

DIVIDEND DISTRIBUTION POLICY OF NATIONAL POLYMER INDUSTRIES LTD.

1.0 INTRODUCTION

Dividend Distribution Policy is a set of principles/guidelines in relation to declaration and distribution of dividend and matters incidental thereto or connected therewith. National Polymer Industries Limited (NPIL) has formulated a policy known as “**NPIL Dividend Distribution Policy**” in compliance with the BSEC’s Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, which was approved by the Board of Directors in its 171st meeting held on 21 October 2021. The highlights of the said policy are as follows:

2.00 OBJECTIVE

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Company before declaring dividend and ensuring proper distribution of the declared dividend to the shareholders of the company.

3.00 DEFINITION OF DIVIDEND

Dividend means distribution of profits 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 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 is declared on the basis of recommendations of the Board of Directors and the shareholders approve the same at the Annual General Meeting (AGM) of the Company.

The Company can also declare dividend from the current year’s profits on either quarterly or semi-annual basis, which is called interim dividend and the Board may, at its discretion, declare an interim dividend out of current profit. No stock dividend shall be declared as interim dividend. The decision about recommending interim dividend and entitlement for such dividend cannot be changed

4.00 PARAMETERS FOR DECLARATION OF DIVIDEND

The Board of Directors shall consider the following factors affecting the dividend proposal:

4.01 FINANCIAL PARAMETERS:

- Profits earned during the financial year;
- Profit growth of the company;
- Financial feasibility of the Company;
- Favorable debt equity ratio;
- Company’s liquidity position and future cash flow requirements for operations;
- Such other factors and/or material events, which the Board may considers.

4.02 INTERNAL FACTORS:

- Growth rate of past earnings;
- Growth rate of predicted earnings;
- Earnings stability;
- Accumulated reserves;

- History of dividends declared by the Company;
- Working capital requirements;
- Mergers and acquisitions.

4.03 EXTERNAL FACTORS:

- Shareholders' expectations;
- Macroeconomic and business environment;
- Sectorial performance;
- Cost and availability of alternative sources of financing;
- Industry outlook for the future years;
- Government policies or regulatory provisions.

5.00 UTILIZATION OF RETAINED EARNINGS

The Company may 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 purposes the Board may deem fit from time to time for the interest of the Company and its stakeholders.

6.00 PROCEDURES FOR PAYMENT OF DIVIDEND

All requisite approvals and clearances, where necessary, shall be obtained before payment of dividend. Dividend shall be paid after having approval from the Shareholders at an Annual General Meeting (AGM) on the basis of recommendation of the Board of Directors, but no dividend shall exceed the amount recommended by the Board of Directors.

No dividend shall be paid other than out of profits of the year or any other undistributed profits of the Company. No dividend shall be declared out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the company, if any, or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

In case of declaration of stock dividend, the company shall explain the reason for declaring stock dividend and utilization of such retained amount as capital (stock dividend) shall be disclosed in the annual report.

7.00 ENTITLEMENT OF DIVIDEND

The Company shall determine the record date or date of closure of the register of members. The Company shall give notice in advance of at least 14 (fourteen) working days, but not exceeding 30 (thirty) working days to the stock exchange(s) specifying the purpose of the record date. Members, whose names shall appear in the Members'/Depository Register on the Record Date will be eligible to receive dividend.

8.00 DISTRIBUTION OF DIVIDEND

The Company shall pay off the cash or stock dividend (final or interim) to the shareholders within 30 days of declaration or approval or record date, as the case may be. The details of dividend distribution procedures are as follows:

8.01 DISTRIBUTION OF CASH DIVIDEND

Cash dividend shall be distributed in the following manner and procedures:

- The Company shall pay off cash dividend directly 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 BEFTN or through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN.
- Upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or a portfolio manager, the Company shall pay off such cash dividend to the Consolidated Customer's Bank Account (CCBA) of the stock broker 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 the cash dividend through BEFTN or any electronic payment system, the Company shall issue cash dividend warrant and shall send it by post to the shareholder.
- The company shall pay off cash dividend to non-resident sponsor, director, shareholder or foreign portfolio investor (FPI), if any, through the security custodian in compliance with the rules and regulations in this regard.
- The Company, immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable, shall intimate to the shareholder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder.
- The Company shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account member-wise or name-wise or folio number-wise of the shareholder, and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/annually) as a separate line item "Unclaimed Dividend Account." The Company shall publish the year-wise summary of its unpaid or unclaimed dividend in the website.

8.02 DISTRIBUTION OF STOCK DIVIDEND

Stock dividend shall be distributed in the following manner and procedures:

- The Company shall credit stock dividend or bonus shares directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to the clearance of the exchange(s) and the Central Depository Bangladesh System (CDBL). The Company shall follow the provisions of প্রবিধান ৪৬ of the ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of bonus shares.
- The sale proceeds of fractional bonus share shall be paid off as per rules and regulations of the regulators issued from time to time.
- The Company shall maintain a Suspense BO account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:
- The Company shall send at least 3 (three) reminders to the entitled shareholder;

- The suspense BO account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus share as and when the allottee approaches to the Company.
- Any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO account.
- The Company shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the Commission and the Exchange(s).
- Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

9.00 CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances. The portion of profits not distributed among the shareholders as dividend will be used for the business activities of the Company.

10.00 SUBMISSION OF DIVIDEND COMPLIANCE REPORT

The Company shall submit a compliance report to the Commission and the Exchange(s) in a specified format issued by the regulator within stipulated time of completion of dividend distribution to the entitled shareholders and also publish the said report in the website of the company.

11.00 UNPAID OR UNCLAIMED OR UNSETTLED CASH AND STOCK DIVIDEND

The Company shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the laws of land in force. The Company shall follow the rules and regulations of the regulators issued from time to time regarding payment or settlement of unpaid or unclaimed cash dividend and stock dividend.

12.00 CONFLICT IN POLICY

In the event of conflict between this policy and the existing regulations of Govt. of Bangladesh, BSEC in force, the regulations shall prevail.

13.00 AMENDMENTS/MODIFICATIONS

The Board is authorized to change or modify this Policy from time to time at its sole discretion and/or in pursuance of any amendments made by any relevant law for the time being in force.

14.00. DISCLOSURE

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