

RANGPUR DAIRY AND FOOD PRODUCTS LIMITED

Dividend Distribution Policy

Introduction:

In compliance with the provisions of directive No. BSEC/CMRRCD/2021-386/03, dated January 14, 2021 issued by the Bangladesh Securities and Exchange Commission, the policy prepared and adopted by Rangpur Dairy & Food Products Limited for payment of dividend to its shareholders will be considered as **“Dividend Distribution Policy”** of the company.

The “ Dividend Distribution Policy “ is not an alternative to the decision of the Board for declaring/recommending dividend, which has taken into consideration all the relevant Acts, Rules and Regulations issued by the regularity bodies from time to time and circumstances enumerated hereunder or other factors as may be decided by the Board.

The above Dividend Distribution Policy may be read as a general guide line on different related issues for payment of dividend of the company. It does not neither guarantee any dividend to be declared by the company nor does it constitute a commitment for any future dividend.

Definitions:

Unless otherwise expressly stated herein -

“The Act” means the Companies Act 1994.

“Rules and Regulations” means the Rules and Regulations issued by the regularity bodies from time to time.

“The company” means Rangpur Dairy & Food Products Limited.

“AGM” means the Annual General Meeting of the company.

“Board “means Board of Directors of the company.

“Shareholders” means the Members of the company whose name is registered in Member Register of the company.

“Shares” means Ordinary equity shares held by the members of the company.

“Dividend” means the portion of Profit, the company decides to pay to its shareholders, either in cash or Stock/ bonus out of Profit earned by it.

Types of Dividends:

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

Interim dividend is the dividend declared by the Board between two AGMs as and when it considers appropriate.

Final dividend is the dividend recommended by the Board for its shareholders for a financial year in consideration of profit earned by the company with the approval of the shareholders in the AGM.

Declaration of Dividend:

Subject to the provisions contained in the Act, Rules and Regulations, the Board of Directors of the company shall take decision for recommendation/payment of dividend, after considering the following factors:

- i) Profit earned by the company for a particular period or during a financial year after setting of any loss or expense of the previous years, if any; not provided in the previous years; and
- ii) Undistributed profit of the company of the previous financial years, after setting of any loss or expenses not taken into consideration in the previous years;

Before recommendation/payment of dividend, the Board may transfer a portion of its profit to the company's "**Reserve Fund**" as may be considered appropriate by them under the given circumstances.

While making recommendation for/payment of dividend, the Board shall consider various external and internal factors of the company, in addition to consideration of profit of the financial year and undistributed profit of the previous years.

Factors that may influence the decision of the Board:

External factors:

- i) If the Board feels it necessary to retain a large portion of profit to build up reserves, in consideration of adverse economic scenario;
- ii) Other factors beyond the control of the Management, like natural calamities or any accident that may affect operation of the company.

Internal factors:

- i) if the liquid fund is not available for payment of dividend;
- ii) if Capital expenditure is needed for expansion/ modernization of the business of the company;

- iii) if fund is needed for meeting outstanding debts.
- iv) if fun is needed for payment of any contingent liability;
- v) any other factors, that may be considered appropriate by the Board.

In consideration of Profit of the company for a particular financial year, the Board may consider payment of dividend even only to a particular class of shareholders.

Review/ Amendment:

The Board may amend, abrogate, modify or revise any or all provisions of this Policy However, amendment in the Policy so made and any other amendment takes place in Acts, Rules and Regulations will be binding.

Policy approval and effective date:

The Dividend Distribution Policy of the company has been approved by the Board of Directors of the company in its meeting held on 22nd September, 2022 and will be effective since date.