



## JAMUNA OIL COMPANY LIMITED DIVIDEND DISTRIBUTION POLICY

### INTRODUCTION:

The Dividend Distribution Policy is prepared and adopted in compliance with the requirements of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) regarding the dividend declaration, pay off, disbursement and compliance.

### OBJECTIVE:

The objective of this Policy is to lay down the criteria and parameters that are to be considered by the Board of Directors of the Company while deciding on the declaration of Dividend from time to time. This Policy is applicable to dividend declared/recommended on the equity shares of the Company.

### DEFINITIONS:

"the Act" means The Companies Act 1994

"the Company" means Jamuna Oil Company Limited

"AGM" means Annual General Meeting

"Board" means Board of Directors of Jamuna Oil Company Limited

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

"Shares" means Ordinary Equity Shares.

### CONCEPT OF DIVIDEND:

Dividend is the share of the profit that a Company decides to distribute among its Shareholders in proportion to the amount paid-up on shares they hold in the form of Cash and/or Stock (Bonus). The profits earned by the Company can either be retained in the business or can be distributed among the Shareholders as dividend.

### TYPES OF DIVIDEND:

The Act deals with two types of dividend - Interim and Final.

- **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 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.

### DECLARATION OF DIVIDEND:

Dividend shall be declared or paid only out of –

- 1) Current financial year's profit:
  - a. after providing for depreciation in accordance with law;
  - b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law.
- 2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed;
- 3) In case of inadequacy or absence of profits in any financial year, the Company may also declare/ pay Dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, provided such declaration/ payment of dividend shall be made only in accordance with the provisions of the Act.

### FINANCIAL PARAMETERS CONSIDERED WHILE DECLARING DIVIDEND

The financial parameters that may be considered before declaring dividend are profitability, cash flow and future growth and profitability outlook of the company.



## **CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY NOT EXPECT DIVIDEND:**

- a. Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- b. Due to operation of any other law in force;
- c. Uncertainty of the earnings/ financial results of the Company; and
- d. The availability of opportunities for reinvestments of surplus funds;
- e. Any other corporate action resulting in cash outflow.

## **FACTORS AFFECTING DIVIDEND DECLARATION:**

### **a) External Factors to be considered while recommending/declaring dividend**

- Any significant changes in macro-economic environment affecting Bangladesh or the geographies in which the Company operates, or the business of the Company or of its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.

### **b) Internal Factors to be considered while recommending/declaring dividend**

Apart from the various external factors, the Board will take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include:

- Expected cash requirements of the Company including working capital, capital expenditure
- Quarterly and Annual financial results
- Investments including Mergers and Acquisitions (M&A)
- Expansion and Modernization
- Free cash flow generation
- Funds required to service any outstanding loans
- Research and development;

### **c) Retained Earnings**

Retained earnings would be used to further the company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via Dividends or other means as permitted by applicable regulations.

## **PARAMETERS FOR VARIOUS CLASSES OF SHARES:**

Currently, the Company does not have different classes of shares. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares.

## **PUBLICATION OF POLICY:**

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website [www.jamunaoil.gov.bd](http://www.jamunaoil.gov.bd) 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.

## **EFFECTIVE DATE:**

This Policy has been approved by the Board of Directors of the Company at its meeting held on 17<sup>th</sup> December 2022 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2021-22 onwards.

## **REVIEW & AMENDMENT**

This Policy may be reviewed and amended as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.

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