

DIVIDEND DISTRIBUTION POLICY OF BANGLADESH AUTOCARS LIMITED

1. Introduction

This document shows Dividend Distribution Policy of Bangladesh Autocars Limited since long and policy was made in accordance with the requirement of the Companies Act, 1994, BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated 14th January 2021 and other applicable laws and regulations. In Compliance with Directive No. BSEC/CMRRCD/2021-386/03 dated 14th January 2021 of Bangladesh Securities and Exchange Commission (BSEC), the issuer shall formulate a Dividend Distribution Policy which shall be disclosed in the Annual Report and official website of the Company. In this connection the Board of Directors of Bangladesh Autocars Limited has adopted a Dividend Distribution Policy, which to be published in the Annual Report and website of the Company.

2. Dividend

Dividend means distribution of profit earned by the Company, to its shareholders in proportion to the and paid-up shares by the respective shareholders on Record Date. Dividend may be final in cash and/or stock. Dividend may be declared on the basis of audited financial statements regardless of interim or final. The Company may declare Dividend at the end of financial year which is called final Dividend. Final Dividend shall be declared on the basis of recommendation of the Board and subsequent approval by the shareholders of the Company in Annual General Meeting. The Company may also declare dividend from the profit of current year which is called interim Dividend and the Board of Directors at its discretion/approve/declare an interim Dividend out of current profit in conformity with the regulatory rules/regulations.

3. Objectives

The objective of this policy is to provide guideline to shareholders, directors and company on the dividend distribution policy adopted by the Company. The Board of Directors of the Company shall consider this policy when taken decision for recommendation of dividend, always in compliance with the regulatory requirement, directive, notification which applicable.

4. Eligibility for Dividend

Dividend is declared on the face value of each equity share. Unless otherwise clarified all the shareholders whose name appear in the share register of the Company or with CDBL on Record date declared by the Company for entitlement of dividend are eligible to get the dividend.

5. Forms of Dividend:

Though there are different forms of Dividend available in the corporate practice in the world – The Board of Directors shall recommend dividend entitlement/s for the shareholders of the company in the following two forms i.e.:

5.01 Cash Dividend:

It is one of the most common types of dividend paid in cash. The issuer company's Board of Directors announces their recommendation about the rate of dividend to be disbursed among the shareholders. The companies should have an adequate profit for the period/retained earnings and enough cash balance to pay the shareholders in cash.

5.02 Stock Dividend/ Bonus Shares:

This type of dividend is issued when a company lacks operating cash or cash can be used in new investment of the company, but still issues, the common stock to the shareholders to make them understand that the company in all circumstances never overlooks the shareholders interest. The shareholders will get the additional shares in proportion to the shares already held by them and won't have to pay extra for these bonus shares. This type of dividend will cause an increase in the number of outstanding shares of the firm.

6. Important aspects of Dividend Payment:

The following issues and aspects shall be maintained and complied as per the rules, regulations, laws, directives etc. issued by the regulatory authorities as and when applicable for the company:

6.01 Record Date:

The Board of Directors shall declare a specific market date as "Record Date" for fixing the list of eligible shareholders to attend General Meeting and/or receive any corporate benefits or entitlement from the company.

6.02 Mode of Payment:

The Company shall credit the corporate benefits (cash dividend) to the respective bank accounts of the entitled shareholders as of record date through BEFTN/Bank Transfer/Mobile Financial Services/Any other mode of payment as approved by the Bangladesh Bank whereas dividend warrants shall be facilitated for the dividend refunds and eligible Shareholders holding paper certificates. On the other hand, the Company shall credit the shares to respective BO accounts of eligible shareholders through CDBL system and if any shares kept un-credited shall be transferred to suspense accounts maintained by the company.

6.03 Payment time schedule:

The Company shall pay the dividends to the shareholders within 30 days from the record date/date of approval whatsoever applicable.

6.04 Documentation update:

This is a sincere request to the valued shareholders of the company to update the documents and/or information available with the CDBL system for smooth communication and uninterrupted corporate benefits facilitation.

