

Dividend Distribution Policy



Meghna Petroleum Limited
(A Subsidiary of Bangladesh Petroleum Corporation,
58-59, Agrabad C/A, Chattogram.)

Meghna Petroleum Limited

Dividend Distribution Policy

1. Introduction

Meghna Petroleum Limited is one of the leading oil marketing companies in the country under Bangladesh Petroleum Corporation (BPC). Meghna Petroleum Limited (MPL) was established on December 27, 1977 under Company Act 1913 (later on Company Act 1994), as a private limited company with the objectives of taking over the physical possession of all the fixed assets of the erstwhile Meghna Petroleum Marketing Company Limited (MPMCL) and Padma Petroleum Limited (PPL) as on March 31, 1978. Meghna Petroleum Marketing Company Limited was created after acquiring the operation of the then ESSO Eastern Inc. (1962) of America in 14 March 1975 and Padma Petroleum Limited was created in 1972 after acquiring the operation of the then Dawood Petroleum Limited (1968). In the year of 1976, the assets and liability of the company were transferred and handed over to Bangladesh Petroleum Corporation (BPC) as per BPC Ordinance no. LXXXVIII. Since establishment, Meghna Petroleum Limited has been functioning as a subsidiary of BPC.

In compliance with the Bangladesh Securities and Exchange Commission's Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, the issuers of listed securities are required to formulate and disclose its Dividend Distribution policy. Accordingly, the Board of Directors of Meghna Petroleum Limited (herein after referred to as "the Company") has formulated and approved this Dividend Distribution Policy (herein after referred to as "the Policy").

2. Definitions

"the Act" means the Companies Act 1994 as amended from time to time.

"the Company" means Meghna Petroleum Limited.

"Dividend" as defined under the Companies Act, 1994.

"Policy" means Dividend Distribution Policy.

"Applicable Laws" means the Companies Act, 1994 & BSEC Rules, Regulations & Directives issued from time to time.

"Shares" means Ordinary Equity Shares.

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

"AGM" means Annual General Meeting

"Board" means Board of Directors of Meghna Petroleum Limited.

"Chairman" means the Head of the Board of Directors.

"MD & CEO" means the Managing Director & the Chief Executive officer.

"FRC" means the Financial Reporting Council as per the Financial Reporting Act, 2015.

"BSEC" means Bangladesh Securities and Exchange Commission.

3. Objective of the Policy

The objective of this Policy is to provide clarity to stakeholders on the dividend distribution framework to be adopted by the company for ensuring the right balance between the quantum of dividend paid and the amount of profits retained in the business for various purposes. The Board of Directors (Member of the Board) shall recommend dividend in compliance with this Policy, the Articles of Association of the Company, the provisions of the Companies Act, 1994, relevant



Directives/Orders published by the Bangladesh Securities and Exchange Commission, and other applicable legal provisions.

4. Legal Framework of Dividend

- a. Provisions of the Articles of Association of the Company in reference to the Companies Act, 1994.
- b. To comply with all the directives, orders etc. of the Bangladesh Securities and Exchange Commission (BSEC) and the Listing Rules of the Stock Exchanges as regards determination and declaration of dividends.
- c. To comply with the applicable tax laws in framing the dividend policy.
- d. Preparation of financial statements with complete adherence to the applicable accounting and reporting standards under International Accounting Standards (IASs), International Financial Reporting Standards (IFRS) etc. be amended/modified from time to time.
- e. Circulars, Instructions, Directives issued time to time by the Financial Reporting Council (FRC).
- f. Special Order/Directives issued by the Government at any time.

5. Declaration of Dividend

Subject to the provisions of the Act, dividend shall be declared and paid out of the current year's profit after tax of the company or any other undistributed profit. Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

The actual quantum of dividend pay-out on a yearly basis will depend on the following factors:

5.1 Internal Factors:

- a) Company's Liquidity position including its present and expected obligations.
- b) Profits earned & available for distribution during the financial year of the company.
- c) Accumulated Reserve including the retained earnings.
- d) Present and Future Capital expenditure plans of the Company including organic/inorganic growth opportunities.
- e) Future requirements of funds.
- f) Earning stability.
- g) Capital Restructuring Plan.
- h) Past dividend trend of the Company and the industry.
- i) Any other relevant or material factor as may be deemed fit by the Board.

5.2 External Factors:

- a) State of economy and capital markets.
- b) Applicable taxes including dividend distribution tax.
- c) Shareholders Expectation.
- d) Regulatory Changes: Introduction of new or changes in existing tax or regulatory requirements (including dividend distribution tax) having significant impact on the Company's operations or finances.
- e) Technological changes which necessitate significant investment in the business of the Company.
- f) To retain a larger portion of profit to build up reserves, in case of adverse economic scenario.
- g) Inflation Rate & other economic factors.




- h) Considering the restrictions, if any, imposed by the act and other applicable laws with regard to declaration of dividend in order to ensure compliance with the applicable laws.
- i) Force Majeure events include natural causes (fire, storms, floods, earthquake etc.), Governmental or societal actions, infrastructure failures (transportation, energy) etc.
- j) Any other relevant or material factor as may be deemed fit by the Board.

5.3 The Board may also not recommend a Dividend considering the various factors prevailing in the local & international market and or economic uncertainty beside the issues mentioned in above 5.1 & 5.2.

6. Scope of the Policy

The Policy covers the following:

6.1 Dividend to Equity Shareholders of the Company:

At present the Company has only one class of equity shares. As and when the Company proposes to issue any other class of equity shares, the Policy shall be modified accordingly.

6.2 Interim Dividend

- a) Interim Dividend(s), if any, shall be declared by the Board.
- b) In case no final dividend is declared for any particular financial year, interim dividend is paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting (AGM).

6.3 Final dividend

- a) Recommendation, if any, shall be made by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- b) The dividend as recommended by the Board shall be approved/declared in the AGM of the Company.

7. Dividend Pay Out Method and Timing

The Company shall distribute declared and duly approved dividend to all shareholders in a timely manner and in line with Bangladesh Securities and Exchange Commission directions (as issued time to time) and any applicable local laws, rules and regulations.

8. Unclaimed Dividend

Any unclaimed or unsettled dividend shall be disbursed in line with Bangladesh Securities and Exchange Commission's directions (as issued time to time) and any other applicable local laws, rules, and regulations.

9. Manner of Utilization of Retained Earnings

The retained earnings shall be deployed in line with the purpose of the Company as detailed in Memorandum of Association of the Company. The Company shall endeavor to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its



shareholders. The decision of utilization of the retained earnings shall be based on the factors like strategic and long term plans of the Company, diversification opportunities, or any other criteria that may be considered relevant by the Board in this regard.

10. Conflict of Policy

In the event of the Policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this policy.

11. Amendment or Modification

The Board may, from time to time, amend/ modify this Policy to the extent required due to change in applicable laws and/or regulations or as deemed fit on a review. Any content of this policy or any future change/amendment to thereof shall not contradict or be in conflict with any of the provisions of the BSEC Directives issued from time to time. In such a situation, provisions of the BSEC directives shall prevail.

12. Disclaimer

The above Policy Statement does not induce investment in the Company or represent a commitment on the future dividends of the Company but represents a general guidance on the Dividend Policy of the Company.

13. Disclosure

This Dividend Distribution Policy (as amended from time to time) will be uploaded on the Company's website and in the annual report and any other form as guided/ instructed from time to time by BSEC.

Date: 20th February, 2023.



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Dr. Md. Khairuzzaman Mozumder
Chairman, Meghna Petroleum Limited and
Secretary, Energy & Mineral Resources Division