

Tosrifa Industries Ltd.

Dividend Distribution Policy

[In compliance with the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 of the Bangladesh Securities and Exchange Commission (BSEC)]



Introduction

In compliance with the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 of the Bangladesh Securities and Exchange Commission (BSEC), the Board of Directors of Tosrifa Industries Limited has formulated "The Dividend Distribution Policy" about dividend declaration, pay off, disbursement and compliance disclosed the same publishing this statement as a guiding framework for the shareholders in the Company's annual report and official website.

This statement provides a brief outline of the legal and regulatory provisions relating to dividend, key issues in dividend considerations and the procedure for the declaration, approval and payment of dividend.

Definitions

- the Act" means Companies Act 1994
- the Company" means Tosrifa Industries Ltd.
- AGM" means Annual General Meeting.
- Board" means Board of Directors of Tosrifa Industries Ltd.
- Shareholders" means Members whose name is registered in the Member Register of the Company.
- Shares" means Ordinary Equity Shares.

Concept of Dividend

Dividend is the share of the profit payable to the Shareholders of a Company as recommended by the Board of Directors and subsequently approval by the Company in General Meeting to distribute the same among its Shareholders in proportion to the amount paid-up on shares held by the respective Shareholders in the form of Cash and/or Stock (Bonus). No dividend shall be paid otherwise than out of profit of the Company.

Kinds of Dividend

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

-**Interim dividend** is the dividend declared by the Board being authorized by the Act between two AGMs during any financial year out of the profits/the surplus shown in the Financial Statements.

- **Final dividend** is the dividend derived out of the profits/the surplus shown in the particulars years Financial Statements of the Company which is recommended by the Board and declare the shareholders who shall be entitled to such dividend and thereafter be approved by the Shareholders at the AGM of the Company. Dividend once recommended by the Board of Directors cannot be changed ahead of the schedules AGM.

Declaration of Dividend

It is the Company's practice to declare dividend on annual basis based on annual financial performance. However, the Board may also declare interim dividend based on periodic financial results. Historically the Company declared dividend in either cash or stock or in prudent combination of cash and stock.

Key Factors in Dividend Decisions

The circumstances for dividend pay-out decision depends on various external and internal factors while recommending/declaring dividend, the Board of Directors shall consider among others:

External Factors

- Endeavoring to retain a certain portion of profits to build up the reserve for future requirements as per norms;

- Evaluating the market trends in terms of technological changes which may require the Company to conserve the resource;
- Considering the restrictions, if any, imposed by the Act and other applicable laws;
- Legal and regulatory compulsion and tax implication of retention and payout;
- Dividend distribution tax or any tax deduction at sources as required by tax regulations;
- Any debt/loan covenants restricting dividend announcements; and
- Any other factors beyond control of the Management like biographical (caused by pandemic/catastrophic etc.) matters, natural calamities, etc. materially effecting operations of the Company may also impact the decision about dividend declaration.

Internal Factors

- Company's current net earnings i.e. profitability of the Company;
- Liquidity of the Funds i.e. accumulated distributable reserves/surplus and availability of free cash flow;
- Capital expenditure requirements for the existing businesses;
- BMRE status (Expansion/Modernization) of the Company;
- Investment in associate(s) of the Company;
- Cost of raising funds from the alternate sources;
- Cost of servicing outstanding debts;
- Funds for meeting contingent liabilities;
- Merger and acquisitions;
- Consistency of the dividend over reasonable and foreseeable coming years and also shareholders perceptions; and
- Any other factors reasonably considered proper by the Board of Directors.

Procedure for payment of Dividends

Dividend would be recommended by the Board of Directors based on the Audited Financial Statements of the Company. All requisite approvals and clearances, where necessary shall be obtained before the declaration of dividend. Dividend shall be approved by 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 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.

Interim dividend

The Board of Directors of the Company shall take decisions with regard to recommending interim dividend for the shareholders on the basis of audited financial statements and declaring the shareholders who shall be entitled to such dividend. No stock or bonus entitlement shall be declared as interim dividend. The Board of Directors may from time to time pay to the shareholders such interim dividend as appears to the Board of Directors to be justified by the profits of the Company. The decision about recommending interim dividend and entitlement for such dividend cannot be changed.

Final dividend

The Board of Directors of the Bank shall recommend final dividend for the shareholders on the basis of annual audited financial statements and declare the shareholders who shall be entitled to such dividend.

The decision about recommending or not recommending final dividend and entitlement for such dividend, if recommended, shall be taken after considering the interim dividend already distributed and cannot be changed prior to holding of the AGM.

In case of declaration of stock dividend for the year, 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.

Entitlement to dividend

Dividend is declared on the face value of each Equity share. The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the 'Record Date' would be entitled to receive the interim dividend of the Company.

