIVIDEND

The dividend (Interim and Final) shall be distributed to shareholders as per the provisions of Companies Act, 2013, Companies (Declaration and Payment of Dividend) Rules, 2014, SEBI (LODR) Regulations, 2016. The unpaid and unclaimed dividend shall be transferred to Investor Education and Protection Fund after 7 years of it becoming unpaid as provided under the

Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

11. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earning in order to make better use of the available funds to increase the share of the stake holders in the long run. The utilisation of the retained earnings of the Company shall be based on the following factors:

- i. Strategies in long term planes of MRPL;
- ii. Diversification of opportunities
- iii. Non-fund based needs of MRPL, its subsidiary, joint venture, which may require MRPL to have a healthy consolidated balance sheet.
- iv. Government guidelines with regard to its issue of bonus, buyback, etc.
- v. Any other criterion which the Board of MRPL may consider appropriate.

12. AMENDMENT

All changes and amendments to this policy shall be made with the approval of Company's Board of Directors.
