

Dividend Policy

The Board of Directors has established a dividend policy, which forms the basis for the proposals on dividend payments that it makes to the Shareholders taking into consideration the business performance of the Company and its strategic initiatives. The Board believes that it is in the best interest of Simtex Industries Limited (SIL) to draw up a long-term and predictable dividend policy. The objective of the policy is to allow the Shareholders to make informed investment decisions. The Board has approved the following dividend policy:

Depending on the Net Profit after Tax, the financial health and capital requirement of the Company with the objective for consistent growth in dividend payout.

Important highlights of the Dividend Distribution Policy are as follows:

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. 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.

Final dividend

The Board of Directors of the company 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

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

Payment of dividend

SIL 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:

- Within 10 (ten) days of declaration of cash dividend by the Board of Directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of SIL.
- SIL 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).
- SIL 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, SIL 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.
- In case of non-availability of bank account information or if not possible to distribute cash dividend through BEFTN or electronic payment system, SIL shall issue cash dividend warrant and shall send it by post to the shareholders.

SIL 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'. SIL shall publish the year-wise summary of its unpaid or unclaimed cash dividend in the website.

Stock dividend

SIL 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). SIL shall follow the provisions of Regulation 46 of the Depository Regulation, 2003 for issuance of bonus shares. SIL 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:

- SIL 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.
- SIL 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

SIL shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force. SIL shall follow the rules & regulations of the regulators issued from time to time regarding payment of unclaimed or unpaid cash dividend and stock dividend to the entitled shareholders.

Submission of dividend distribution compliance report

SIL shall submit a dividend distribution compliance report to BSEC, DSE & CSE in a specified format issued by the regulator(s) within stipulated time of completion of dividend distribution to the entitled shareholders.