

MFL DIVIDEND POLICY

(A) Subject to any limitations in the Agreement for foreign exchange loans and long term rupee loans contemplated by the Fertilizer Formation Agreement and the availability of "net earning" as hereinafter defined the Board shall recommend to the Shareholder that not less than 50% of the "net earning" shall be declared at each Annual General Meeting of the shareholders by way of dividends provided that recommendation for distribution of dividends as aforesaid shall be made only after allowance has been made for:-

- (i) Development Rebate Reserve
- (ii) Repayment of Foreign Exchange and long term rupee loan;
- (iii) Other specific capital or revenue reserves that the Company may decide to create.

For the purpose of these provisions, the expression "net earning" shall mean "net profit" as defined in Section 349 of the Companies Act, 1956 as amended from time to time, less direct taxes which may be chargeable on the said profits provided that in computing "net profits" depreciation shall be calculated at the rate of 10% per annum of the cost of fixed assets or the rates specified in Section 205(2) of the Companies Act, 1956 whichever is higher.

(B) Unless the Board decides otherwise by and affirmative vote of not less than three-fourths of the Members of the Board, the Board shall recommend to the shareholders for declaration at an Annual General Meeting of shareholders, a special dividend whenever the amount of Reserves and Surplus within the meaning of Schedule VI of the Act exceeds the paid up equity capital, provided that no credit is taken for any Reserve that may be created by revaluation of the assets of the Company. The amount of dividend so recommended shall not exceed the difference between the said Reserves and the Paid-up Capital.

(C) Subject to the provisions of the Article 61 (iii), hereof the Company in General Meeting may declare dividends to be paid to members in proportion to the amount paid up or credited as paid up on each share.

DIVIDENDS ONLY BE PAID OUT OF PROFIT

No dividend shall be declared or paid except in accordance with the provisions of Section 205 of the Companies Act, 1956.

INTERIM DIVIDEND

The Board may from time to time, pay to the members such interim dividend as in their judgement the position of the Company justifies.

RETENTION OF DIVIDENDS UNTIL COMPLETION OF TRANSFER UNDER ARTICLE 38

The Board may retain the dividends payable upon shares in respect of which any person is, under Article 36 and 38, entitled to become a member, or which any person under those Articles is entitled to transfer until such person shall become a member, in respect of such shares, or shall duly transfer the same.

DIVIDEND , ETC TO JOINT HOLDERS

Any one (1) of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus of other moneys payable in respect of such shares.
