

Meghna Insurance Company Limited

Dividend Distribution Policy

Introduction:

This Dividend Distribution Policy of **Meghna Insurance Company Limited** (“MICL” or “the Company”) is framed by the compliance of Bangladesh Securities and Exchange Commission’s Directive No. BSEC/CMRRCD/2021-386/3- dated, 14 January 2021. The purpose of the Policy is to define the standards, criteria and parameters that the Board of Directors of the Company shall take into account at the time of recommendation for dividend.

Period & Category of Dividends:

Dividends are paid in the form of Cash and Stock. The period is interim and final. The Board of Directors shall have the absolute power of recommending the final dividend subject to approval of the shareholder’s on the day of the Annual General Meeting (AGM). During the financial year, in line with this policy, the Board of Directors shall have the power to declare an interim dividend. Final Dividends are paid once in a financial year after finalization and audit of annual accounts. Interim dividends may be declared by the Board of Directors one or more times in a financial year as may be deemed fit.

Parameter/Factors for Dividend Declaration:

Dividend shall be declared on per share basis of the ordinary shares of the Company. Presently, the Authorized Share Capital of the Company is divided into equity/ordinary shares of face value BDT 10 each. The Company has no other class of shares. The Board shall recommend or declare the amount of dividend on each share based on the following financial parameters:

Financial parameters

- Company’s financial feasibility
- Liquidity position
- Profits availability
- Reserves availability
- Favorable debt-equity ratio
- Debt interest coverage ratio
- Growth of profit
- Expansion of business

Internal Factors

Profitability: The dividend decision has to be made keeping the profitability into account.

Growth Plan: The associated capital expenditure can require the company to maintain its generation of funds to be deployed within the optimal growth or expansion possibilities for the expected leverage.

Growth rate: Growth rate of the past earning and predicted profits

Free Cash Flow: Free cash flow availability has a strong effect on the amounts to be distributed via dividends to shareholders.

Investment Opportunities: Dividend decisions shall be taken in the light of available investment opportunities.

Factors that are likely to have a significant impact on the Company but are not explicitly covered above.

External Factors:

Statutory restrictions: The declaration and distribution of dividends will be subject to prevailing legal requirements, regulatory conditions, and restrictions;

Shareholders expectations: Shareholders' expectations play an important role in the decision making process of dividend declaration;

Government policies: Policies and restrictions imposed under the Act with regard to the declaration of dividend;

Factors that are likely to have a significant impact on the Company but is not explicitly covered above.

Declaration/recommendation of Dividend:

- Should notify the Exchanges and the Commission in advance the date and time of its board of directors' meeting specially called for consideration/adoption of its quarterly financial statements and for declaration of any entitlement of dividend for the shareholders.
- Audit Committee should review the periodic financial statements
- Board is entitled to declare/recommend cash/bonus/interim dividend

Interim Dividend:

- Should notify the Exchanges and the Commission in advance the date and time of its board of directors' meeting.
- Should be declared by the Board of Directors
- Should not be declared out of reserves
- Should be a part of final dividend

Annual Dividend:

- The Company shall notify the Exchanges and the Commission in advance the date and time of its Board of Directors' meeting specially called for consideration/adoption of its annual audited financial statements and for declaration of any entitlement for the shareholders before 7 (seven) days of holding such meeting.

- Board of directors should recommend the dividend and the shareholders should approved in the general meeting.
- Dividend should be declared out of profit or out of reserves.

Utilization of Retained Earnings:

The retained earnings shall be utilized for business purposes of the Company and to increase the value of the shareholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on:

- Market expansion plan
- Product expansion plan
- Modernization plan
- Diversification of business
- Long term strategic plans
- Replacement of capital assets
- Where the cost of debt is expensive
- Dividend payment
- Such other criteria as the Board may deem fit from time to time

Entitlement to Dividend:

Only the shareholders of the Company whose names appear in the depository register maintained with Central Depository Bangladesh Ltd. and or members register of the Company. On the record date fixed by the Company shall be entitled to receive the dividend.

Payment of Dividend:

The Company should maintain detailed information of Beneficiary Owners (BO) account, bank account, mobile Phone number, email and address of the shareholder as maintained with the Depository Participants (DP). This information shall be kept confidential.

Annual Dividend shall be paid off within 30 days from the date of its declaration in the Annual General Meeting or General Meeting of the Company, as the case may be; and Interim Dividend shall be paid off within 30 days of record date. Provided, however, that the period of 30 days shall not apply in case where-

- (i) There is a dispute regarding to right to receipt the payment; or
- (ii) The dividend has been fully adjusted by the company against any sum due to it from the shareholders; or
- (iii) There is any mismatch/ lack of information of Beneficiary Owners (BO) account; or
- (iv) There is any restraint order by any court of law.

A. Cash dividend:

The following methods and processes must be followed when distributing cash dividends, namely:-

- (i) Within 10 (ten) days of declaration of cash dividend by the board of director of the Company an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the Company dedicated for this purpose;
- (ii) The Company shall pay off cash dividend directly to the bank account of the entitled shareholder or unit holder as available in the BO Account maintained with the depository participant (DP), or the bank account as provided by the shareholder or unit holder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN); Provided that the Company may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
- (iii) 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:

Provided that if the stock broker or merchant banker or portfolio manager fails to provide detailed information (e.g., BO account number, bank account number, intention, etc. of the client or customer including CCBA to the Company for such claim, then the Company shall immediately inform Bangladesh Securities & Exchange Commission.

