

DIVIDEND DISTRIBUTION POLICY

Indo-Bangla Pharmaceuticals Ltd.



1.0 OBJECTIVE

The objective of the Dividend Distribution Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

Dividend is the share of the profit that a Company decides to distribute among its Shareholders in proportion to the amount paid-up on shares they hold in the form of Cash and/or Stock (Bonus). The profits earned by the Company can either be retained in the business or can be distributed among the Shareholders as dividend.

The philosophy of the Company is to maximize the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distribute the surplus profits in the form of dividend to the shareholders.

2.0 REGULATORY FRAMEWORK

The Dividend Distribution Policy is prepared and adopted in compliance with the provisions of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) about dividend declaration, pay off, disbursement and compliance. It becomes mandatory for Indo-Bangla Pharmaceuticals Limited (the Company) to have a Dividend Distribution Policy (the Policy) and to disclose in the Company's website and in the Annual Report.

The Board of Directors (the Board) will consider the directive while declaring/ recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for declaring/recommending dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

The Board of Directors of the Company has adopted this Policy for Shareholders of the Company for dividend distribution and management of unpaid and unclaimed dividend.

3.0 DEFINITIONS

"the Act" shall mean Companies Act 1994 including the Rules made thereunder, as amended from time to time.

"Applicable Laws" shall mean the Companies Act, 1994 and Rules made thereunder, Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Securities and Exchange Commission of Bangladesh (BSEC); as amended from time to time and such other act, rules or regulations which provides for the distribution of Dividend

“the Company” means Indo-Bangla Pharmaceuticals Ltd.

“AGM” means Annual General Meeting

“Board” means Board of Directors of Indo-Bangla Pharmaceuticals Ltd.

“Shareholders” means Members whose name is registered in the Member Register of the Company.

“Shares” means Ordinary Equity Shares.

“Dividend” shall mean Dividend as defined under Companies Act, 1994.

“Policy or this Policy” shall mean the Dividend Distribution Policy.

4.00 TYPES OF DIVIDEND

The Act deals with two types of dividend - Interim and Final.

- **Interim dividend** is the dividend declared by the Board between two AGMs as and when considered appropriate. The Act authorizes the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.
- **Final dividend** is recommended for the financial year at the time of approval of the annual financial statements as well as appropriation of profit. The Board shall have the power to recommend final dividend to the shareholders for their approval at the AGM of the Company. Dividend recommended by the Board of Directors cannot be changed prior to holding of the Annual General Meeting.

5.00 DECLARATION OF DIVIDEND

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- A. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- B. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- C. Out of A and B both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board of Directors at its discretion.

In the event of inadequacy or absence of profits in any financial year, the Company may declare dividend out of free reserves subject to the compliance with the Act and Rules.

6.0 PARAMETERS/FACTORS TO BE CONSIDERED WHILE RECOMMENDING/DECLARING DIVIDEND:

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among the shareholders and amount of profit to be retained in business. The circumstances

for dividend pay-out decision depends on various external and internal factors, which the Board of Directors shall consider while recommend/ declaring dividend including the following:

6.01 EXTERNAL FACTORS:

- The Board shall endeavor to retain a larger portion of profits to build up reserves, in case of Adverse Economic Scenario.
- The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- The Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend in order to ensure compliance with the applicable laws.
- Dividend distribution tax or any tax deduction at source as required by tax regulations, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.
- Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

6.02 INTERNAL FACTORS:

- **Profitability:** Profit earned during the financial year and the retained profit of the previous years or losses suffered in the past years.
- Availability and Liquidity of Funds
- Accumulated Reserves
- Earnings Per Share (EPS).
- Working capital requirement of the Company.
- Corporate actions including mergers, acquisition and additional investments including expansion of new projects.
- Investment in technology, learning and development and Research and Development.
- Future Capital Expenditure needs for the existing businesses
- Expansion/Modernization of the business
- Cost of raising funds from alternate sources
- Cost of servicing outstanding debts
- Funds for meeting contingent liabilities
- Mergers and Acquisitions
- Such other factors and/or material events as deemed appropriate by the Board.

