



The Orissa Minerals Development Company Limited
(A Government of India Enterprise)

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE

Securities and Exchange Board of India (“SEBI”), vide an amendment dated May 5, 2021 to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), has mandated the top 1000 listed companies (by market capitalisation) to have in place a Dividend Distribution Policy. Further, the said amendment requires the companies to upload the policy on its corporate website and provide a link of the same in the annual report.

The equity shares of The Orissa Minerals Development Company Limited (OMDC) are listed on National Stock Exchange of India Limited (NSE), Calcutta Stock Exchange Limited and Bombay Stock Exchange Limited. As, OMDC is ranked 642 as per NSE, based on market capitalization, on 31st March, 2020, the regulation is applicable to the Company.

2. OBJECTIVE

The objective of this Policy is to enhance the value of the Company and its shareholders through regular dividend payout after balancing the requirement of immediate payout from profits, future growth plans and sustenance.

3. EFFECTIVE DATE

The OMDC Dividend Distribution Policy, 2022 shall be effective from the date of its approval by the Board of Directors i.e. 11th November, 2022.

4. POLICY FRAMEWORK

The Policy has been formulated in line with the provisions of the Companies Act, 2013, Regulations issued by SEBI, Guidelines on Capital Restructuring of Central Public Sector Enterprises issued by Department of Investment and Public Asset Management (DIPAM), Guidelines issued by Ministry of Finance/Ministry of Corporate Affairs and other guidelines, to the extent applicable on the Company. Provisions of the Act, rules, regulations and any subsequent amendments in these provisions would, ipso-facto, apply to this Policy and will be prevailed. The Policy is not an alternative to the decision taken by the Board regarding declaration/recommendation of dividend after considering the various relevant factors.

5. FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED FOR DECLARING DIVIDEND

The Board of Directors of the Company while declaring/recommending the dividend may, inter-alia, consider the following parameters:

- (a) net profit earned and cash generated by the Company during the financial year;
- (b) present and future capital requirements for Capex plan and other investment opportunities;
- (c) retention of sufficient profits for further leveraging in line with CAPEX needs i.e. maintenance of debt: equity ratio;
- (d) availability of cash and bank balance and liquidity position of the Company;
- (e) Existing borrowings, capacity to further borrow and cost of borrowings;
- (f) tax on profits including dividend tax rate and outgo;
- (g) financial covenants agreed in the loan and other commercial agreements;
- (h) limits prescribed w.r.t. various statutes, notifications and guidelines; and
- (i) any other parameter which the Board may consider fit.

6. INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARING DIVIDEND

Internal Factors

In addition to the financial parameters mentioned at Sl.No.7 above, the internal factors that shall be considered by the Board for declaring/recommending dividend would include past payout of dividend, statutory provisions applicable to the Company for payment of dividend, etc.

External Factors

The external factors that shall be considered by the Board for declaring/ recommending dividend would include macro-economic factors affecting the industry and Company, commodity prices, applicable statutory provisions and guidelines, practice followed by industry and industry segment, expectations of the shareholders and any other factor which the Board may consider fit based on the general market conditions.

7. DECLARATION OF DIVIDEND

Dividend shall be recommended by the Board of Directors for the approval of shareholders of the Company after considering the factors as specified in point no 6&7 above. However, Board may also consider payment of Interim Dividend as and when it feels appropriate.

8. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

8.1 The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed amongst its shareholders of the Company and the amount of profit to be retained in business for its future growth, modernization & expansion plan of the Company. The Company would continue to adopt a progressive and dynamic dividend distribution policy to ensure its immediate and long term requirements along with rewarding the Shareholders of the Company. Dividend for the financial year shall be decided/recommended by the Board, considering, statutory, economic, market, industry, external and internal factors.

8.2 As per the extant guidelines issued by DIPAM, Govt. of India, every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permissible under the extant legal provisions. Being a Govt. Company, OMDC is also required to comply with these guidelines or any subsequent modification thereto as may be issued from time to time. However, it may be considered not to declare dividend or to propose lower dividend when there under the following circumstances:

- (a) in the event of the Company making losses or the profits are inadequate;
- (b) where the Company is having requirement of funds for Capex requiring high capital allocation, working capital, repayment of loans taken in the past;
- (c) inadequate availability of cash; and
- (d) higher cost of raising funds from alternate sources

In such a scenario as mentioned in 7.2 above, the company shall approach for exemption or lower dividend, as the case may be, with justification for approval of Financial Advisers through its Administrative Ministry. The report for exemption/ lower dividend, if any, will be submitted by the company through MoS to Secretary, Department of Economic Affairs and Secretary, DIPAM before the end of second quarter of the financial year or at such intervals as prescribed.

9. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Company has issued only one class of shares i.e equity shares. The policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

10. MODIFICATIONS/ DEVIATIONS TO THE POLICY

MD is authorized to approve any minor modifications/ deviations to the policy and will be the competent authority for any interpretation regarding the policy. The Policy will be reviewed as and when the Board of Directors may deem appropriate from time to time.