

# **BHARAT PETROLEUM CORPORATION LIMITED**

## **DIVIDEND DISTRIBUTION POLICY**

### **PREAMBLE:**

The shares of Bharat Petroleum Corporation Limited (the “Company”) are listed on National Stock Exchange of India Limited, Mumbai and BSE Limited, Mumbai. SEBI vide its notification dated 08.07.2016 has inserted Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

The Board of Directors of the Company (“the Board”) has approved the Dividend Distribution Policy of the Company (“the policy”).

### **OBJECTIVE**

The Company aimed at maximisation of shareholders’ value and believes that this can be attained by driving growth. The policy endeavours to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for growth of the Company and other needs. The objective of the policy is to lay down a consistent approach to dividend declaration.

### **PARAMETERS FOR DIVIDEND DISTRIBUTION**

- The Company has 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 including repayment commitments;

- 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 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 profits for a year may be adjusted at the discretion of the Board, for the purpose, to exclude exceptional or one off items or non-cash items resulting from change in law, accounting policies, accounting standards or otherwise.
  - The Company would endeavor to pay minimum annual dividend of 30% of Profit after Tax (PAT) or 5% of net worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions.
  - In case of deviation if any in a particular year due to inadequacy or absence of profits/reserves or otherwise, the reasons and justification thereof shall be disclosed to the shareholders through Annual Report of the Company.
  - The company is committed to continuous growth and has plans requiring significant capital outlay. The retained earnings, after distribution of dividend, shall primarily be utilized towards this purpose.
  - Dividend shall be recommended by the Board for approval of shareholders of the Company for payment. However, the Board may also consider payment of interim dividend as and when it feels appropriate.

## **GENERAL**

- In the event of the policy being inconsistent with any new regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this policy and the policy shall be construed to be amended accordingly from the effective date of such provision.
- The Company reserves its right to alter, modify, add, delete or amend any or all of the provisions of the policy as it may deem fit or in accordance with the guidelines as may be issued by SEBI, Government of India or any other regulatory authority. The change in the 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.