Apart from the above factors, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

7.00 FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

The Company is committed to deliver sustainable value to its stakeholders. The Company shall strive to distribute an optimal and appropriate level of the profits among the shareholders in the form of dividend.

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavor to provide consistent return over a period of time. While deciding on the dividend, micro and macroeconomic parameters for the country in general and the Company in particular shall also be considered. Taking into consideration the aforementioned factors, the Board shall endeavor to maintain a dividend pay-out.

8.00 UTILIZATION OF RETAINED EARNINGS

Subject to the provisions of the Act and other applicable laws the Board of Directors of the Company may retain its earnings in order to make better use of the funds available and increase the value of the shareholders in the long run. The retained earnings of the Company may be utilized as under:

- Issue of fully paid-up bonus shares
- Declaration of Dividend-Interim or Final
- Augmenting internal resources
- Funding for capital expenditure/expansion plans/acquisition
- Diversification of Business/ capacity Expansion;
- Repayment of debt
- Any other permitted use as per Acts and regulations may be decided by the Board.

9.00 PARAMETERS FOR VARIOUS CLASSES OF SHARES

At present, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity Shareholders of the Company with respect to dividend distribution.

10.00 CIRCUMSTANCES IMPACTING DIVIDEND PAYMENT

The Company has been paying dividend to its shareholders for last three years and shall endeavor to continue with the dividend payment. Given here in below are some of the circumstances in which shareholders of the Company may or may not expect dividend pay-out:

11.00 SHAREHOLDERS OF THE COMPANY MAY EXPECT DIVIDEND PAY-OUT UNDER THE FOLLOWING CIRCUMSTANCES:

- Adequate profits and liquidity;
- Accumulated profits not warranted for immediate business needs.

11.00 SHAREHOLDERS OF THE COMPANY MAY NOT EXPECT DIVIDEND PAY-OUT UNDER THE FOLLOWING CIRCUMSTANCES:

- When the Company undertakes or propose to undertake a significant expansion project requiring higher allocation of capital;
- Non availability of profits for dividend distribution;
- Significantly higher working capital requirements adversely impacting free cash flow;
- When the Company undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- In the event of inadequacy of profits or the Company incurred losses;
- Adverse economic/market scenario expected in near future;

- Any Rules, directive or guidance issued by Bangladesh securities and Exchange Commission(BSEC) on declaration and distribution of dividend.

12.00 UNCLAIMED/UNPAID/UNDISTRIBUTED DIVIDEND

Pursuant to the Bangladesh securities and Exchange Commission’s directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021, the Company shall maintain a dedicated Bank Account for dividend, where unpaid or unclaimed dividend shall be kept for a period of 3(three) years from the date of declaration or the approval date or record date. After elapse of the aforesaid period, if any dividend remains unpaid/unclaimed/undistributed/unsettled, such Dividend along with accrued interest, if any, shall be transferred to a Fund maintained by Bangladesh Securities and Exchange Commission (BSEC).

13.00 PROCEDURE FOR CLAIMING UNPAID DIVIDEND

The Company shall follow the procedures as mentioned below for claiming of unpaid or unclaimed Dividend are as follows:

- ✓ Shareholders are required to make an Application for unpaid Dividend in the format set out (Annexure-A) in this policy. The Application Form shall be available on the Company’s website.
- ✓ Shareholders may apply in person and/or authorized person at the Share Department of the Company or submit their application via email to info@indo-banglapharma.com.
- ✓ Unpaid Dividend will be paid upon verification of the shareholders’ relevant BO ID information, cell phone number, signature and email address maintain with the Central depository Bangladesh Limited(CDBL). If the said information/documents satisfied, then unclaimed dividend will be paid through issuance of warrant/BEFTN/other banking channels within 15 (fifteen) working days.
- ✓ For the avoidance of doubt, all dividend payment shall be subject to applicable taxes and shall not bear any interest or whatsoever.

14.00 DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company’s website www.indo-banglapharma.com. If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

15.00 EFFECTIVE DATE

This Policy has been approved by the Board of Directors of the Company at its meeting held on 17 June, 2021 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2020-21 onwards.

16.00 AMENDMENTS/MODIFICATIONS

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.