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# Esquire Knit Composite Ltd.

Certified by :



## DIVIDEND DISTRIBUTION POLICY(REVISED) OF ESQUIRE KNIT COMPOSITE LIMITED

### Policy Introduction

Bangladesh Securities and Exchange Commission (BSEC) issued Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021 for listed Companies to formulate their Dividend Distribution Policy and disclose the policy in the Company's annual report and official website. In compliance with this directive "Esquire Knit Composite Limited" ("Esquire Knit Composite" or the "Company") publishes this statement as a guiding framework for the shareholders with regards to the Companies Dividend Policy.

This statement provides a brief outline of the legal and regulatory provisions relating to the dividend, key issues in dividend considerations, and procedure for the declaration, approval, and payment of the dividend.

### The policy of Esquire Knit Composite Limited

The Dividend Distribution Policy of Esquire Knit Composite Limited recommends a set of principles/guidelines about the declaration and payment of dividends and matters incidental thereto or connected therewith. The said policy is formulated for ensuring proper distribution of declared dividends (final/interim) to the shareholders of the Company. The Board of Audit Committee reviewed the policy in its 23<sup>rd</sup> Committee Meeting dated 30<sup>th</sup> January 2022 which was finally approved by the Board of Directors in its 120<sup>th</sup> Board Meeting held on 30<sup>th</sup> January 2022.

Major highlights of the Dividend Distribution Policy are as follows:

#### 1. Procedure for declaration of dividends

The dividend would be recommended by the Board of Directors based on the Company's audited financial statements. Where necessary, all requisite approvals and clearances shall be obtained before the dividend declaration. Dividends shall be approved by the Shareholders at an Annual General Meeting (AGM) based on the recommendation of the Board of Directors but no dividend shall exceed the amount recommended by the Directors.

No dividend shall be paid other than out of profits of the year or any other undistributed profits of the Company. 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 before 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.

#### Interim dividend

The Company's Board of Directors shall make decisions about recommending interim dividends for the shareholders based on audited financial statements and declaring to the shareholders who shall be entitled to such dividends.

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Member of



Esquire Group





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No stock or bonus entitlement shall be declared as an interim dividend. The Board of Directors may from time-to-time pay interim dividends to shareholders if it appears to the Board of Directors to be justified by the profits of the Company. The decision about recommending an interim dividend and entitlement for such dividends cannot be changed.

### Final dividend

The Company's Board of Directors shall recommend a final dividend for the shareholders based on annual audited financial statements and declare the shareholders who shall be entitled to such dividend. The decision about recommending or not recommending the final dividend and entitlement for such dividend, if recommended, shall be taken after considering the interim dividend already distributed and cannot be changed before holding the AGM.

In case of declaration of stock dividend for the year, the Company shall explain the reason for declaring stock dividend and utilization of such retained amount as capital (stock dividend) shall be disclosed in the annual report.

## 2. Entitlement to dividend

The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the '**Record Date**' would be entitled to receive the Company's interim dividend. The Shareholders whose names would appear in the Register of Members of the Company and/or in the Depository on the '**Record Date**' would be eligible to join the AGM and entitled to receive the annual/final dividend of the Company.

## 3. Schedule for payment of dividends

**Esquire Knit Composite Limited** shall pay off the **interim dividend** to the entitled shareholders, within **30 (thirty) days** of the **record date**. **Esquire Knit Composite Limited** shall pay off the **Annual or final dividend** to the entitled shareholders, within **30 (thirty) days** from the **date of approval by shareholders in the AGM**

### 3.1 Cash dividend

**Cash dividends shall be distributed in the following manner and procedures:**

- 3.1.1. Within 10 (ten) days of the declaration of a cash dividend by the Board of Directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of Esquire Knit Composite Limited;
- 3.1.2. The Company shall pay off cash dividend directly to the bank account of the entitled shareholders as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholders in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN):

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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;

- 3.1.3. 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 a debit balance or margin loan, or as per the intention of the client of a stock broker or merchant banker or portfolio manager, EKCL shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or the separate bank account of the merchant banker or portfolio manager through BEFTN;

