

Index Agro Industries Limited

Dividend Distribution Policy

Introduction

This Dividend Distribution Policy has been adopted by the Board of Directors of Index Agro Industries Limited in compliance with the Directive of the Bangladesh Securities and Exchange Commission (BSEC) No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021. The Directive requires to formulate a dividend distribution policy which shall be disclosed in the annual report and official website of the company.

Objective

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the company may or may not expect dividend and how the retained earnings shall be utilized, etc.

Procedures

The dividend distribution shall be as per the recommendations of the Board of Directors and subject to approval by the shareholders in annual general meeting in case of final dividend. The Board may also declare interim dividend as and when think fit depending upon the cash flow situation of the Company.

Declaration and payment of Dividend

1. No large dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net profit of the Company shall be conclusive.
2. No dividend shall be payable except out of the profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
3. The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.
4. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
5. No limitation in payment of dividend is stipulated in any debt instrument or otherwise.
6. The Company shall pay dividend in compliance with all applicable laws, rules and regulations.

Factors to be considered while declaration of dividend

The Board will consider the following various circumstances like current year's profit, retain earnings, future outlook, reinvestment opportunities, tax benefits, Company's present and future performance for declaration and payment of dividend:

(i) Internal Factors

- a) Profit earned during the financial year and retained earnings of the previous years;
- b) Distributable surplus available with the Company;
- c) Company's liquidity position, future cash flow requirements for operations and reserve for any contingencies;
- d) Capital expenditure requirements for expansion and modernization of existing business;
- e) Dividend payout history;
- f) Mergers and Acquisitions;
- g) Loan covenants, if any

(ii) External Factors

- a) Dividends distributed by other comparable companies in sector;
- b) Shareholders' expectations;
- c) Market conditions and market outlook for the Company;
- d) Economic environment and industrial downturn;
- e) Changes in Government policies and regulatory provisions;
- f) Any other relevant factors that the Board may deem it fit.

(iii) Financial factors

- a) Availability of profits;
- b) Profit growth;
- c) Financial feasibility of the Company;
- d) Favorable Debt Equity ratio;
- e) Liquidity position;
- f) Business expansions, acquisitions, etc;
- g) Favorable state of the capital markets;

(iv) Utilization of retained earnings

The decision of utilization of retained earnings of the Company shall be based on the following factors:

- a) Acquisition/Diversification of business;
- b) Long term strategic plan;
- c) High cost of debt;
- d) Market or product development/expansion plan;
- e) Increase in production capacity;
- f) Modernization Plan;

Amendment

In case of any subsequent changes in the provisions of the Companies Act or Regulations or Income Tax Ordinance or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly.

Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.