

DIVIDEND DISTRIBUTION POLICY

OF BANGLADESH STEEL RE-ROLLING MILLS LIMITED

OBJECTIVE:

The objective of this Dividend Distribution Policy ("the Dividend Distribution Policy") is to ensure the entitlement of shareholders as well as profits to be retained in the business for expansion or other business purposes.

Further, this Policy will also ensure that the dividend is distributed following the applicable legislation in the interests of the shareholders and will also address the management of unclaimed dividends.

Scope and Legal Basis:

This Policy has been prepared pursuant to the Directive No. BSEC/CMRRCD/2021-386/03 as issued on January 14, 2021 by the Bangladesh Securities and Exchange Commission (BSEC) and Income Tax Ordinance 1984. The Policy shall have immediate effect.

Approval of Dividend:

Dividend would continue to be declared/ recommended on percent basis on the Ordinary Equity Shares of the Company having face value Tk. 10/- each. Therefore, dividend approved by the shareholders will be distributed amongst all shareholders, based on their shareholding and whose name would appear in the Register of the Central Depository Bangladesh Ltd. (CDBL) as on the record date.

Factors to be considered:

Before declaring the dividend Board shall consider the following factors:

- (a) Net operating profit after tax, EPS;
- (b) Working capital requirements;
- (c) Capital expenditure requirements for expansion of business including expansion plans and investment in subsidiaries/ associate company;
- (d) Past Dividend Trends
- (e) Income tax implications
- (f) Other factors which the Company's Board may consider.
- (g) Any rules, directive or guideline issued by BSEC or other regulatory authority.

The Board may consider not declaring Dividend or may recommend a lower payout for a given financial year based on its financial performance, challenges, opportunities for which the Board will provide rationale in the Annual Report.

Procedures for Declaration and Distribution of Dividend

1. Based on the financial performance and considering other factors, the Board of Directors of the Company shall declare/ recommend interim or final cash/stock Dividend as decided in the meeting.
2. Where Dividend declaration or recommendation is proposed for consideration of the Board it shall be a specific agenda for consideration.
3. Dividends will generally be recommended by the Board of Directors once a year, after the announcement of the year-end financial results which will be approved in Annual General Meeting (AGM) by the shareholders. The Board may also declare interim dividends as may be permitted by the Companies Act/ BSEC guidelines.
4. The Company shall pay all Dividends in accordance with this Policy through BEFTN.
5. The Company shall ensure compliance to applicable laws and this Policy in relation to Dividend declaration and distribution by the Company.

Other conditions:

The Company Shall Comply the followings with regard to dividend: -

1. The Dividend Distribution Policy shall be disclosed in the annual report and website of the Company.
2. Company shall pay off the annual or final dividend to the entitled shareholders within 30 days of approval/ AGM.
Provided that interim dividend shall be paid off to the entitled shareholders within 30 days of record date.
3. Cash dividend shall be distributed in the following manner and procedures, namely:
 - I. Within 10 (ten) days of declaration/ approval of cash dividend by the Board of Directors of the Company or AGM, as the case may be, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the Company, dedicated for this purpose;
 - II. The Company shall pay off cash dividend directly to the bank account of the entitled shareholders 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):
Provided that the Company may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
 - III. The Company, 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 portfolio manager, shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN based on the information provided by the stock broker or merchant banker or portfolio manager.
 - IV. The Company, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant.
 - V. The Company shall pay off cash dividend to non-resident sponsor, director, shareholder, or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
 - VI. The Company, immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable, shall intimate to the shareholder or unit holder 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 ;
 - VII. The Company shall maintain information of unpaid or unclaimed dividend of shareholders and shall also disclose the summary of aforesaid information in the annual report and in the statements of financial position (Quarterly/annually) as a separate line item as "Unclaimed Dividend Account" and publish the year wise unclaimed dividend in the website.
4. The Company shall credit stock dividend 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 clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL);
5. The Company shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the procedure as per BSEC guidelines.
6. The Company shall submit a compliance report to the Commission and the exchange(s) in a specified format provided by Bangladesh Securities and Exchange Commission within 7 (seven) working days of completion of dividend distribution:
Provided that the Company shall publish the compliance report in its website.
7. The Company shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.
8. If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the Company to the Fund as directed or prescribed by the Commission:
Provided that the Company shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the Commission:
Provided further that if any shareholder or unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, the Company shall, after proper verification of the claim, recommend to the manager of the Fund to pay off such dividend from the Fund and the manager of the Fund shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission.
9. If any stock dividend or bonus shares remains unclaimed or unsettled including corporate benefit in terms of bonus shares thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the Fund:
Provided that the Company shall provide detailed information to the manager of the Fund during transfer of stock dividend or bonus shares as directed or prescribed by the Commission:
Provided further that if any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus shares to the BO Account of the Fund, within 15 (fifteen) days of receiving such claim, the Company shall, after proper verification of the claim, recommend to the manager of the Fund to pay off or transfer such stock dividend or bonus shares from the BO Account of the Fund and the manager of the Fund shall pay off or transfer such stock dividend or bonus shares to the claimant's BO Account in accordance with the provisions and procedures as directed or prescribed by the Commission.

This Policy may be reviewed by the Board if and where necessary and will be notified.