



SUMMIT POWER LIMITED

Summit Centre, 18 Kawran Bazar C/A, Dhaka-1215, Bangladesh
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Web site: www.summitpowerinternational.com/SPL

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Dividend Distribution Policy

[BSEC Notification BSEC/CMRRCD/2021-386/03 dated 14th January 2021]



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1. Overview

Preface

The objective of this Dividend Distribution Policy (“the Policy/the Dividend Policy”) is to ensure the right balance between the quantum of dividend paid and profit retained, keeping in mind the need to address future needs, to meet working capital requirements and to reduce debt from the books of accounts of the Company. In addition, this Policy will also ensure that the distribution of dividend is implemented, pursuant to the applicable legislation in the interests of the shareholders, and the Company and will also address the management of unclaimed dividends.

The 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.

Applicability

This Dividend Policy sets out the principles applicable to the declaration and distribution of dividend to be made by the Company in accordance with its Articles of Association and DSE Regulations 2015, BSEC Notification on Financial Reporting and Disclosure dated 20 June 2018, the Companies Act, 1994 and other applicable laws. In the event of a conflict between the Policy and the existing statutory regulations, the statutory regulations will prevail.

This Policy has been prepared pursuant to the Directive dated 14th January 2021 bearing reference No. BSEC/CMRRCD/2021-386/03 issued by the Bangladesh Securities and Exchange Commission (BSEC).

Effective Date

The Policy shall be effective from 15 November 2021 and onwards.

2. Parameters to be considered while recommending/declaring dividend:

Dividend in the form of cash or bonus shares, other than interim dividend, shall be declared at the Annual General Meeting of the Shareholders based on the recommendation of the Board. However, the Company in Annual General Meeting may declare a smaller Dividend than the Board’s recommendation as approved by the shareholders. The Board has the authority to declare interim cash dividend on the financial performance of the Company for an interim period, whether they are audited or not, as applicable.

Internal Factors

The internal factors may comprise of net profit after tax of the current year coupled with previous years’ retained earnings, current and projected cash position of the Company, working capital requirements, capital expenditure requirements, resources required to fund acquisitions and/or new businesses, Cash flow required to meet contingencies, Outstanding borrowings and past Dividend trends

External Factors

Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws, quantum of dividend payout by other comparable businesses



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The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment or company forecasted performance. The Board will provide rationale in the Annual Report in the event of not declaring Dividend.

The Shareholders of the Company may not expect dividend in many other circumstances, some of which, always subject to the discretion of the Board, are: inadequacy of profits or incurring of losses for the financial year, undertaking of a significant expansion project requiring higher allocation of capital or any acquisitions or joint arrangements requiring significant, significantly higher working capital requirement affecting free cash flow because of major maintenance; facing any prohibiting to recommend/declare dividend by any regulatory body and restructuring of debt and equity of the company.

3. Procedure for Declaration and Distribution of Dividend

- a. The Chief Financial Officer (CFO) in consultation with the Chairman, Managing Director, and the Company Secretary of the Company shall recommend any amount to be declared/recommended as Dividend to the Board of Directors of the Company after taking into due consideration of the parameters stated in the para 2 above.
- b. A Price Sensitive Information (PSI) is published in daily newspapers, online news portal and the Company website: <http://summitpowerinternational.com/spl> regarding the Dividend declaration, among others, type of Dividend, record date, date of AGM and class of dividend entitlement.
- c. No dividend has been declared out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the company, if any, or through reducing paid-up capital or through doing anything so that the post dividend retained earnings become negative or a debit balance.
- d. The Company shall pay all cash Dividends in accordance with this Policy through BEFTN. The Dividend that cannot be electronically distributed may be distributed in the form of Dividend Warrants via mailing service and/or arrangement for collection in person.
- e. The Company shall ensure compliance with applicable laws, and this Policy in relation to Dividend declaration and distribution by the Company and its reporting thereon to regulators, as applicable.

4. Provision relating to Unpaid or Unclaimed Dividend

Pursuant to the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, the Company shall maintain a bank account namely "Unclaimed Dividend Account", where unpaid or unclaimed Dividend shall be kept for a period of 3 (three) years from the date of declaration or approval date or record date. After lapse of the afore-mentioned period, if any Dividend remains unpaid or unclaimed or unsettled, such Dividend along with accrued interest shall be transferred to a Fund maintained by the Investment Corporation of Bangladesh (ICB)/Bangladesh Securities Exchange Commission following the guidelines stated in the Capital Market Stabilization Fund (CMSF) Rules 2021.

5. Process for claiming unpaid Dividend

The Company has a mechanism in place for claiming unpaid or unclaimed Dividend, which is usually notified in daily newspapers, online news portal and the Company website: <http://summitpowerinternational.com/spl>, in due course, following guidelines of the directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, the Capital Market Stabilization Fund (CMSF) Rules 2021 and this Policy. Any query relating to unclaimed or unpaid Dividend can be emailed to spl.investorrelations@summit-centre.com and/or to the contact details of the Company Secretariat mentioned in the Company website and Dhaka and Chittagong Stock Exchanges.





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6. Provision of Dividend Information

The Company maintains a record of unpaid or unclaimed Dividend. Summary of such record shall be available in the Annual Report and in the Quarterly Financial Statements. The Company shall also publish such record in its website in accordance with the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021.

7. General

This Dividend Policy will be subject to revision/amendment in accordance with changes in applicable laws or the guidelines issued by BSEC or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company has currently only one class of equity shares, namely ordinary shares. In the future, if the Company issues multiple classes of shares, the parameters of the Policy will be appropriately addressed.

The Board shall review this Policy annually. Upon recommendation of the Board, the Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Lt. Gen (Retd) Abdul Wadud
Managing Director
Summit Power Limited