- (iv) 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, shall issue cash dividend warrant and shall send it by registered post to the shareholder or unit holder;
- (v) The Company shall pay off cash dividend to non-resident sponsor, director, shareholder, unit holder or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- (vi) The Company, immediately after disbursement of cash dividend subject to deduction of Advance Income Tax or other tax, if applicable, and also after issuance of a certificate of tax deducted at source, if applicable, shall intimate to the shareholder or unit holder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder or unit holder;
- (vii) The Company shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number-wise or name-wise or folio number-wise of the shareholder or unit holder; and shall also disclose the summary of aforesaid information in the manner report and shall also report in the statements of financial position (Quarterly/annually) as a separate line item '**Unclaimed Dividend Account**': **Provided that the Company shall publish the year-wise summary of its unpaid or unclaimed dividend in the website:**

Provided further that **any unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remains, shall be transferred to a separate bank account of the Company as maintained for this**

purpose within 1 (one) year from the date of declaration or record date, as the case may be.

B. Stock dividend or bonus shares:

The Company shall credit stock dividend or bonus shares directly to the BO Account or issue the bonus share certificate of the entitled shareholder, as applicable, within **30 (thirty) days** of declaration in Annual General Meeting/General Meeting or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL). The Company shall comply with all laws, rules, regulations and other legal requirements having force of law for recommending dividend, be it cash dividend or stock dividend, including compliance of Regulation 46 of ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of stock dividend or bonus shares.

The Company shall follow the following procedures for ensuring the rightful ownership:

- (i) The Company shall send at least 3 (three) reminders to the entitled shareholders;
- (ii) In case of stock dividend or bonus shares, the **Company shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares**. The said suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to the Company:

Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the said Suspense BO Account.

- (iii) The Company shall, upon receiving application from the allottee and/or after proper verification of identity and his entitlement, credit the bonus shares lying with the said Unclaimed Dividend Account in favour of the shareholder or the said Suspense BO Account to the BO Account of the allottee, as the case may be, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the Commission and the exchange(s);
- (iv) Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

Unpaid/Unclaimed Dividend:

- (i) The Company must not forfeit any unclaimed cash or stock dividend till the claim becomes barred by the law of land in force. Unclaimed dividend is paid off as per procedure set by the Bangladesh Securities and Exchange Commission and the Stock Exchanges.
- (ii) If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3 (three) years from the date of declaration or record date, as the case may be, shall be transferred by the Company to the Fund as directed or prescribed by the Commission.

Provided that the Company shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the Commission.

Provided further that if any shareholder or unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, the Company shall, after proper verification of the claim, recommend to the manager of the Fund to pay off such dividend from the Fund and the manager of the Fund shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission.

- (iii) If any stock dividend or bonus shares remains unclaimed or unsettled including corporate benefit in terms of bonus shares thereon for a period of 3 (three) years from the date of declaration or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the Fund as mentioned in the preceding clause.

Provided that the Company shall provide detailed information to the manager of the Fund during transfer of stock dividend or bonus shares as directed or prescribed by the Commission:

Provided further that if any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus shares to the BO Account of the Fund, within 15 (fifteen) days of receiving such claim, the Company shall, after proper verification of the claim, recommend to the manager of the Fund to pay off or transfer such stock dividend or bonus shares from the BO Account of the Fund and the manager of the Fund shall pay off or transfer such stock dividend or bonus shares to the claimant's BO Account in accordance with the provisions and procedures as directed or prescribed by the Commission.

Maintenance of record:

The Company, by itself or by appointing an agent, shall maintain detailed information of BO Account, bank account, mobile phone number, email and address of the shareholder or unit holder for the purpose of proper distribution of cash dividend or stock dividend:

Provided that the Company or its agent or the CDBL or its DP shall keep confidentiality of information.

Updating Record:

The Company shall update its record upon receiving any information regarding the BO Account, bank account, mobile phone number, email and address of the shareholder or unit holder from CDBL (Central Depository Bangladesh Ltd.) or its DP (Depository Participants) for the purpose of proper distribution cash dividend or stock dividend and other compliances:

Provided that in case of holding of paper share, the Company shall update the information as above.

Clarification:

The Company shall seek clarification from Bangladesh Securities & Exchange Commission in the event of any confusion or difference of opinion on any matter whatsoever regarding the part of this Policy adopted as per direction of Bangladesh Securities & Exchange Commission under

Directive No.BSEC/CMRRCD/2021-386/3- dated, 14 January 2021; and the decision of Bangladesh Securities & Exchange Commission shall be final and binding on the Company.

Submission of Compliance Report:

The Company shall submit a compliance report to Bangladesh Securities & Exchange Commission as well as Stock Exchanges in the specified format prescribed under clause (6) of Directive No. BSEC/CMRRCD/2021-386/3- dated, 14 January 2021.

Amendment:

The Board of directors shall review an update of this policy as and when required basis, if needed. Any further direction from Bangladesh Securities & Exchange Commission regarding dividend will be an integrated part of this policy.

Disclosure:

The policy is approved by the Board of Directors in its Board Meeting and will be available on the Company's website and will also be disclosed in the Company's Annual Report.

Approval of the Policy

The Board of Directors of MICL has approved this policy in its 154th Board Meeting held on 27th October 2022.

Effective Date:

This policy will be effective from 27th October 2022.