

DIVIDEND DISTRIBUTION POLICY

1. Introduction:

- 1.1. The Dividend Policy sets out the principles applicable to the declaration and distribution of dividend to be made by the Company in accordance with its Articles of Association and applicable laws in the state. This Policy has been prepared pursuant to the Directive dated 14th January 2021 bearing reference No. BSEC/CMRRCD/2021-386/03 issued by the Bangladesh Securities and Exchange Commission (BSEC).
- 1.2. Pursuant to above, the Board of Directors (the “Board”) of Bengal Windsor Thermoplastics Limited (the “Company”) has adopted the Dividend Distribution Policy.
- 1.3. This policy shall be known as Bengal Windsor Thermoplastics Limited’s Dividend Distribution Policy (the “Policy”).

2. Definitions

- 2.1. The terms referred to in this policy will have the same meaning as defined under the Companies Act, 1994 (the “Act”) and the Rules made thereunder, Income Tax Ordinance 1984 and Rules made thereunder, the Securities and Exchange Laws, the Stock Exchanges’ Listing Regulations and such other Rules, Regulations, Directives, Circulars and Orders relating to declaration, entitlement and distribution of Dividend.
- 2.2. Dividend means distribution of profits, earned in the current year or earlier years, by the Company, to its shareholders in proportion to the amount paid-up on shares held by them. Dividend can be cash or stock in types and can also be final or interim. Dividend to be declared on the basis of audited / unaudited financial statements regardless of interim or final. The Company can declare dividend after the end of financial year, which is called final dividend. Final dividend shall be declared on the basis of recommendations of the Board and shareholders shall approve at the Annual General Meeting (AGM) of the Company. The Company can also declare dividend from current year profits, which will be called interim dividend and the Board may, at its discretion, declare an interim dividend out of current profit.

3. Effective Date

The Policy will come into effect on its adoption by the Board i.e., from FY 2020-2021 onwards.

4. Objective of the Policy

The objective of the Policy is to establish the parameters to be considered by the Board before declaring or recommending dividend. The Policy endeavors to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient funds are retained for growth of the Company. The Company is committed to deliver sustainable value to all its stakeholders.



5. Scope of the Policy

The Policy covers the following:

5.1 Dividend to Equity Shareholders of the Company:

At present the company has only one class of equity/ordinary shares. As and when the company proposes to issue any other class of shares, the policy shall be modified accordingly.

5.2 Interim Dividend:

5.2.1 Interim Dividend(s), if any, shall be declared by the Board.

5.2.2 In case no final dividend is declared for any particular financial year, interim dividend paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting (AGM).

5.3 Final Dividend:

5.3.1 Recommendation, if any, shall be made by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

5.3.2 The dividend as recommended by the Board shall be approved in the AGM of the Company.

6. Parameters to be considered

The Board shall consider following parameters, factors and circumstances before declaring or recommending dividend:

6.1. Statutory Requirements:

The Board shall comply with the provisions of the Companies Act, 1994 and rules made thereunder including other securities laws applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

6.2. Financial Strength:

The Board shall consider following financial factors of the Company:

- Availability of profits;
- Financial feasibility;
- Favorable debt equity ratio;
- Liquidity position and future cash flow requirements for operations;
- Profits earned during the financial year;
- Profit growth.



6.3. Internal Factors:

The Board shall consider following internal factors of the Company:

- a) Growth rate of precedent earnings;
- b) Growth rate of predicted profits;
- c) Earnings stability;
- d) Accumulated reserves;
- e) History of dividends distributed;
- f) Working capital requirements;
- g) Mergers and acquisitions.

6.4 External Factors:

The Board shall consider following external factors of the Company:

- a) Shareholders' expectations;
- b) Macroeconomic and business conditions;
- c) Sector wise performance;
- d) Cost and availability of alternative sources of financing;
- e) Industry outlook for the future years;
- f) Changes in the government policies or changes in regulatory provisions;
- g) Any other relevant factors that the Board may deem fit.

7. Circumstances under which the shareholders of the Company may or may not expect dividend

The Company has been consistent in paying out dividends to its shareholders and can be reasonably expected to continue declaring dividends in future as well, unless the Company is restrained to declare dividends in following circumstances:

7.1. Inadequate profits: If during any financial year, the profits of the Company are not adequate, the Board may decide not to recommend any dividend for that year.

7.2. Others:

- a) Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital.
- b) Significantly higher working capital requirements adversely impacting free cash flow.
- c) Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital
- d) Any rules, Directives or notifications issued by BSEC on declaration or distribution of profit.

 

7.3. The portion of profits not distributed among the shareholders as dividends will be used for the business activities of the Company. The Board will provide explanation in the Annual Report in the event of not declaring Dividend.

8. Entitlement for Dividend payments

Members whose names shall appear in the Depository Register on the Record Date will be eligible to receive dividend.

9. Manner of Utilization of Retained Earnings

The retained earnings shall be deployed in line with the objects of the Company as detailed in Memorandum of Association of the Company. The Company shall endeavor to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The decision of utilization of the retained earning shall be based on the factors like strategic and long term plans of the Company, future acquisitions, diversification opportunities, capital expenditure requirements, investment in new business or additional investment in existing business, increase in production capacity, high cost of debt or any other criteria that may be considered relevant by the Board in this regard.

In the event of the Policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy.

10. Conflict of Policy

In the event of the Policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy.

11. Amendment

The Board may, from time to time, make amendment(s) to this Policy to the extent required due to change in applicable laws and / or regulations or as deemed fit on a review.

12. Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company.

13. Disclaimer

This Policy shall not be construed as a solicitation for investments in the Company's securities/shares and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

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