



# Envoy Textiles Limited

## DIVIDEND DISTRIBUTION POLICY

[Pursuant to BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated January 14,2021]

### 1. Introduction

This Policy is called “Envoy Textiles Limited - Dividend Distribution Policy” (hereinafter referred to as the “Policy”) and has been framed by Envoy Textiles Limited (the “Company”) pursuant to Bangladesh Securities Exchange Commission (BSEC) Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021 about dividend declaration, pay off, disbursement and compliance.

This Policy serves as a guideline only for the Board. The decision of the Board with respect to the amount of dividend recommended by it for any given period will be final and shall not be open to challenge on the basis of the policy.

### 2. Objective

- 2.1 The objective of the Policy is to provide guidance to stakeholders on the dividend distribution framework adopted by the Company. The Board of Directors of the Company (the “Board”) shall consider this Policy when resolving on dividends, always in compliance with the provisions of the Companies Act, 1994, notifications issued by the BSEC and other applicable legal provisions.
- 2.2 In the event of a conflict between the policy and the existing statutory regulations the statutory regulations will prevail.
- 2.3 This policy is prepared and adopted with the principles to ascertain profit that can be distributed to shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

### 3. Quantum and declaration of Dividend

- 3.1 Dividend other than interim dividend shall be declared at the Annual General Meeting of the Shareholders based on the recommendation of the Board. The Board has the authority to declare interim dividend.
- 3.2 Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial affordability, growth/investment requirements and fair shareholder return.
- 3.3 The Board will broadly take into consideration the financial parameters and/or internal and external factors as mentioned in clause 4 below while determining whether or not to declare dividend or to determine the quantum of dividend to be declared.

### 4. Parameters to be considered while recommending/declaring Dividend

The Board while declaring or recommending dividend to the Shareholders, will consider following internal and external factors whereas all these factors are of equal materiality and no single or group of factors supersedes any other factor or group of factors:

#### Internal Factors:

- i. Profits earned during the financial year;
- ii. The retained profits of the previous years or losses suffered in the past years;
- iii. Cash flow position of the Company and Net Debt to EBITDA ratio;
- iv. Current and projected cash balance;
- v. Projections with regard to the performance of the Company
- vi. Future capital expenditure requirement of the Company;
- vii. Working Capital requirements of the Company;
- viii. Dividend payout history.

**External Factors:**

- i) Economic environment;
- ii) Market conditions and market outlook for the Company;
- iii) Changes in Government policies and regulatory provisions;
- iv) Quantum of dividend payout by other comparable businesses.

**5. Circumstances under which Shareholders of the Company may or may not expect Dividend**

The Board shall consider the parameters mentioned in Clause 4 above before determination of any dividend payout.

The Shareholders of the Company may not expect dividend in many other circumstances, some of which are the following, always subject to the discretion of the Board:

- i) Company has inadequacy of profits or incurs losses for the financial year;
- ii) Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- iii) Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
- iv) Company has significantly higher working capital requirement affecting free cash flow;
- v) Company proposes to utilize surplus cash for buy- back of securities;
- vi) Company is prohibited to recommend/declare dividend by any regulatory body.

The Board may consider not declaring Dividend or may recommend a lower payout for a given financial year, if situation will demand. The Board shall provide rationale in the Annual Report in the event of not declaring Dividend or declaring at a lower payout.

**6. Utilization of Retained Earnings**

The Board may retain its earnings in order to make better use of the funds available and increase the value of the stakeholders in the long run after having due regard to the parameters laid down in the Policy.

The Company may declare dividend out of the profits of the Company for the current year or out of the profits for any previous year or years or out of the free reserves available for distribution of dividend, in accordance with the provisions of the Companies Act, 1994, notifications issued by the BSEC and other applicable legal provisions as amended from time to time, after having due regard to the parameters laid down in the Policy.

The retained earnings of the Company may be used in any of the following ways:

- i) Capital expenditure;
- ii) Declaration of dividend, interim or Final;
- iii) Issue of bonus shares;
- iv) Any other legitimate permissible usage

**7. Entitlement of Dividend**

The Company shall determine the record date or date of closure of the register of members. The Company shall give notice in advance of at least 14 working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date. Members whose names shall appear in the Members' /Depository Register on the Record Date will be eligible to receive dividend.

**8. Disclosures**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company <https://www.envoytextiles.com>.



#### **9. Disclaimer**

This Policy shall not be construed as a solicitation for investments in the Company's securities/shares and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

#### **10. Effective Date**

This Policy has been approved by the Board of Directors of Envoy Textiles Limited at its meeting held on April 27, 2022 and shall be effective and applicable for dividend, if any, declare for the Financial Year 2021-22 onwards.

#### **11. Policy Review**

The Policy may be modified as may, in the opinion of the Board, be deemed necessary from time to time.

THE END