

DIVIDEND DISTRIBUTION POLICY

1. Introduction:

1.1. The Securities and Exchange Board of India (the “SEBI”) vide its Notification dated July 08, 2016 has amended the Listing Regulations (the “Regulations”) by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every year.

1.2. Pursuant to above, the Board of Directors (the “Board”) of OIL INDIA LIMITED (“OIL” or the “Company”) has adopted the Dividend Distribution Policy.

1.3. This policy shall be known as OIL Dividend Distribution Policy (the “Policy”).

2. Definitions

The terms referred to in this policy will have the same meaning as defined under the Companies Act, 2013 (the “Act”) and the Rules made thereunder, and the Listing Regulations.

3. Effective Date

The Policy will come into effect on its adoption by the Board i.e. from FY 2017-18 onwards.

4. Objective of the Policy

The objective of the Policy is to establish the parameters to be considered by the Board before declaring or recommending dividend. The Policy endeavors to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient funds are retained for growth of the Company. The Company is committed to deliver sustainable value to all its stakeholders.

5. Scope of the Policy

The Policy covers the following:

5.1 Dividend to Equity Shareholders of the Company:

At present the company has only one class of equity shares. As and when the company proposes to issue any other class of equity shares, the policy shall be modified accordingly.

5.2 Interim Dividend:

5.2.1 Interim Dividend(s), if any, shall be declared by the Board.

5.2.2 In case no final dividend is declared for any particular financial year, interim dividend paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting (AGM).

5.3 Final Dividend:

5.3.1 Recommendation, if any, shall be made 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.

5.3.2 The dividend as recommended by the Board shall be approved / declared in the AGM of the Company.

5.4 The Policy shall not apply to:

5.4.1 Dividend to Preference Shareholders.

5.4.2 Distribution of cash or other assets to Equity Shareholders pursuant to buyback of shares.

5.4.3 Issue of fully paid up bonus shares or other securities to Equity Shareholders or converting partly paid-up equity shares to fully paid-up shares

6. Parameters to be considered

The Board shall consider following parameters, factors and circumstances before declaring or recommending dividend:

6.1. **Statutory Requirements:** The Board shall comply with the provisions of the Companies Act, 2013 and rules applicable thereunder including those with respect to mandatory transfer of a certain portion of profits to any specific reserve which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

6.2. Other Directives: Guidelines on “Capital Restructuring of Central Public Sector Enterprises” issued by the Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, as amended from time to time or any other directives or instructions or laws applicable to the Company in this regard.

Presently guidelines dated 27th May, 2016 issued by DIPAM in this regard are applicable to the Company.

6.3. Internal Factors: The Board shall consider following internal factors:

- a) Company’s Liquidity position including its present and expected obligations.
- b) Profits of the Company.
- c) Present and Future Capital expenditure plans of the Company including organic / inorganic growth opportunities.
- d) Likely fund requirements of OIL’s Subsidiaries and Joint Venture companies.
- e) Past dividend trend of the Company and the Industry.
- f) Any other relevant or material factor as may be deemed fit by the Board.

6.4. External Factors: The Board shall consider following external factors:

- (a) State of economy and capital markets.
- (b) Applicable taxes including dividend distribution tax.
- (c) Regulatory Changes: Introduction of new or changes in existing tax or regulatory requirements (including dividend distribution tax) having significant impact on the Company’s operations or finances.
- (d) Technological Changes which necessitate significant investment in the business of the Company.
- (e) Any other relevant or material factor as may be deemed fit by the Board.

7. Circumstances under which the shareholders of the Company may or may not expect dividend

The Company has been consistent in paying out dividends to its shareholders and can be reasonably expected to continue declaring dividends in future as well, unless the Company is restrained to declare dividends in following circumstances:

7.1. Inadequate profits: If during any financial year, the profits of the Company are not adequate, the Board may decide not to recommend any dividend for that year.

7.2. Dividend not to be declared out of reserves: As a rule, dividend for any particular financial year shall be recommended or paid out of the Profit of that financial year and the Board shall not declare or recommend any dividend out of the reserves, except for reasons to be expressly laid down. Any decision in this regard shall be reflected in the Annual Report and website of the company while declaring/ recommending dividend.

8. Entitlement and Timelines for Dividend payments

8.1. Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws.

8.2. Timelines: The payment of dividend shall be made within the time prescribed under the Act or the rules made thereunder.

Presently dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the Shareholders in the AGM in case of Final Dividend.

9. Manner of Utilization of Retained Earnings

The retained earnings shall be deployed in line with the objects of the Company as detailed in Memorandum of Association of the Company. The Company shall endeavor to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The decision of utilization of the retained earning shall be based on the factors like strategic and long term plans of the Company, future equity oil acquisitions, diversification opportunities, or any other criteria that may be considered relevant by the Board in this regard.

10. Conflict of Policy

In the event of the Policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy.

11. Amendment

The Board may, from time to time, make amendment(s) to this Policy to the extent required due to change in applicable laws and / or regulations or as deemed fit on a review.
