

DIVIDEND DISTRIBUTION POLICY

1.0 Background

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016, as amended from time to time (hereinafter called as “**LODR**”), the Company is required to formulate and disclose its dividend distribution policy. Accordingly, the Board of Directors (“the Board”) of the Company has approved this Dividend Distribution Policy (the “Policy”) at its meeting held on May 27, 2025.

The objective of this Policy is to provide clarity to the stakeholders of the Company on the dividend distribution framework to be adopted by the Company.

2.0 Policy Framework

Since, BCCL is a Central Public Sector Enterprise (CPSE), the policy has been framed broadly in line with the provisions of the Companies Act and also taking into consideration, guidelines on “Capital Restructuring of Central Public Sector Enterprises” issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises, SEBI and other guidelines, to the extent applicable.

3.0 Factors to be considered for dividend distribution

A. Financial Parameters that shall be considered while declaring dividend

Being a Central Public Sector Enterprise the Company endeavors to declare the dividend as per the guidelines on “Capital Restructuring of Central Public Sector Enterprises” issued by DIPAM, Govt. of India on May 27, 2016, further revised on November 18, 2024, mandating every CPSE to pay a minimum annual dividend of 30% of PAT or 4% of the net-worth, whichever is higher subject to the maximum dividend permissible under the extant legal provisions. Nonetheless, CPSEs are expected to pay the maximum dividend permissible under the Act under which a CPSE has been set up, unless lower dividend proposed to be paid is justified on a case to case basis at the level of Administrative Ministry/Department after considering the following financial parameters:

- (i) Capacity to borrow;
- (ii) Long-term borrowings;

- (iii) CAPEX/Business Expansion needs;
- (iv) Retention of profit for further leveraging in line with the CAPEX needs;
- (v) Cash and bank balance.

The Board will consider various parameters/ factors, including but not limited to the following, before making any recommendation for dividend distribution in the best interest of the Company and its Stakeholders:

B. Internal and External factors that shall be considered for declaration of dividend:

B1. Internal Factors

a. CAPEX Plan

Declaration of dividend will depend on the CAPEX plan of the company. Deployment of internal resources to meet the committed CAPEX may affect the dividend payout.

b. Free Cash Flows

For ascertaining the dividend payout, free cash flows available to the company will be considered after providing for Internal Resource Requirement for CAPEX, Repayment of Long-Term borrowings and Increase in Working Capital Requirement.

c. Magnitude of current year earnings of the Company

Since dividend is directly linked with the availability of earnings, the magnitude of earnings will significantly impact the dividend declaration decision of the Company.

d. Return on invested capital

The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

e. Cost of borrowing

The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of raising funds from alternative sources viz a viz plough back of its own funds.

f. Obligation to lenders:

The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. Considering the volume of such obligations and time period of repayment, the decision of dividend declaration shall be taken.

B2. External Factors:

a. Macro-economic environment:

In case of uncertain or recessionary economic and business conditions, the Company may decide to retain larger part of profits to build up reserves to sustain future uncertainties.

b. Statutory requirements:

The Company shall observe the relevant laws including taxation laws, regulations and the guidelines issued by DIPAM and the Administrative Ministry, Government of India as are applicable for the time being in force.

c. Financing Costs:

The Board will analyze the requirement of necessary funds considering normal capital expenditure, long-term or short-term projects proposed to be undertaken by the Company, and the viability of the options in terms of the cost of raising necessary funds from external sources or plough back of its own funds.

4.0 Applicable laws, rules, regulations, and guidelines:

- The Board shall consider the provisions of the Companies Act, 2013 and Rules made

thereunder, other relevant laws, regulations, the guidelines issued by the Department of Investment and Public Asset Management (“DIPAM”) and the Administrative Ministry, Government of India as are applicable for the time being in force while recommending the dividend.

- **Interim Dividend:**

Interim Dividend will be declared out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared, provided that in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years.

- **Final Dividend:**

Final Dividend will be declared out of the profits of the company for that year arrived at after providing for depreciation, or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation and remaining undistributed, or out of both.

In case of inadequacy or absence of profits in any financial year, the Board may consider declaring final dividend out of accumulated profits earned by it in previous years and transferred by the company to the reserves, subject to applicable rules. No dividend shall be declared or paid by the company from any reserves apart from free reserves.

- Unrealized gains included in ‘Other Comprehensive Income’ will not be considered for declaration of dividend.

4.0 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 and the amount of profit to be retained in business. Hence, the shareholders of the Company *may expect* dividend only if the Company is having surplus funds after providing for all the expenses, depreciation, Capital Commitment etc., and after complying with the statutory requirements under the Applicable Laws.

The shareholders of the Company *may not expect* dividend in the following circumstances, subject to the discretion of the Board of Directors:

- in case of inadequacy of profits or whenever the Company has incurred losses;
- whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of resources;
- whenever it undertakes any acquisitions or joint arrangements requiring significant allocation of resources.
- significantly higher working capital requirement affecting free cash flow and
- in case being prohibited to recommend/declare dividend by any regulatory body

However, even under such circumstances, the Board may, at its discretion, and subject to applicable rules, choose to recommend a dividend.

5.0 Policy as to how the retained earnings shall be utilized

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

6.0 Parameters to be adopted with regard to various classes of shares

The Company has issued only one class of equity shares with equal voting rights, hence all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably revisited if and when any new class of shares are issued, depending upon the nature and guidelines thereof.

7.0 Other provisions

All changes and amendments to this Policy shall be made by the Board of Directors as and when necessary. If as a result of changes to the laws of the land, any individual clause of this Policy contradicts such change, the law shall have the overriding effect over Policy. This Policy (as amended from time to time) will be available on the Company's website and in its annual report.

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