

DIVIDEND DISTRIBUTION POLICY OF GPH ISPAT LIMITED

1. OBJECTIVE:

The objective of Dividend Distribution Policy is to ensure the right balance between the amount of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company before recommending or declaring dividend to its shareholders from time to time.

2. PHILOSOPHY:

The philosophy of the Company is to maximize the shareholders' wealth in the Company through business decision and performance. The Company believes that driving growth creates maximum shareholders' value. Thus, the Company shall consider the investors' expectations, market scenario and impacts of dividend policy on market capitalization to distribute the profits/retain earnings in the form of dividend to the shareholders.

3. REGULATORY FRAMEWORK:

The policy is framed in compliance with the Bangladesh Securities and Exchange Commission's Directive No. BSEC/CMRRCD/2021-386/03, dated 14 January, 2021 and Dhaka Stock Exchange and Chittagong Stock Exchange (Listing) Regulations, 2015.

4. AUTHORITY:

Dividends will be recommended by the Board of Directors of GPH Ispat Limited and approved by the shareholders in the Annual General Meeting.

5. FORMS OF DIVIDENDS; INTERIM DIVIDEND, FINAL OR SPECIAL:

The Board will recommend cash/stock or both dividend once a year as final dividend, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 1994. The Board may also recommend interim dividends subject to Company's periodic business performance and as may be permitted by the Companies Act, 1994.

6. PARAMETERS FOR DECLARATION OR RECOMMENDATION OF DIVIDEND:

The Board of Directors of the Company would consider the following parameters for declaration or recommendation of Dividend:

a) Financial Parameters/Internal Factors:

- Financial performance of the Company for the period for which dividend is declared or recommended;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and/or new businesses;
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- The ratio of debt to equity;
- Cost of raising funds from alternate sources of capital;
- Past dividend trends.

b) Statutory and Regulatory Compliance/External Factors:

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws;
- Economic environment;
- Dividend pay-out ratios of companies in the same industry;
- Shareholder expectations.

c) Circumstances under which the Shareholders may or may not expect Dividend:

In case of adverse business performance of the Company, the Board of Directors can take decision to recommend 0 (zero) dividend for a particular period/year. Moreover, the shareholders of the Company may not expect Dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- If the eligibility criteria for recommendation of dividend have not been met by the Company, including any regulatory restriction placed on the Company on declaration of dividend or if the Board strongly believes the need to conserve capital for growth or other exigencies.

d) Utilization of Retained Earnings:

The Board of Directors of the company may recommend dividend out of the profits of the Company for the year or out of the profits for any previous years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

e) Parameters adopted with regard to various classes of shares:

Currently, the Company has no any other class of shares (including shares with differential voting rights/preference shares) other than equity shares having face value Taka 10 (Ten) each. In the absence of any other class of shares and/or shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

7. DIVIDEND RECOMMENDATION PROCEDURE:

The Board of Directors of GPH Ispat Limited works for the best interest of the shareholders and the Board always takes decision regarding dividend recommendation on the basis of performance and strategic planning of the company. The Board has also established a long-term and sustainable dividend policy considering the followings that allows the shareholders to make an enlightened investment decision.

- a) The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal;
- b) In consultation with the Chief Financial Officer (CFO), the Managing Director (MD) or Chief Executive Officer (CEO) of the Company shall recommend any amount to be declared/recommended as Dividend to the Board of Directors of the Company;
- c) Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any,

- recommended by the Board of Directors, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company;
- d) The Company shall ensure compliance of provisions of applicable laws and this policy in relation to Dividend declared by the Company.

8. DIVIDEND DISTRIBUTION PROCEDURE:

- a) The Company shall pay off the dividend (cash/stock) to the entitled shareholders within 30 days of declaration or approval or record date as the case may be;
- b) The Company shall pay off the cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN) or through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible through BEFTN;
- c) Cash Dividend of the margin client of stock broker or merchant banker or portfolio manager shall pay off to the Consolidated Customer's Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN;
- d) In case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder;
- e) The Company shall credit the stock dividend to the BO account or issue the bonus share certificate of the entitled shareholder;
- f) Company shall follow the directives/circulars in force of the securities regulator, related to dividend distribution from time to time.

9. AMENDMENTS/MODIFICATIONS:

The Board of Directors may amend, abrogate, modify or revise any or all provisions of this Policy at any time according to the business necessity and in compliance with the Bangladesh Securities and Exchange Commission guidelines as may be issued or such other regulatory authority from time to time. However, amendments in the act or the regulatory guidelines shall be binding even if not incorporated in this policy.

10. EFFECTIVE DATE:

This Policy has been approved by the Board of Directors of the Company at its meeting and would be effective and applicable for dividend, if any, declared for the Financial Year 2020-21 onwards.

11. DISCLOSURE OF POLICY:

The Dividend Distribution Policy will be available in the Company's website (www.gphispot.com.bd) and will also be disclosed in the Company's Annual Report.
