DIVIDEND DISTRIBUTION POLICY

Energypac Power Generation Limited

A. Introduction

This Dividend Distribution Policy ("Policy") has been formulated by Energypac Power Generation Limited (hereinafter, referred to as "EPGL" or "the Company") pursuant to Bangladesh Securities and Exchange Commission (BSEC) Directive no. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021.

The Policy lays down the broad criteria and parameters which the Company would take into consideration for the purpose of ascertaining the amount of dividend to be declared. Considering future needs of the Company, the management shall maintain a balance between the payout ratio and retained earnings.

The Board of Directors of the Company (the "Board") shall consider this Policy when resolving on dividends, always in compliance with the Memorandum and Articles of Association of the Company, the provisions of the Companies Act, 1994, Order, Notifications or Directives issued by the BSEC, Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) from time to time and other applicable legal provisions. .

The Policy has been adopted by the Board of Directors in its meeting held on October 27, 2022 ("The Effective Date").

B. Objectives

The objective of this Policy is to lay down the broad criteria and parameters to be considered by the Board of Directors of the Company before recommending dividend to its Shareholders for a financial year. The Policy is not an alternative to the decision of the Board for proposing dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board. This Policy is in line with the Company's medium and long-term strategies, investment and financial plans, the state of the Country's economy and the industry and keeping the balance between the expectations of the Shareholders and the needs of the Company, this Policy is also in compliance with the provisions of the relevant laws and regulations so as to establish a balance between the dual objectives of rewarding the shareholders through dividends and retaining profits in order to support future growth of the Company..

C. Parameters to be considered while recommending/declaring Dividend

The Board while recommending dividends should take into consideration the financial position of the Company, other funding needs related to the investments to be made, conditions in the sector, conditions in the economic environment and company's present and future performance for declaration and payment of dividend. In addition to above, the Board of Directors shall also consider the following factors while arriving at the dividend amount:

i. Statutory and Regulatory Compliance

The Company shall declare dividend only after ensuring compliance with the regulatory guidelines and applicable laws on dividend declaration, i.e., in line with the requirements of Companies Act, 1994, Order, Notifications or Directives issued by the BSEC, DSE, CSE and Central Depository Bangladesh Limited (CDBL) from time to time and other applicable laws relating to securities, etc.

ii. Financial Parameters

- Availability of profits
- Financial feasibility of the Company
- Favorable debt equity ratio
- Company's liquidity position and future cash flow requirements for operations
- Profits earned during the financial year
- Tax implications if any, on distribution of dividends and
- Such other factors and/or material events which the Board may consider necessary.

iii. Internal Factors

- Growth rate of past earnings
- Growth rate of predicted profits
- Earnings stability
- Accumulated reserves
- History of dividends distributed by the Company
- Working capital requirements
- Corporate actions including mergers/demergers, acquisitions and additional investments including expansion plans and investment in subsidiaries/associates of the Company
- Expansion/Modernization of the business
- Additional investment in subsidiaries of the Company
- Present & future capital expenditure of the Company
- Any other factor as deemed appropriate by the Board.

iv. External Factors

- Shareholders' expectations
- Macroeconomic and business conditions
- Sectorial performance
- Cost and availability of alternative sources of financing
- Industry outlook for the future years
- Quantum of dividends payout by other comparable businesses
- Unforeseeable circumstances such as natural calamities, pandemics, Government restrictions etc., effecting operation of the Company
- Changes in the Government policies or changes in regulatory provisions and Other relevant factors that the Board may deem fit.

D. 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 (at least 14 market days but not exceeding 30 market days) to stock exchange(s) for fixing the record date. Members whose names shall appear in the Members'/Depository Register on the Record Date will be eligible to receive dividend.

The Company shall maintain detailed information of BO accounts, bank accounts, mobile phone number, email and address of the members/shareholders for the purpose of proper distribution of cash or stock dividends and/or bonus shares.

E. Approval Procedure

i. The dividend proposal placed before the Board for its recommendation shall be in term of this Policy
ii. The recommendation of the Board should be placed before the Annual General Meeting for final approval of the Shareholders and
iii. The Company shall ensure compliance with the provisions of applicable Laws and this Policy while declaring its dividends.

