Dividend Distribution Policy
OF
Rangpur Foundry Limited

1.00 Introduction

This Dividend Distribution Policy has been prepared in compliance with the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) regarding dividend declaration, pay off, disbursement and compliance.

The policy shall not be the alternative to the decision of the Board of Directors rather than elaboration of the recommendation by the board on fixing the appropriate and prudent dividend amount for its Shareholders.

2.00 Definitions

"the Act" means Companies Act 1994
"the Company" means Rangpur Foundry Limited
"AGM" means Annual General Meeting
"Board" means Board of Directors of Rangpur Foundry Limited
"Directive" means Directions from BSEC from time to time on dividend policy.
"Shareholders" means Members whose name is registered in the Member's Register of the Company.
"Shares" means Ordinary Equity Shares.
"Listing Regulation" means Stock Exchange Listing regulation 2015
"MOA" means Memorandum & Articles of Association
"Policy" means dividend declaration policy of the company

3.00 Dividend

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.

Forms of Dividend

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

- **Interim dividend** is a dividend payment made before a company's annual general meeting (AGM) and the release of final financial statements. This declared dividend usually accompanies the company's interim financial statements.

- **Final dividend** refers to the dividend declared by a company's board of directors

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after the company has issued its full-year financial statements. The final dividend payment is a fixed amount per share of common stock, and is typically made known to the public during the annual shareholders' meeting.

4.00 Dividend Declaration

Subject to the provisions of the Act and MOA of the company, dividend shall be declared by the company:

a. In its general meeting
b. The amount shall not exceed the recommendation.
c. From its profits 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);or
d. From undistributed profit of the previous financial years after providing for depreciation in accordance with law and are still remaining undistributed; or
e. Out of c & d both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves as may be considered appropriate by the Board 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 prevailing Act and Rules.

5.00 Factors Governing Declaration of Dividend

5.01External Factors:

- The Board shall consider the restrictions, if any, imposed by the Act, other applicable laws and directives with regard to declaration of dividend in order to ensure compliance.
- The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require by the Company to conserve resources.
- The Board shall endeavor to retain a larger portion of profits to build up reserves, in case of adverse economic scenario.
- Any tax deduction at source may have impact on the decision at the time of dividend declaration due to any changes in Income Tax Ordinance 1984.
- 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.

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5.02 Internal Factors:

- Profitability of the current year
- Availability and Liquidity of Funds
- Capital Expenditure needs for the existing businesses
- Expansion/Modernization of the business
- Additional investments in subsidiaries/associates of the Company
- Cost of raising funds from alternate sources and cost of debt.
- Funds for meeting contingent liabilities
- Mergers and Acquisition process
- Any other factor 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.

6.00 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.

7.00 Utilization of Retained Earnings

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilized as under:

- Issue of fully paid-up bonus shares
- Declaration of dividend-Interim or Final
- Expanding internal resources
- Funding for capital expenditure/expansion plans/acquisition;
- Repayment of debt
- Any other permitted use as may be decided by the Board.

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8.00 Classes of Shares

The Company has only Equity Shares. No privilege amongst Equity Shareholders of the Company has been made with respect to dividend distribution.

9.00 Conditions Impacting 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:

Expect Dividend:

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

Not Expect Dividend:

- Non availability of profits for dividend distribution
- Funds available for dividend but need to be conserved due to:
  - Business needs;
  - Adverse economic /market scenario expected in near future;
  - Augmenting internal resources.

10.00 Disclosure

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

11.00 Effective Date

This Policy has been approved by the Board of Directors of the Company at its meeting held on 28th December, 2021 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2021-22 onwards.

12.00 Review/Amendment

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.

On behalf of the Board of
Rangpur Foundry Limited-

Ahsan Khan Chowdhury
Chairman

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