The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the 'Record Date' would be eligible to join the AGM and entitled to receive the annual/ final dividend of the Company.

Timing of dividend announcement

The Board of Directors of the Company in its meeting duly held within 120 days from the date of closing of the financial year takes the decision of Annual dividend to be distributed to the entitled Shareholders. Such decisions are based on the results of the audited financial statements. The dividend recommended by the Directors is notified to the Shareholders through stock exchanges, website and public media (printing and digital).

Dividend recommendations made by the Directors are to be placed in the Annual General Meeting of the Company for the Shareholders approval.

Payment of dividend

TIL shall pay off the interim dividend to the entitled shareholders, within 30 (thirty) days of record date. TIL shall pay off the final dividend to the entitled shareholders, within 30 (thirty) days from the date of approval by shareholders in AGM.

Cash dividend

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

- An amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of TIL within 10 (ten) days of declaration of cash dividend by the Board of Directors of the Company.
- TIL 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 shareholders in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN).
- TIL 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.
- 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, TIL 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.
- TIL shall collect detailed information (e.g. BO account number, code number, bank account number, intention etc. of the client or customer including CCBA of stock broker or separate bank account of merchant banker or portfolio manager) from the stock broker or merchant banker or portfolio manager after their account for such claimed dividend in the individual client's account.
- In case of non-availability of bank account information or if not possible to distribute cash dividend through BEFTN or electronic payment system, TIL shall issue cash dividend warrant and shall send it by post to the shareholders.

- TIL 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.
- TIL 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 immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable.
- TIL shall maintain detailed information of unpaid or unclaimed cash dividend and rationale thereof, as per BO account (number-wise or name-wise or folio number-wise) of the shareholders, 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'. TIL shall publish the year-wise summary of its unpaid or unclaimed cash dividend in the website.
- TIL shall transfer any unpaid or unclaimed dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of the Company as maintained for this purpose within 1(one) year from the date of declaration or approval or record date , as the case may be.

Stock dividend

TIL shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholders, 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). TIL shall follow the provisions of rules 46 Depository (User) Regulations, 2003 for issuance of bonus shares.

TIL 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:

- TIL shall send at least 3 (three) reminders to the entitled shareholders.
- 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 shares as and when the allottee approaches to the issuer.
- 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.
- TIL 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 Bangladesh Securities and Exchange Commission (BSEC) and Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).
- Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholders is established.

Payment of unclaimed or unpaid cash dividend and stock dividend

TIL shall follow the rules and regulations of the regulators issued from time to time regarding payment of unclaimed or unpaid cash dividend and stock dividend to the entitled shareholders:

- TIL shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.
- If any cash dividend remains unpaid 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 TIL to the **Fund** as directed or prescribed by the Commission.
- TIL shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the Commission.

- If any shareholders claim his/her cash dividend after transfer of such cash dividend to the Fund, within 15 (fifteen) days of receiving such claim, the Company shall, after proper verification of the claim, recommended 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.
- 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 record date , as the case may be shall be transferred in dematerialized form to the BO Account of the Fund.
- TIL shall provide detailed information to the manager of the Fund transfer of stock dividend or bonus shares as directed or prescribed by the Commission.
- If any shareholders claim his/her stock dividend or bonus share after transfer of such stock 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, recommended 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 to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission.
- TIL, by itself or by appointing an agent, shall maintain detailed information of BO account, bank account, mobile phone number, email and address of the shareholders for the purpose of proper distribution of cash dividend or stock dividend and shall maintain confidentiality of information.
- TIL shall collect update information of BO account, bank account, mobile phone number, email address and contact address of shareholders at least once in a year from CDBL for the purpose of proper distribution of cash dividend or stock dividend and other compliances. They shall update information in every year in case of paper shares.

Submission of dividend distribution compliance report

TIL shall submit a dividend distribution compliance report to BSEC, DSE and CSE in the specified format prescribed by the regulator(s) within stipulated time of completion of dividend distribution to the entitled shareholders. TIL shall also publish the compliance report in its website.

Disclaimer

The above Policy Statement neither gives a guarantee of dividend to be declared by the Company nor does it constitute a commitment for any future dividend and thus be read as a general guidance on different dividend related issues. The policy upholds the Board's absolute/complete liberty to recommend any dividend in deviation of the policy.

Policy Approval and Effective Date

This Policy has been approved by the Board of Directors of the Company as its meeting held on October 3,2021 and shall be effective and applicable for dividend, if any, to be declared for the Financial Year 2020-21 and onwards.

Disclosure

This Dividend Distribution Policy and annual " Dividend Distribution Compliance Report" shall be disclosed in the Annual Report of the Company and on the Company's website www.til.com.bd

Review and Amendment

As necessitated by the legal and regulatory requirements and for any other obvious reasons deemed to be pertinent in this regard, the Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments already made and/or to be made in this behalf in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.