The Company shall collect detailed information (e.g., BO account number, code Number, bank account number, intention, etc. of the client or customer including CCBA of stockbroker or separate bank account of merchant banker or portfolio manager) from the stockbroker or merchant banker or portfolio manager for such claim;

- 3.1.4. In case of non-availability of bank account information or if not possible to distribute cash dividends through BEFTN or an electronic payment system, EKCL shall issue a cash dividend warrant and shall send it by post to the shareholders;
- 3.1.5. The Company shall pay off cash dividends to non-resident sponsors, directors, shareholders, unit holders, or foreign portfolio investors (FPI) through the security custodian in compliance with the rules or regulations in this regard;
- 3.1.6. The Company, immediately after disbursement of cash dividend and issuance of a certificate of tax deducted at source, if applicable, shall intimation to the shareholder 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;
- 3.1.7. EKCL 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 dividends on the website.

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 issuer as maintained for this purpose, within 1 (one) year from the date of approval by shareholders in AGM;

- 3.1.8. 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 approval by shareholders in AGM, shall be transferred by the issuer to the Fund as directed or as prescribed by the Commission.

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- 3.1.9. The Company shall provide detailed information to the manager of the Fund during the transfer of cash dividends as directed or prescribed by the Commission.

Fund,

If any shareholder claims his/her cash dividend after the transfer of such dividend to the

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 by the provisions and procedures as directed or prescribed by the Commission.

### 3.2. Stock dividend

**The stock dividend shall be distributed in the following manner and procedures:**

- 3.2.1. EKCL shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholders, as applicable, within 30 (thirty) days from the date of approval by shareholders in AGM, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL).
- 3.2.2. EKCL shall follow the provisions of প্রবিধান ৪৬ of the ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা, ২০০৩ for issuance of bonus shares. EKCL shall maintain a Suspense BO Account for undistributed or unclaimed stock dividends or bonus shares and shall also follow the under-mentioned procedures for ensuring the rightful ownership:
- a) EKCL shall send at least 3 (three) reminders to the entitled shareholders.
  - b) The 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 to allot the bonus shares as and when the allottee approaches the issuer.
  - c) 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.
  - d) EKCL shall, upon receiving an application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, 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).
  - e) 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.

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3.2.3. If any stock dividend or bonus shares remain unclaimed or unsettled including corporate benefit in terms of bonus share thereon for a period of 3 (three) years from the date of approval by shareholders in AGM, shall be transferred in dematerialized form to the BO Account of the Fund.

3.2.4. The Company shall provide detailed information to the manager of the Fund during the transfer of stock dividends or bonus shares as directed or prescribed by the Commission:

If any shareholder claims his/her stock dividend or bonus shares after the 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 by the provisions and procedures as directed or prescribed by the Commission.

### 4. Payment of unclaimed or unpaid cash dividends and stock dividend

EKCL shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force. EKCL shall follow the rules & regulations of the regulators issued from time to time regarding payment of unclaimed or unpaid cash dividends and stock dividends to the entitled shareholders

### 5. Submission of dividend distribution compliance report

EKCL shall submit a dividend distribution compliance report to BSEC, DSE & CSE in a specified format issued by the regulator(s) within 7 (seven) working days of completion of dividend distribution to the entitled shareholders.

The Company shall publish the compliance report on its website.

### 6. Policy Review and Amendment

Apart from mandatory revision, modification, or amendment as necessitated by the legal and regulatory requirements, the Company shall review this policy periodically and make necessary revisions or amendments to keep the policy relevant and up to date. The Company's Board of Directors shall approve the revision and/or amendment as it deems fit.

### 7. Disclaimer

The above Policy Statements neither give an assurance of dividend to be declared by the Company nor does it constitute a commitment for any future dividend and thus be read as a general guideline on different dividend-related issues. The policy upholds the Board's absolute/complete liberty to recommend any dividend in deviation from the policy.

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