

## DIVIDEND DISTRIBUTION POLICY OF GBB POWER LTD.

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## DIVIDEND DISTRIBUTION POLICY OF GBB POWER LTD.

### 1. Objective

The objective of this 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.

### 2. Philosophy

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.

### 3. Regulatory Framework

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).

### 4. Definitions

4.1. Unless repugnant to the context:

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

4.1.3 **"Applicable Laws"** shall mean the Companies Act, 1994 and rules made thereunder, the Securities and Exchange Laws, the Stock Exchanges' Listing Regulations and such other Rules, Regulations, Directive, Circular and Order relating to declaration, entitlement, and distribution of Dividend.

4.1.4 **"Company or GBBPL"** shall mean GBB Power Limited.

4.1.5 **"Chairman"** shall mean the Chairman of the Board of Directors of the Company.

4.2.6 **"Compliance Officer"** shall mean the Compliance Officer of the Company appointed by the Board of Directors pursuant to the Listing Regulations, 2015.

4.1.7 **"Board"** or **"Board of Directors"** shall mean Board of Directors of the Company.

4.1.8 **"Dividend"** shall mean Dividend as defined under Companies Act, 1994.

- 4.1.9 **“MD & CEO”** shall mean Managing Director and Chief Executive Officer of the Company.
- 4.1.10 **“Policy or this Policy”** shall mean the Dividend Distribution Policy.
- 4.1.11 **“BSEC Regulations”** shall mean the Bangladesh Securities and Exchange Commission, the circulars issued there under, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 4.1.12 **“Subsidiary”** shall mean Subsidiary of the Company as defined under the Companies Act, 1994.

## 4.2. Interpretation

4.2.1 In this Policy, unless the contrary intention appears:

- 4.2.1.1 the clause headings are for ease of reference only and shall not be relevant to interpretation;
- 4.2.1.2 a reference to a clause number includes a reference to its sub-clauses;
- 4.2.1.3 words in singular number include the plural and vice versa;
- 4.2.1.4 words and expressions used and not defined in this Policy but defined in companies Act, 1994 or rules made thereunder or Bangladesh Securities and Exchange Commission shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

## 5. Parameters for declaration of Dividend

5.1 In line with the philosophy stated above in Clause 2, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

### 5.1.1 **Financial Parameters / Internal Factors:**

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- 5.1.1.1 Consolidated net operating profit after tax;
- 5.1.1.2 Working capital requirements;
- 5.1.1.3 Capital expenditure requirements;
- 5.1.1.4 Resources required to fund acquisitions and / or new businesses
- 5.1.1.5 Cash flow required to meet contingencies;
- 5.1.1.6 Outstanding borrowings;
- 5.1.1.7 Past Dividend Trends

### 5.1.2 **External Factors:**

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

5.1.2.1 Prevailing legal requirement, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws: Clause 16G.

5.1.2.2 Dividend pay-out ratios of companies in the same industry.

## **5.2 Circumstances under which the shareholders may or may not expect Dividend:**

5.2.1 The shareholders of the Company may not expect Dividend under the following circumstances:

5.2.1.1 Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;

5.2.1.2 Significantly higher working capital requirements adversely impacting free cash flow;

5.2.1.3 Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;

5.2.1.4 Whenever it proposes to utilize surplus cash for buy-back of securities; or

5.2.1.5 In the event of inadequacy of profits or whenever the Company has incurred losses.

## **5.3 Utilization of retained earnings:**

5.3.1 The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

## **5.4 Parameters adopted with regards to various classes of shares:**

5.4.1 The Authorized Share Capital of the Company is divided into Ordinary share of Tk. 10 each and Preference shares of Tk.10 each. At present, the issued and paid up share capital of the Company comprises only Ordinary shares.

5.4.2 The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on Ordinary shares.

5.4.3 The Company shall endeavor to maintain a minimum dividend pay-out ratio of 30% of the annual consolidated Profits after Tax (PAT) of the Company, subject to consideration of the parameters stated in this Policy.

5.4.4 As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

## 6. Procedure

- 6.1 The Chief Financial Officer in consultation with the MD & CEO of the Company shall recommend any amount to be declared / recommended as Dividend to the Board of Directors of the Company.
- 6.2 The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rational of the proposal.
- 6.3 Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.
- 6.4 The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

## 7. Disclosure:

- 7.1 The Company shall make appropriate disclosures as required by the BSEC

## 8. General

- 8.1 This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Bangladesh Securities Exchange commission or such other regulatory authority as may be authorized, from time to time, on the subject matter.
- 8.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 8.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s) circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.