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**DIVIDEND DISTRIBUTION POLICY**  
*[Pursuant to Bangladesh Securities & Exchange Commission Directive No.  
BSEC/CMRRCD/2021-386-03 dated January 14, 2021]*

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## **1. PREAMBLE**

Aramit Cement PLC or the "Company" is committed to drive superior value creation for all its Stakeholders, with a focus on the future growth and long-term interests of the Company as well as its Shareholders. With this in mind, the Board aims to pursue a progressive dividend policy.

The Company has developed its Dividend Distribution Policy (hereinafter referred to as the "Policy") pursuant to the Bangladesh Securities Exchange Commission's (BSEC) Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021. This Policy is published in the Company's Annual Report as well as on its Official Website.

In considering any distribution of profits, the Board shall have regard to, inter alia, the Company's business and growth strategies and plans, the Articles of Association of the Company as well as applicable provisions of the Companies Act, 1994 and Rules framed thereunder, BSEC Regulations, Tax Regulations and other applicable legislation.

## **2. DEFINITIONS**

"Act" means The Companies Act 1994,

"AGM" means Annual General Meeting;

"Board" means the Board of Directors of Aramit Cement PLC;

"Record Date" means the cut-off date established in order to determine which Shareholders are eligible to receive a dividend;

"Shares" mean Ordinary Equity Shares of the Company.

"Shareholders" mean Members whose names are registered in the Members' Register of the Company;

## **3. OBJECTIVE**

The objective of this Policy is to specify the criteria to be considered by the Board when declaring/recommending dividends for a financial year and to provide clarity to Shareholders on the profit distribution of the Company and the circumstances under which Shareholders may or may not expect a dividend.

#### **4. DIVIDEND ELIGIBILITY**

As at the date of this Policy, the Company has no other classes of shares other than equity shares with value of **BDT. 10.00** each. Hence, Shareholders will be considered eligible for dividends if their names appear in the members' register of the Company on the Record Date as declared by the Board for a particular financial year.

#### **5. CONCEPT OF DIVIDEND**

Dividend is the share of the profit that the Company decides to distribute amongst its Shareholders. The profits earned by the Company can be retained in the business, distributed amongst the Shareholders as Dividend or a combination of the two. The Act allows the Company to declare and pay interim as well as final dividends. Interim dividend, where applicable, is the dividend declared by the Board of Directors between any two Annual General Meetings as and when considered appropriate.

#### **6. PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS**

**6.1** The following financial parameters may be considered by the Board while recommending/declaring dividend:

- a) Adequacy of profits calculated in accordance with the applicable provisions of the Act and Accounting Standards. The Board of Directors may, in exceptional circumstances, consider utilizing retained earnings for declaration of dividend subject to the provisions of the law.
- b) The Board may consider the following financial parameters while recommending/declaring dividend, namely:
  - Financial Performance for the year for which dividend is recommended;
  - Accumulated Reserves;
  - Earnings stability;
  - Any interim dividend paid;
  - Impact of dividend pay-out on Return on Equity;
  - Future capital expenditure;
  - Internal capital planning framework/policy;
  - Cash flow position;
  - Tax implications if any, on the distribution of dividends;
  - Cost of raising funds from alternate sources of capital;
  - Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/associates;
  - Leverage profile and debt repayment schedules and under exceptional circumstances, the amount of contingent liabilities;
  - Such other factors and/or material events which the Board may consider.

**6.2** The following non-financial factors may also be considered by the Board while recommending/declaring dividend:

- Shareholder expectations; Economic environment; Industry outlook; Inorganic growth plans;
- Stage of the business cycle; Dividend payout history;
- Trend of Interest rate and Monetary Policy; Reinvestment opportunities;
- The economic, legal and regulatory framework, government policies etc.

## **7. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

- The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among Shareholders and the amount of profit to be retained in business.
- The Board shall consider the parameters mentioned in Clause 6 above before determination of any dividend payout.
- The Shareholders of the Company **may not expect** dividend in many other Circumstances some of which are the following, always subject to the discretion of the Board:
  - Company has inadequacy of profits or incur losses for the financial year;
  - Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
  - Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
  - Company has significantly higher working capital requirement affecting free cash flow;
  - Company proposes to utilize surplus cash for buy- back of securities;
  - Company is prohibited to recommend/declare dividend by any regulatory body.

## **8. DECLARATION OF DIVIDEND**

The Board in each financial year has the absolute discretion to recommend dividends out of the year's profits after setting off carried over losses of the previous year(s) and depreciation not provided in the previous year(s) or out of any undistributed profits or any retained earnings or compliant with BSEC's notification for declaration of dividend subject to the approval of the Shareholders at the Company's AGM. No dividend shall be declared or paid out of the capital reserve account or the revaluation reserve account or any unrealized gain or through reducing paid-up capital. The Management shall apprise the Board of the relevant facts and figures to facilitate prudent dividend declaration.

## **9. UTILIZATION OF RETAINED EARNINGS**

Retained earnings may be utilized for declaration of dividend (interim/final), issuance of stock dividend/bonus shares, repayment of debt, capital expenditure, organic and/or inorganic growth plans, general corporate purposes (including contingencies) and such other purposes as may be permitted under the Act and other applicable regulations.

## **10. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES**

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per their shareholding. The Policy may be revisited as and when any new classes of shares are issued.

## **11. MODE OF PAYMENT OF DIVIDEND**

Dividend payments may be made through the following modes:

- a. Using Bangladesh Electronic Funds Transfer Network (BEFTN) for Shareholders holding shares in dematerialized form; and
- b. Issuing Dividend Warrant for Shareholders who hold shares in demated form.

## **12. REVIEW & MODIFICATION OF DIVIDEND DISTRIBUTION POLICY**

This Policy may be reviewed and revised periodically when considered necessary by the Board. Where a Dividend is proposed to be declared based on parameters other than those mentioned in this Policy, such changes shall be disclosed along with the accompanying rationale.

## **13. DISCLAIMER**

This Policy may not be construed as either soliciting investments in the Company's securities or assuring guaranteed returns (in any form whatsoever) for investments made in the Company's securities. The Policy serves as a guide for the Board. The decision of the Board concerning the amount of dividend proposed shall be conclusive.

In the event of any conflict between the Policy and the existing statutory regulations, the statutory regulations shall prevail.

## **14. REVIEW OF POLICY**

The Board of Directors of the Company's may review the policy, if the Board proposes to declare dividend on the basis of criteria in addition to those specified in the policy or proposes to modify the criteria, it shall disclose such changes along with the rationale for the same on the Company's website and in the Annual Report.

## **15. DISCLOSURE OF POLICY:**

The policy will be available on the Company's website and also be disclosed in the Company's Annual Report.