

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND

This policy of Dividend Distribution of Shahjibazar Power CO. LTD (Hereinafter "SPCL") has been prepared in a view to comply with the Directive no: BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC). The general scope of this policy shall formulate policy in regards to dividend declaration, pay off, disbursement and compliance.

The Board of Directors of SPCL shall consider this policy as a framework to ensure governance and accountability. However, this policy is not an alternative to the decision of the Board regarding Dividend declaration.

2. DEFINITIONS/INTERPRETATIONS

"the Act" means Companies Act 1994

"the Company" means Shahjibazar Power Co. Ltd.

"AGM" means Annual General Meeting

"Board" means Board of Directors of Shahjibazar Power Co. Ltd.

"Shareholders" means Members whose name is registered in the Member Register of the Company.

"Shares" means Ordinary Equity Shares.

3. THEORY AND CONCEPT OF DIVIDEND

A dividend is the distribution of some of a company's earnings in the form of Cash/Stock to a class of its shareholders, as determined by the company's board of directors. Common shareholders of dividend-paying companies are typically eligible as long as they own the stock on record/book closure date. The profits earned by the Company can either be retained in the business or can be distributed among the Shareholders as dividend.

4. TYPES OF DIVIDEND

The Act has allowed registered companies to declare Interim and Final Dividend.

Interim Dividend: Interim dividend is the dividend declared by the Board between two AGMs 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: 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.

5. DECLARATION METHODOLOGY

Subject to the compliance of the Act and Directives issued by Bangladesh Securities and Exchange Commission (BSEC) time to time dividend shall be declared and paid out of:

- a. Profit after Tax after netting off minority interest (if any) and setting off losses from previous year(s) if any.
- b. Retained Earnings from previous financial years which remains undistributed.
- c. Out of both a and b

Before declaration of dividend, the Company may transfer a portion of its profits to as retained earnings of the Company 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 Act and Rules.

6. FACTORS INFLUENCING DIVIDEND DECLARATION

The decision of dividend payout is a very challenging task for the Board. Strategic intent and future business trajectory of the company may influence the dividend payout decision.

Broadly circumstances can be sub divided in External and Internal factors as elaborated hereunder:

a) External Factors:

- i) Adverse economic condition triggered by any extra-ordinary event like Covid-19 pandemic and any such crisis in future.
- ii) Transformation to new technology may require additional fund to stay updated which may affect the dividend decision.
- iii) Any restriction imposed by the Act or by regulators.
- iv) Force Majeure event.

b) Internal Factors:

- i) Profitability
- ii) Availability and Liquidity of Funds
- iii) Capital Expenditure needs for the existing businesses
- iv) Expansion/Modernization of the business
- v) Additional investments in subsidiaries/associates of the Company
- vi) Cost of raising funds from alternate sources
- vii) Cost of servicing outstanding debts
- viii) Funds for meeting contingent liabilities
- ix) Mergers and Acquisitions
- x) Any other factor as deemed appropriate by the Board.

7. REVIEW OF FINANCIAL STATEMENTS FOR DECLARING DIVIDEND

The board of the Company is a steward to its shareholders and committed to deliver superior value. The company always strives for an optimum and appropriate level of dividend to its shareholders in the form of dividend.

To retain investors the company is in a continuous pursuit of making the investment attractive to the existing and potential investors in the form of Dividend Yield and capital appreciation. Over the years the consistency of Dividend payout is also a very important parameter for the company to consider.

The Board aligning with the industry scenario and internal financial strength shall endeavor to retain a consistent dividend payout to the respected shareholders.

8. UTILIZATION OF RETAINED EARNINGS

Pursuant to the compliance of all provisions and acts the retained earnings of the Company may be utilized under the following areas:

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

9. CLASSES OF SHARES

The company currently has only one class of share which is Common Stock.

10. EVENTS MAY IMPACT DIVIDEND DECISION

The company has been successfully paying out a consistent dividend for the last several years since its listing with the Stock Exchanges and shall continue the endeavor to sustain the trend.

However, some circumstance may trigger the shareholders may or may not expect dividends from the company.

10.1. May Expect Dividend: Availability of profits and liquidity, Profits are not being utilized in any other purposes.

10.2. May not Expect Dividend: Non-availability of profit, Funds to be retained for business expansion, adverse economic/market scenario, to be utilized for internal resources.

11. DISCLOSURE

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

12. EFFECTIVE DATE

This Policy has been approved by the Board of Directors of the Company at its meeting held on 11th March, 2021 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2020-21 onwards.

13. 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.