



Oil and Natural Gas Corporation Limited

(A Government of India Enterprise)

CIN: L74899DL1993GOI054155

Regd. Office: Plot No.5A-5B, Nelson Mandela Road, Vasant Kunj,
New Delhi- 110070

Phone No.: 011-26754073 Fax: 011-26129081

Website: www.ongcindia.com Email ID: secretariat@ongc.co.in

DIVIDEND DISTRIBUTION POLICY

(With effect from 28.05.2022)

OIL AND NATURAL GAS CORPORATION LIMITED

DIVIDEND DISTRIBUTION POLICY

1.Introduction:

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2016 (the "Listing Regulations") the Board of Directors at 285th meeting held on 07.09.2016 adopted the Dividend Distribution Policy.

The Board of Directors at 350th meeting held on 28.05.2022 adopted the revised Policy by substituting the earlier Policy.

2.Requirements:

Regulation 43A of the Listing Regulations inter-alia provide for formulation of Dividend Distribution Policy (hereinafter Policy) and the said Policy shall be disclosed on the website of the Company and a web-link shall also be provided in the Annual Reports.

Dividend (Interim and/ or Final) shall be declared and paid subject to provisions of the Companies Act 2013, Listing Regulations, Guidelines issued by the Government of India and other applicable laws.

3.Objective and Scope of the Policy:

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company would endeavor to pay sustainable dividend keeping in view the Company's policy of meeting the long-term growth objectives from internal cash accruals.

4.Financial parameters to be considered while declaring dividend:

The Board of Company shall take a decision to declare dividend after taking into account the following-

- (a) In case of Final Dividend, the profits as per audited financial statements for the relevant financial year.
- (b) In case of Interim Dividend, the profits as per the unaudited financial results subject to limited review carried out as per "Listing Regulations" and considering other factors such as-
 - (i) Likely profits in the remaining part of the financial year;
 - (ii) Future Capital Expenditure plans;
 - (iii) Expected obligations of payment of borrowings (Principal/ Interest);
 - (iv) Expected short-term investments maturity;
 - (v) Fund requirements to meet acquisitions/ expansion plans including of subsidiaries/ joint venture companies.

5. Internal and External factors to be considered for declaration of Dividend:

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

- (a) Macroeconomic conditions:** Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.
- (b) Change in business/ regulatory/ technological environments:** Any significant change in business environments in the areas of operations of the Company requiring investment.
- (c) Obligations as an NOC:** ONGC being a National Oil Company (NOC) of the Country, it has to fulfill certain obligations with regard to exploration activities, Minimum Work Programme and comply with the directions issued by the Government of India from time to time and accordingly conserving cash to meet such obligations. The likely financial effect of the same may also be factored into the cash flow before arriving at a decision on the quantum of dividend.
- (d) Obligations as to statutory payments/ creditors/ loan repayment etc.**
- (e) Past performance/ Dividend history and reputation of the Company:** The standing of ONGC in the business space, its dividend payment history and the impact of the decision on overall reputation of the Company.
- (f)** 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.
- (g)** The Company shall comply with the applicable statutory requirements and guidelines in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of Executive Management, and other parameters described in the policy.

6. The Circumstances under which the shareholders 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. However, the Company may be restrained to declare dividends under following circumstances:

- a. Inadequacy of profits: If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare dividends for that financial year.
- b. Dividend may be declared out of reserves as per applicable provisions under the Companies Act, 2013.

7. 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 strategic and long term plans, Future Equity Oil acquisitions by ONGC Videsh, investment in subsidiaries/ joint ventures, Diversification opportunities, implementation of decisions like buy-back etc. and such other decisions as may be considered prudent.

8. Parameters to be adopted with regard to various classes of shares:

The Company 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.

9. Amendment: Amendment in the Policy shall be made as under:

- (a) Amendment required due to statutory modifications on account of change in law including clarifications or modification required for clarification purposes shall be appropriately factored in the Policy with the approval of the Chairman and Managing Director of the Company; and
- (b) Amendment proposal not covered as per clause (a) above, shall be subject to approval of the Board of Directors of the Company.