F. Dividend Distribution

i. Company shall pay off the dividend (both cash & stock) to the entitled shareholders within 30 days of approval..
ii. Equivalent amount of Cash Dividend shall be kept in a dedicated separate Bank Account within 10 (ten) days of declaration by the Board of Directors;
iii. The Company shall pay off cash dividend to the bank account of the entitled shareholder as available in the BO account maintained with the Central Depository Bangladesh Limited (CDBL) database system or the Bank Account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN) or through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
iv. If any claim on cash dividend is received from a stock broker, merchant banker or a portfolio manager for shareholders having debit balance or margin loan, margin clients or customers, the company shall pay off such cash dividend to the Consolidated Customer's Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN;
v. In case of non-availability of bank account information or if it is not possible to distribute cash dividend through BEFTN or any electronic payment system, the Company shall issue cash dividend warrant and shall send it by post to the shareholder;
vi. Regarding non-resident shareholders, the Company shall pay off cash dividend through the security custodian in accordance with the applicable rules and regulations;

vii. The Company shall deduct tax at source from the dividend and issue a certificate of such tax deduction to the shareholders;

viii. Company shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL);

ix. 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 approval or record date, as the case may be, shall be transferred by the company to the Fund as directed or prescribed by the BSEC;

x. In case of issuance of bonus shares, the Company shall follow the applicable rules/regulations/guidelines issued by BSEC from time to time in this regard and shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the procedure set out in the BSEC Directive no. BSEC/CMRRCD/2021-386/03; January 14, 2021 for ensuring rightful ownership;

xi. If any stock dividend or bonus shares remains unpaid or unclaimed or unsettled for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the Company to the BO Account of the Fund in dematerialized form as directed or prescribed by the BSEC and inform the manager of the Fund of such transfer.

xii. If any shareholder claim his cash dividend, stock dividend or bonus shares (as the case may be) after transfer of such dividend or bonus shares to the Fund, the Company shall, within 15 (fifteen) days of receiving such claim, upon proper verification of such claim, recommend to the manager of the Fund to pay off or transfer such dividend or bonus shares from the Fund or the BO Account of the Fund to the said shareholder.

xiii. The Company shall follow the directives/circulars in force issued by the regulatory authorities related to dividend distribution from time to time.

xiv. The Company shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of the land in force.

G. Information and disclosure of unpaid or unclaimed dividend

i. The Company shall maintain detailed information of unpaid or unclaimed dividend as per BO account number-wise or name-wise or folio number-wise of the shareholder 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';

ii. The Company shall publish the year-wise summary of its unpaid or unclaimed dividend in the website;

iii. Any unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, 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 approval or record date, as the case may be.

H. Compliance report to the Commission and Stock Exchanges

The Company shall submit a compliance report to the Commission and the Exchanges in a specified format in respect of the provisions of clause (2), (3), (4) and (5) of the Directive No. BSEC/CMRRCD/2021-386/03 dated January, 2021 within 7 (seven) working days of the completion of dividend distribution and publish the compliance report in its website.

I. Utilization of Retained Earnings

The Company may utilize its retained earnings in the manner which is beneficial to the interest of the Company and its stakeholders. Retained earnings help in maintaining a healthy capital adequacy ratio and supports the future growth. The retained earnings may be used in any of the following ways, amongst others:

- Acquisition/diversification of business;
- Capital expenditure requirements;
- Investment in new business and/or additional investment in existing business;
- Market or product development/expansion plan;
- Increase in production capacity;
- Expansion and modernization of existing business;
- High cost of debt, issue of bonus shares, and;
- Any other way the Board deems fit and proper.

Apart from the above, the Board at its sole discretion 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 or unforeseeable circumstances.

The portion of profits not distributed among the shareholders as dividends will be used for the business activities of the Company.

J. Circumstances Impacting Dividend Payment

Given herein below are some of the circumstances in which shareholders of the Company may or may not expect dividend pay-out:

(i) May Expect Dividends:
- Adequate profits and liquidity
- Accumulated profits not warranted for immediate business needs.

(ii) May Not Expect Dividends:
- Non availability of profits for dividend distribution
- Funds available for dividend but need to be conserved due to:

- Business needs;
- Adverse economic/market scenario expected in near future;
- Augmenting internal resources.

K. Conflict in the Policy

In the event of a conflict between the Policy and the existing statutory or regulatory laws, the statutory regulations shall prevail.

L. Amendments/Modifications of the Policy

To the extent any change/amendment is required to be made in this Policy in terms of any applicable law, change in regulations or capital market condition, the provisions in the policy would be modified in due course to make it consistent with the law in force from time to time or to adopt to existing market conditions. Such amended Policy shall be placed before the Board for approval and ratification.

M. Review of the Policy

The Board of Directors of the Company may review the Policy if, in the opinion of the Board, be deemed necessary.

N. Disclosures of the Policy

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the official website of the Company.

O. 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;
- The Policy does not constitute a commitment by the Company or the Board regarding the future dividends of the Company, but only represents a general guidance to Shareholders regarding dividend policy;
- The statement of the Policy does not in any way restrict the right of the Board to use its discretion in recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from the Policy as and when circumstances so warrant;
- The Policy will be available on the company's website (i.e. www.energypac.com) and will also be disclosed in the Company's Annual Report