

DIVIDEND DISTRIBUTION POLICY

BACKGROUND AND APPLICABILITY

KDS Accessories Limited maintains a dividend distribution policy for its own purpose. After Bangladesh Securities and Exchange Commission (BSEC) directive dated BSEC/CMRRCD/2021-386/03 dated January 14, 2021, it becomes mandatory for the listed companies to have a Dividend Distribution Policy and also to disclose in the Company's website and in the Annual Report.

The Board of Directors (the Board) of KDS Accessories Limited (the Company) has adopted this Dividend Distribution Policy to comply with the requirements. The Policy shall apply to the ordinary equity shares issued and outstanding since the Company has issued only one class of equity shares.

DEFINITION

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. Dividend can be cash or stock in types and can also be final or interim. Dividend to be declared on the basis of audited financial statements regardless of interim or final.

Final Dividend

The Company can declare dividend after the end of financial year, which is called final dividend. Final dividend shall be declared on the basis of recommendations of the Board and shareholders shall approved at the Annual General Meeting (AGM) of the Company.

Interim Dividend

The Company can also declare dividend from current year profits, which will be called interim dividend and the Board may, at the discretion, declare an interim dividend out of current profit.

OBJECTIVES

The Policy 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 our company into consideration in accordance with

the provisions of the relevant legal laws and regulations, is determined with the proposal of the Board of Directors and the decision taken in the annual general meeting.

The Board will consider the Policy while proposing dividend on behalf of the Company. 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 of other factors as may be decided by the Board.

PARAMETERS FOR DECLARATION OF DIVIDEND

The Policy depends on 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, Company's present and future performance for declaration and payment of dividend. The Board of Directors shall consider the factors affecting the dividend proposal while arriving at the dividend amount:

• *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;
- Profit growth.

• *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;
- Mergers and acquisitions.

• *External Factors*

- Shareholders' expectations;
- Macroeconomic and business conditions;
- Sectorial performance;
- Cost and availability of alternative sources of financing;

- Industry outlook for the future years;
- Changes in the government policies or changes in regulatory provisions;
- Other relevant factors that the Board may deem fit.

• **Utilisation 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 helps in maintaining a healthy capital adequacy ratio and supports the future growth.
- Acquisition/diversification of business;
- Capital expenditure requirements;
- Investment in new business and/or additional investment in existing business;
- Market of Product development/expansion plan;
- Increase in production capacity;
- Expansion and modernization of existing business;
- High cost of debt.

Apart from the above, the Board may consider not declaring dividend of 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 financial environment.

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

• **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.

DISCLOSURES

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

MODIFICATION OF THIS POLICY

The Board is authorized to change or modify this Policy from time to time at its sole discretion and/or in pursuance of any amendments made by any relevant law for the time being in force.

DISCLAIMER

The 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 investment in the Company's securities.