

POLICY FOR DIVIDEND DISTRIBUTION

Introduction

SEBI has, vide its notification dated 5th May 2021 released the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 requiring the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy.

Pursuant to above, the Board of Directors (the “Board”) of Hindustan Oil Exploration Company Limited (“HOEC” or the “Company”) has adopted the Dividend Distribution Policy.

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

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as may be amended from time to time.

Effective Date

The Policy shall become effective from the date of its adoption by the Board i.e. August 14, 2021.

Objective and Scope of the Policy

This policy applies to the distribution of dividend by the Company in accordance with the provisions of the Act and the Listing Regulations, as may be amended from time to time.

This policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

Circumstances under which the shareholders may or may not expect dividend

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to fund the growth plans of business.

Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy.

Parameters to be considered 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. As and when the company proposes to issue any other class of shares, the policy shall be modified accordingly.

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

Statutory Requirements:

The Board shall comply with the provisions of the Act and the Listing Regulations 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.

Financial Parameters:

- Profit for the financial year as well as general reserves of the Company;
- Projections of future profits and cash flows;
- Liquidity and return ratios;
- Borrowing levels and the capacity to borrow;
- Present and future Capital expenditure plans of the Company including organic/inorganic growth avenues.
- Past dividend trend for the Company and the industry
- Minimum cash required for contingencies or unforeseen events;
- Any other significant developments that require cash investments.
- Any other factor as may be deemed fit by the Board

External Parameters:

- State of economy and capital markets
- Applicable taxes including dividend distribution tax.
- 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.
- Technological Changes which necessitate significant investment in the business of the Company.
- Any other relevant or material factor as may be deemed fit by the Board.

Policy as to how the retained earnings shall be utilized

The Company shall endeavour to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The profits earned by the Company can either be retained in the business and used for various purposes as outlined above or it can be distributed to the shareholders.

Review

This policy will be reviewed and amended as and when required by the Board.

Disclosure of the policy

This policy will be uploaded on the website of the Company.

Limitation and Amendment

In the event of the Policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.