



MOIL LIMITED

MOIL DIVIDEND DISTRIBUTION POLICY – 2017

1.0 Introduction:

MOIL Limited (MOIL) is a Schedule-A Central Public Sector Enterprise (CPSE) under administrative control of Ministry of Steel, Government of India. It is the largest mining company in India and produces about 50% of total production of manganese ore in the country. Its shares are listed on National Stock Exchange and Bombay Stock Exchange. Distribution of Dividend in CPSEs are regulated mainly by statutory provisions and the guidelines issued by the Government from time to time.

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) also mandates framing of Dividend Distribution Policy for certain class of listed companies.

2.0 Effective Date

This policy shall be known as MOIL Dividend Distribution Policy-2017 (the “Policy”) and shall become effective from the date of its approval by the Board.

3.0 Objective of the Policy

The policy is aimed to lay down the criteria to be considered by the Board of Directors of MOIL before recommending /declaring dividend (interim/final)

4.0 Statutory Requirements

While recommending, declaring and distributing the dividend, following y are to be complied with:

- (a) Companies Act 2013 and rules applicable thereon, 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.
- (b) Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) as notified on July 8, 2016 and as amended from time to time.
- (c) Guidelines or directives issued by the Government of India
- (d) Any other applicable laws

5.0 Prudential requirements

Decision to declare dividend shall be taken up after taking into account the following.

- (a) Profits of MOIL –
 - (i) In case of Final Dividend, the profits (after providing depreciation as per Companies Act, 2013) as per audited financial statements for the year for which the Final Dividend is proposed to be declared and after transferring to the reserves such amount as the Board of MOIL may consider appropriate.
 - (ii) In case of Interim Dividend, the profits as per the unaudited results for/up to the last quarter (after providing depreciation as per Companies Act, 2013) which have been approved by the Board and for which limited review as per “Listing Regulations” has been carried out
- (b) Specifically for interim dividends, the perception of the management with regard to likely profits in the remaining part of the financial year
- (c) Future Capital Expenditure plans of MOIL.
- (d) Likely maturity of Short-term investments to ensure maximum returns.
- (e) Likely fund requirements of Joint Venture companies and other ventures.
- (f) Expectation of shareholders /stakeholders

6.0 Financial and other important internal and external factors to be considered for dividend distribution

In addition to the aforesaid parameters such as realized profits and proposed major capital expenditures, the decision of dividend payout or retention of profits shall also be based on the following factors/parameters:

- (a) **CAPEX Plan**
Funds required for CAPEX plan of the company
- (b) **Anticipated cash outflow**
Anticipated cash outflow, whether previously quantifiable or not.
- (c) **Free Cash Flows**
Free cash flows available to the company after providing for Internal Resource Requirement for CAPEX, Working Capital, payment of liabilities, anticipated outflows, etc.
- (d) **Economic Environment**
In case of uncertain or recessionary economic and business conditions, the Company will endeavor to retain larger part of profits to build up reserves to sustain future up downs.
- (e) **Regulatory Norms**
Regulatory norms prescribed by the Central/State Governments, may affect company's margins and in turn affect the dividend payout.
- (f) **Statutory Provisions and Guidelines**
Provisions of Companies Act and other statutory provisions with regard to declaration of dividend and guidelines issued by the Government from time to time.
- (g) **Past performance/ Dividend history and reputation of the Company -**
Dividend payment history and the impact of the decision on overall reputation of the Company.
- (h) Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

7.0 Dividend pay-out ratio

Dividend for every financial year shall be decided by Board *inter alia* considering the parameters indicated above, various statutory requirements, financial performance of the company and other internal and external factors enumerated in the policy.

However, the company would endeavor to pay minimum dividend as per statutory provisions and extant guidelines issued by the Government in respect of payment of dividend.

8.0 Circumstances under which the shareholders of the Company 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. The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue declaring in future as well unless the Company is restrained to declare dividends in case of inadequacy of profits and also when dividend is to be declared out of reserves.

9. Manner of Utilisation of Retained Earnings

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Strategic and long term plans of MOIL.
- Future acquisitions of Mines and the need to ensure a strong net-worth position.
- Diversification opportunities.
- Non-fund based needs of MOIL, Joint Ventures and other ventures.
- Government guidelines with regard to issue of bonus, buy-back, etc.
- Any other criteria which the Board of MOIL may consider appropriate etc.

10. Parameters to be adopted with regard to various classes of shares

MOIL has presently only one class of shares, i.e., equity shares. As and when it proposes to issue any other class of shares, the policy shall be modified accordingly.

11. Disclaimer and Disclosure

This policy does not solicit investments in the shares of MOIL. Nor is it an assurance of guaranteed returns (in any form), for investments made in its equity shares.

The Policy will be disclosed in the Annual Report as well as on the website of the Company.

13. Amendment

Any amendment/modification to this policy shall require approval of the Board of Directors of MOIL.
