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**Dividend Distribution Policy**  
**of**  
**Power Grid Company of Bangladesh Limited (PGCB).**

**PREAMBLE:**

This Dividend Distribution Policy (hereinafter called "Policy") is formulated and adopted in compliance with the provisions of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC), The Companies Act 1994, DSE & CSE Listing Regulation 2015, tax legislation and other applicable laws.

**SHORT TITLE:**

This Policy shall be called the Dividend Distribution Policy of Power Grid Company of Bangladesh Limited (PGCB).

**DEFINITIONS:**

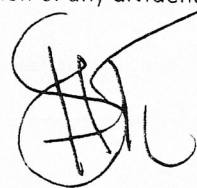
- "Act" means The Companies Act, 1994 or any amendments thereto;  
"AGM" means Annual General Meeting of Company;  
"Board" means the Board of Directors of PGCB;  
"Company" means Power Grid Company of Bangladesh Ltd.;  
"CMSF" means Capital Market Stabilization Fund;  
"Preference Shares" means shares which have preference over ordinary shares in terms of payment of dividend and repayment of capital if the company is wound up;  
"Days" means Calendar days if not otherwise mention differently;  
"Record Date" means the cut-off date established in order to determine which shareholders are eligible to receive dividend;  
"Shareholder(s)" means member(s) whose names are registered in the Members' Register of the Company;  
"Shares" means Ordinary Shares of the Company.

**DIVIDEND:**

Dividend means distribution of any sum to Members out of profits or reserves available for that purpose. Dividend can be in the form of cash and/or Stock (Bonus). Dividend includes Annual Dividend and Interim Dividend. Dividend will also include any dividend payable against Preference Shares issued and outstanding on the books of the Company.

**DECLARATION OF DIVIDENDS:**

- ❖ Dividend will be declared by the Members at an Annual General Meeting as per the provisions of the Act on the basis of recommendation of the Board;
- ❖ Unless Dividend has been recommended by the Board, the Members in General Meeting cannot, on their own, declare any Dividend;
- ❖ No Dividend can be declared on equity shares for previous year(s) in respect of which annual financial statements have already been adopted at the respective Annual General Meeting(s);
- ❖ Dividend, if declared, will be paid out of the profit of the company for the financial year or out of profit(s)/reserve for the previous financial year(s);
- ❖ The Company will transfer such percentage of profit for that financial year as it considers appropriate to the reserve of the company prior to the declaration of any dividend;



- ❖ Dividend is not declared out of the Share Premium Account or the Capital Reserve Account or Revaluation Reserve Account or out of profit earned prior to the incorporation of the company;
- ❖ The Company will not declare any Dividend if there are reasonable grounds to believe that after payment of dividend the Company would become unable to pay its liabilities or discharge its obligations as and when they become due;
- ❖ Interim Dividend may be declared out of profit after considering the audited periodic financial statements. Interim Dividend is not declared out of reserves;
- ❖ Dividend if payable, will be paid to the Preference Shareholders before payment of Dividend to the Ordinary Shareholders in accordance with the terms of subscription agreements executed with respective Preference Shareholders;
- ❖ The Company will try to maintain a stable and constant Dividend Distribution policy subject to the consideration of the following Internal & External factors.

### **FACTORS AFFECTING THE DIVIDEND DISTRIBUTION POLICY:**

#### Internal Factors:

- Profitability;
- Availability and Liquidity of Funds;
- Capital Expenditure needs for the existing businesses;
- Expansion/Modernization of the business;
- Additional investments in subsidiaries/associates of the Company;
- Cost of raising funds from alternate sources;
- Cost of servicing outstanding debts;
- Funds for meeting contingent liabilities;
- Mergers and Acquisitions;
- Any other factor as deemed appropriate by the Board.

#### External Factors:

- Shareholder expectations;
- Economic environment;
- Industry outlook;
- Dividend payout history;
- Trend of Interest rate and Monetary Policy;
- Conditions imposed by lenders;
- The economic, legal and regulatory framework & government policies etc.

### **DISTRIBUTION OF DIVIDEND:**

- The Company shall pay of the annual or final dividend, if declared, to the entitled Shareholders within 30 days of approval by the Shareholders in the AGM;
- Interim dividend, if declared, shall be paid off to the entitled Shareholders within 30 days of record date;
- The Company shall pay off cash Dividend, if any, directly to the bank account of the entitled Shareholder as available in the BO account maintained with the depository participant (DP), or bank account as provided by the Shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN) or may pay off such dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;

- The Company, 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, 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;
- The Company, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, may issue cash dividend warrant;
- The Company shall pay off cash dividend to non-resident Shareholder(s) or foreign portfolio investor (FPI), if any, through the security custodian in compliance with the rules or regulations in this regard;
- The Company shall credit stock dividend, if declared, directly to the BO account or issue the bonus share certificate(s) in favor of the entitled Shareholder, as applicable, within 30 (thirty) days of declaration or approval in the AGM, subject to the fulfillment of the conditions issued by the BSEC.

### **MANAGEMENT OF UNCLAIMED OR UNDISTRIBUTED OR UNSETTLED DIVIDEND:**

The management of unclaimed or undistributed or unsettled dividends will be governed by the CMSF Rule 2021 issued by the Bangladesh Securities and Exchange Commission.

### **TAX TREATMENT:**

Dividends are taxable income for shareholders. Depending on the entity, tax will be deducted at source as per applicable tax laws.

### **AMENDMENTS / MODIFICATIONS:**

This Policy may be reviewed, amended, modified and revised by the Board when considered necessary.

### **DISCLAIMER:**

This policy does not represent any commitment on the future dividend of the Company but represents a general guidance regarding dividend distribution.

### **DISCLOSURE OF POLICY:**

This policy is to be disclosed in the company's annual report and on the website of the company, [www.pgcb.gov.bd](http://www.pgcb.gov.bd).

### **APPROVAL & EFFECTIVE DATE:**

This Policy has been approved and adopted by the Board of Directors of the Company at its meeting held on ..... and shall be effective and applicable for dividend, onward.

