

# DIVIDEND DISTRIBUTION POLICY

## OF TAMIJUDDIN TEXTILE MILLS LIMITED

Bangladesh Securities and Exchange Commission (BSEC) directive no. BSEC/CMRRCD/2021-386/03 dated January 14, 2021. Tamijuddin Textile Mills Limited maintains and follows a Dividend Distribution policy for the purpose of regulatory requirement. The Board of Directors (the Board) of the Company has adopted this Dividend Distribution Policy to comply with the requirements.

### Concept of Dividend

Dividend is the part 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.

### Types of Dividend

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

- **Interim dividend** is the dividend declared by the Board between as and when considered appropriate. The Act authorizes the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.
- **Final dividend** is recommended for the financial year at the time of approval of the annual financial statements as well as appropriation of profit. The Board shall have the power to recommend final dividend to the shareholders for their approval at the AGM of the Company. Dividend recommended by the Board of Directors cannot be changed prior to holding of the AGM.

### Parameters for declaration of dividend

The Policy depends on the financial position of the company, other funding needs related to the investments to be made, conditions in the sector, conditions in the economic environment, Company's present and future performance for declaration and payment of dividend. The Board of Directors shall consider the factors affecting the dividend proposal while arriving at the dividend amount:

#### • **Financial parameters**

- ✓ Availability of profits;
- ✓ Financial feasibility of the Company;
- ✓ Favorable debt equity ratio;
- ✓ Company's liquidity position and future cash flow requirements for operations;
- ✓ Profits earned during the financial year;
- ✓ Profit growth.
- ✓ Such other factors and/or material events which the Company's Board may consider
- ✓ Tax implications if any, on distribution of dividends

• **Internal Factors**

- ✓ Growth rate of past earnings;
- ✓ Growth rate of predicted profits;
- ✓ Earnings stability;
- ✓ Accumulated reserves;
- ✓ History of dividends distributed by the Company;
- ✓ Working capital requirements;
- ✓ Mergers and acquisitions.
- ✓ Any other factor as deemed appropriate by the Board

• **External Factors**

- ✓ Shareholders' expectations;
- ✓ Macroeconomic and business conditions;
- ✓ Industry performance;
- ✓ Any other factors be arisen which may consider by the Board.

**Utilization of Retained Earnings:**

The Company would 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 purpose the Board may deem fit from time to time in the interest of the Company and its stakeholders.

**Dividend Distribution Process:**

- Company shall pay off the dividend (cash/stock) to the shareholders within 30 days of declaration or approval or record date or book closure Date as the case may be.
- Through bank transfer or any electronic payment system as recognized by the Bangladesh Bank (if not possible through BEFTIN);
- In case of margin loan and claim by loan provider, through the Consolidated Customer's Bank Account (CCBA);
- To the separate bank account of the merchant Banker or portfolio manager through BEFTN;
- Through the security custodian following Foreign Exchange Regulation for non-resident sponsor, director, shareholder, unit holder or foreign portfolio investor (FPI);
- Through issuance of Cash Dividend warrant and send it through post in case of non-availability of information of the shareholder or unit holder
- Company shall credit the stock dividend to the BO account or issue the bonus share certificate of the entitled shareholder.
- Company shall follow the directives/circulars in force of the securities regulator, related to dividend distribution from time to time.

Apart from the above, 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 such as financial environment.

**Unpaid or unclaimed of unsettled Cash/ Stock dividend:**

Unpaid or unclaimed of unsettled Cash/Stock dividends shall be settled as per instructions of BSEC or other regulatory authority from time to time.

**Tax matters:**

Tax will be deducted at source as per applicable tax laws.

**Modifications of the Policy:**

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. Such amended policy shall be placed before the Board for noting and necessary rectification.

**Disclosures**

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