

# 3 State Oil Cos Declare ₹4,570-cr Dividend

Our Bureau

**New Delhi:** State-run Indian Oil Corporation Ltd (IOCL), Bharat Petroleum (BPCL) and Hindustan Petroleum (HPCL) have declared a combined special dividend of ₹4,570 crore following pressure from the government, which is hoping to use its share in this to meet its fiscal deficit target this year.

The government, as the majority shareholder, will receive ₹2,558 crore from the special dividend declared on Thursday. IOCL declared an interim dividend of ₹4.5 per share or ₹2,185 crore. BPCL announced an interim dividend of ₹12 per equity share and HPCL ₹6.40 per share.

The finance ministry had directed all administrative ministries to insist on public sector companies paying maximum possible dividend in this financial year so that additional resources are available for state pro-

## Interim Largesse

**IOCL, BPCL & HPCL** declare combined special dividend

**GOVT TO**  
receive  
₹2,558 cr of  
₹4,570 crore

**TO USE** dividend  
to meet fiscal  
deficit target

**THE INTERIM DIVIDEND**

**IOCL**  
₹4.50/  
share

**BPCL**  
₹12/share

**HPCL: ₹**  
₹6.40/share



grammes without breaching the fiscal deficit target. The government also advised state firms to borrow more to meet

their capital spending needs.

Profitable oil companies in particular faced immense pressure for higher dividend from the government.

The finance ministry had set dividend targets for each company and asked for about ₹19,000 crore in all from state oil companies, which finally acceded to the demand after months of negotiations.

Oil and Natural Gas Corporation, Oil India, IOCL, BPCL and HPCL had all declared interim dividend in January.

IOCL, HPCL and BPCL again hurriedly called board meetings on Thursday to consider another round of dividend before the fiscal ends on March 31.

Some executives said the huge dividend payout will leave firms with fewer internal resources to fund their investment plans. The state oil firms together reported a profit of ₹48,376 crore for the nine months ended December 2016.

Every state-run firm must pay a minimum annual dividend of 30% of its net profit or 5% of its net worth, whichever is higher, subject to the maximum dividend permitted under the law, according to a guideline issued last year. A state company is ex-

pected to pay the maximum dividend possible until it can justify that the funds retained are being optimally leveraged to ensure higher investment.

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Oil companies have been the biggest contributor to annual dividends that the government receives. In 2014-15, the government received about ₹34,000 crore out of the total dividend of about ₹58,000 crore declared by 112 state firms. A quarter of this came from the oil sector companies.