

Dividend Distribution Policy

Genex Infosys Limited

INTRODUCTION

The Dividend Distribution Policy is prepared and adopted in compliance with the provisions of the Directive No. SEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) about dividend declaration, pay off, disbursement and compliance.

The Board of Directors (the Board) will consider the directive while declaring/ recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for declaring/recommending dividend, which takes into consideration all the relevant circumstances enumerated hereunder, or other factors as may be decided by the Board.

DIVIDEND

Dividend means distribution of profits, earned in the current year or earlier years, by the company, to its shareholders in proportion to the amount paid-up on shares held by them. A Company can either declare dividend during the year, which is called interim dividend, or can declare dividend after the end of financial year, which is called final dividend.

Interim dividend can be declared by the Board of Directors during the financial year by passing a resolution at its meeting. Final dividend is recommended by the Board of Directors for approval by the shareholders at the annual general meeting.

This policy applies to declaration of interim dividend and recommendation of final dividend by the Board:

- ✓ No dividend shall be paid other than out of profits of the year or accumulated profits of earlier financial years or any other undistributed profits
- ✓ The shareholders who shall be entitled to such dividend, if recommended
- ✓ The decision about recommending or not recommending dividend and entitlement for such dividend, if recommended, shall be taken after considering the interim dividend already distributed and cannot be changed prior to holding of the annual general meeting
- ✓ No dividend shall be 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

If the Board deemed fit may capitalize the profits of the company by issuing fully paid-up bonus shares. Provided that in case of declaration of stock dividend for the year, the company shall consider the proportion of cash and stock, or Bonus prescribed by the Finance Act, the bonus shares shall be recommended out of accumulated profit or share premium and shall explain the reason for recommending stock dividend and utilization of such retained amount as capital (stock dividend) shall be disclosed in the annual report. The bonus shares shall be issued having justified reasons including the company's BMRE (Balancing, Modernization, Rehabilitation and Expansion) or any of its components. The Company shall disclose the following while disseminating Price Sensitive Information in this regard:

- 1 The reasons for declaration of bonus shares and utilization of such retained amount as capital.
- 2 The bonus shares are declared out of accumulated profit or share premium.

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Operations Centre:

1. Nitol Niloy Tower (6th-12th Floor), Khilkhet, Nikunja-2, Dhaka-1229
2. Chattogram Software Technology Park (Level - 7 & 8), Singapore Bangkok Market Badamtoli Circle, Agrabad, Chattogram.

Registered & Corporate Office:

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- 3 The bonus shares are not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the company or through reducing paid up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

The Company shall follow the guidelines/steps time to time prescribed by the regulators while recommending stock dividend.

DECLARATION OF DIVIDEND

Dividend for the year shall be decided by the Board of Directors considering various statutory requirements, financial performance of the company and internal and external factors stated below. However, the Company shall distribute not less than 30% of its Profit after Tax as dividend (interim and final together).

1. Internal factors

- ✓ Current year's profits and future outlook for the Company and the industry
- ✓ Liquidity position of the Company
- ✓ Investment plans
- ✓ Working capital requirements
- ✓ Past dividend pay-out trends of the Company
- ✓ Rate of growth in net profits and turnover during the preceding three financial years
- ✓ Likelihood of crystallization of any of Company's contingent liabilities
- ✓ Such other parameters as may be considered appropriate by the Board of Directors from time to time

2. External factors

- ✓ Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws.
- ✓ Dividend pay-out ratios of companies in the same industry.

The Board may decide not to recommend/ pay any Dividend during a financial year in the following circumstances:

- ✓ In the event of loss or inadequacy of profit.
- ✓ Where Company needs to conserve its profits/ surplus funds for business plans and other exigencies.
- ✓ Non availability of surplus cash and liquid funds.
- ✓ Such other circumstances where Board is of the opinion to not declare/ pay any Dividend.

Utilization of retained earnings

Subject to applicable regulations, the Company's retained earnings shall be applied for:

- ✓ Business expansion and up-gradation – Expansion and modernization of infrastructure facilities, product development, market expansion, business promotion and related activities
- ✓ Payment of Dividend
- ✓ Issue of Bonus shares
- ✓ Investments and new business opportunities
- ✓ Meeting financial emergencies and other contingencies
- ✓ Any other purpose as may be deemed proper by the Board

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DIVIDEND PAYMENT

The Company shall pay off the annual or final dividend to the entitled shareholders within 30 (thirty) days of approval. The Interim dividend shall pay off within 30 (thirty) days from Record Date.

Cash dividend shall be distributed in the following manner and procedures:

- ✓ An amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account within 10 (ten) days of declaration of cash dividend by the Board
- ✓ The Company shall pay off cash dividend directly to the bank account of the entitled shareholders, as per CDS database on record date, through Bangladesh Electronic Funds Transfer Network (BEFTN)
- ✓ 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, the Company 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
- ✓ In case of non-availability of bank account information or if not possible to distribute cash dividend through BEFTN, the Company shall issue dividend warrant and shall send it by post to the registered address of the shareholders
- ✓ The Company shall pay off cash dividend to non-resident shareholders or foreign portfolio investor through the security custodian in compliance with the rules or regulations in this regard
- ✓ The Company after disbursement of cash dividend shall send through email a dividend notices to the shareholder containing the bank details, date of transfer, applicable tax deducted at source, net dividend amount etc.

Stock dividend shall directly credit to the BO account of the entitled shareholders as per CDS database on record date within 30 (thirty) days of approval subject to clearance of the Securities and exchange Commission, Stock exchange(s) and the Central Depository Bangladesh Limited (CDBL).

The Company shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and the Suspense BO Account shall be held under Block Module. Any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO Account.

The Company shall, upon receiving application from the shareholders and after proper verification of identity and entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the shareholder, within 15 (fifteen) days of receiving application with an intimation to the Bangladesh Securities and Exchange Commission (BSEC) and Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholders is established.

UNCLAIMED OR UNPAID DIVIDEND

The Company shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force. The unclaimed dividend for a period of three years from the date of declaration/approval shall be transferred by the Company to the Capital Market Stabilization Fund in accordance with the Bangladesh Securities and Exchange Commission's notification in this regard. After transfer of the unclaimed dividend, the Company may recommend the fund manager for payment of dividend within 15 days of receiving a valid claim.

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DISCLOSURES

The Company shall maintain detailed information of unpaid or unclaimed cash dividend and rationale thereof, as per BO account (number-wise or name-wise or folio number-wise) of the shareholders, and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/annually) as a separate line item 'Unclaimed Dividend Account. The Company shall publish the year-wise summary of its unpaid or unclaimed cash dividend along with the dividend compliance report in the website.

DIVIDEND DISTRIBUTION COMPLIANCE REPORT

The Company shall submit a dividend distribution compliance report to BSEC, DSE & CSE in the prescribed format issued by the regulator(s) within the stipulated time of completion of dividend distribution to the entitled shareholders.

EFFECTIVE DATE

This Policy has been approved by the Board of Directors of the Company at its meeting held on 1st February 2021 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2020-21 onwards.

DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website <https://genexinfosys.com>

REVIEW/AMENDMENT

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

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