6.05 Notification to BSEC and Stock exchanges:

Upon completion of dividend distribution, the BSEC and Stock Exchanges shall be informed in written regarding the completion of dividend distribution.

7. Factors for recommendation of Dividend:

The Board of Directors of the Company shall consider the following factors among others while recommend Dividend.

7.01 Financial factors

- Profit earned during the financial year
- Profit growth
- Financial feasibility
- Debt equity relation
- Company's liquidity position and future cash flow requirements for operations of business of the Company

7.02 Internal factors:

- Accumulated reserves
- Dividends distribution status of the Company
- Earnings stability
- Growth rate of predicted profits

7.03 External factors:

- Cost and availability of alternative sources of financing
- Industry outlook for the next year/future years
- Shareholders' expectations
- Changes in the government policies or changes in regulatory provisions
- Other relevant factors that the Board may deem fit

7.04 Utilization of retained earnings:

The Company may utilize its retained earnings in the manner which is beneficial to the interest of the Company and its stakeholders. Retained earnings helps in maintaining a healthy capital adequacy ratio and supports the future growth.

- Investment in new business and/or additional investment in existing business
- Diversification of business if any
- Market or product development/expansion plan

Apart form the above, the Board may consider to recommend on no dividend in accordance with financial position of the Company.

8. Restriction of Bonus issues:

The bonus dividend is restricted for final/annual dividend and it can never be declared as interim dividend of the company. The company of may issue bonus shares or declare stock dividend for the purposes of:

- (a) company's BMRE (Balancing, Modernization, Rehabilitation and Expansion) or any of BMRE components; or
- (b) regulatory requirements to raise capital; or
- (c) profitable investment or reinvestment in the company.
- (d) In following cases, the company shall obtain prior consent of the Commission in cases of bonus shares or declare stock dividend:
 - Within 3 (three) years of repetitive public offer.
 - Unable to declare dividend at least 10% in consecutive 2 (two) years.

9. Procedures for declaring cash dividend:

- (a) The rate of dividend along with record date shall be declared in board meeting by the Board of Directors (BOD).
- (b) The declared annual dividend, as recommended by the BOD, and interim dividend payment are required to be approved by the shareholders in AGM.
- (c) The honorable shareholders can change the form of dividend or can approve reduce rate of dividend, but they cannot approve the dividend more than the dividend recommended by the BOD.
- (d) The declaration of dividend shall be published as PSI under PSI rules of BSEC and listing regulations.
- (e) Within 10 (ten) days of dividend declaration by Board of Directors, the equivalent amount of declared dividend shall be transferred to separate bank account.
- (f) The dividend shall be paid off by way of BFTN to the concerned shareholders' bank account or DP account maintained or Consolidated Customer account, upon due verification, at his/her BO account.
- (g) Issue a dividend warrant in case where dividends are unable to send in prescribed manner mentioned in sub-section (b) of this section.
- (h) The dividend shall be paid off within 30 (thirty days) of approval in AGM, in case of annual dividend, and within 30 (thirty days) of declaration by board of directors, in case of interim dividend.
- (i) To notify the concerned shareholders via SMS or Email mentioned in BO account and BSEC and Exchanges about the dividend distribution.
- (j) The balance of Unclaimed Dividend shall be presented as separate line item in the balance sheet (both yearly and quarterly financial statements).
- (k) The unclaimed dividend remained unclaimed for the period of three years from the date of approval or declaration shall be transferred to CMSF.

10. Procedure for declaration bonus dividend:

- (a) The rate of dividend along with record date shall be declared in board meeting by the Board of Directors (BOD).
- (b) The bonus dividend can never be declared as interim dividend of the company. this can be declared/recommended as final/annual dividend by the BOD.
- (c) Obtain necessary approval from commission, where requires.
- (d) The stock dividend shall be credited, upon due verification, to designated BO account of concerned shareholders.

(e) The suspense bonus dividend shall be credited to company's BO suspense account maintained in CDBL system. Three reminders are necessary before such credit. These shares lost their rights

11. Policy Review

The Board of Directors of the Company may modify/amend this policy from time to time, if deem fit and necessary in accordance with related laws/ directives/notifications.