



DIVIDEND DISTRIBUTION POLICY

Objective:

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Company before recommending dividend to its shareholders for a financial year. The policy is framed in compliance with the Bangladesh Securities and Exchange Commission's Directive No. BSEC/CMRRCD/2021-386/03- dated on January 14, 2022.

CRITERIA TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND:

The Board will consider the following factors before recommending dividend:
Statutory and Regulatory Compliance:

- The company shall declare dividend only after ensuring compliance with the regulatory guidelines on dividend declaration e.g. in line with the directives of the Finance Act-2021 and or by fulfilling other restrictions, if there is any, from the regulators like; Bangladesh Bank and Bangladesh Securities Exchange Commission (BSEC) etc.
- As per BFRS: BAS 1:137(a):- An entity shall disclose in the notes the amount of dividends proposed or declared before the financial statements were authorized for issue but not recognized as a distribution to owners during the period, and the related amount per share.
- BAS 10:12:- If an entity declares dividends to holders of equity instruments (as defined in IAS 32 Financial Instruments: Presentation) after the reporting period, the entity shall not recognize those dividends as a liability at the end of the reporting.
- BAS 10:13:- If dividends are declared after the reporting period but before the financial statements are authorized for issue, the dividends are not recognized as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes in accordance with BAS 1 presentation of Financial Statements.
- As per Schedule-XI of the Companies Act 1994: Part-I-Balance sheet A. Horizontal Form: Dividends stated to be in respect of the period covered by the financial statements and that are proposed or declared after the balance sheet date but before approval of the financial statements should be either adjusted or disclosed. Notes (h) of general instruction for preparation of balance sheet: Assets and liabilities should be adjusted for events occurring after the balance sheet date that provide additional evidence to assist with the estimation of amounts relating to conditions existing at the balance sheet date or that indicate that going concern assumption in relation to the whole or part of the enterprise is not appropriate. Assets and liabilities should not be adjusted for, but disclosure should be made of, those events occurring after the balance sheet date that do not affect the condition of assets or liabilities at the balance sheet date but are of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluation and decision.
- As per section 184 (1) of the Companies Act 1994 :- There shall be attached to every balance sheet laid before a company in general meeting a report by its Board of Directors, with respect to-



- (a) the state of the company's affairs;
- (b) the amount, if any, which the Board proposes to carry to any reserve in such balance sheet;
- (c) the amount, if any, which the Board recommends should be paid by way of dividend;
- (d) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the balance sheet related and the date of the report.

Financial Criteria:

- Financial performance of the Company for the year for which dividend is recommended
- Requirements for capex financing
- Working capital financing plan
- Dividend payout trends (the dividend payout ratio will be calculated as a percentage of dividend (including dividend tax) recommended for the year to the net profit for that year)
- Tax Implications if any, on distribution of dividends
- Cost of raising funds from alternate sources of capital
- Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/ associates of the Company
- Such other factors and/or material events which the Company's Board may consider

External Factors:

- Shareholder expectations including individual shareholders
- Macro-economic environment
- Industry dividend pay out rate

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

- The Board of the Company may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been met by the Company, including any regulatory restriction placed on the Company on declaration of dividend or if the Board strongly believes the need to conserve capital for growth or other exigencies which will be spelt.

Dividend Distribution:

- Company shall pay of the dividend (cash/stock) to the shareholders within 30 days of declaration or approval or record date as the case may be.
- Company shall pay off the cash dividend to the bank account of the entitled shareholder as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN) or through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible through BEFTN.
- Dividend of the margin client of stockbroker or merchant banker shall pay of to the Consolidated Customer's Bank Account (CCBA) of the stockbroker or to the separate bank account of the merchant banker or portfolio manager through BEFTN.



- In case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system and for the member who have not been converted in Dematerialization (DEMAT) shares, shall issue cash dividend warrant, and shall send It by post to the shareholder.
- Company shall credit the stock dividend to the BO account or issue bonus share certificate of the entitled shareholder.
- Company shall follow the directives/circulars in force of the securities regulator, related to dividend distribution from time to time.

UTILISATION OF RETAINED EARNINGS:

The Company would utilize the retained earnings of the Company in a manner which is beneficial to the interest of the Company and its stakeholders, including, but not limited to ensuring maintenance of a healthy level of minimum capital adequacy ratios, meeting the Company's future business growth / expansion and strategic plans or such other purpose the Board may deem fit from time to time in the interest of the Company and its stakeholders.

PARAMETERS FOR VARIOUS CLASSES OF SHARES:

Currently, the Company does not have any other class of shares (including shares with differential voting rights/preference shares) other than equity shares. In the absence of any other class of shares and/or share with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

CONFLICT IN POLICY:

In the event of a conflict between this policy and extant regulations, the regulations shall prevail.

AMMENDMENTS / MODIFICATIONS:

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the board for noting and necessary ratification.

REVIEW OF POLICY:

The board of directors of the Company may review the policy, if the Board proposes to declare dividend based on criteria in addition to those specified in the policy, or proposes to modify the criteria, it shall disclose such changes along with the rationale for the same on the Company's website and in the Annual Report.

DISCLOSURE OF POLICY:

The policy will be available on the Company's Website and will also be disclosed in the Company's Annual Report.