



# কে এন্ড কিউ (বাংলাদেশ) লিঃ KAY & QUE (BANGLADESH) LTD.

Pesticide business and CNG Refueling & Filling Station.

Anchor Tower 108 Bir Uttam C.R. Dutta Road, Dhaka-1205

Tel : 58610012-8, 58610027, 58610115

58610131, 58610133, 9660424

Fax : 880-2-9662734 Web: [www.kayandque.com](http://www.kayandque.com), Email : [info@kayandque.com](mailto:info@kayandque.com)

## Kay & Que (Bangladesh) Limited Dividend Policy Statement

### Dividend:

A dividend is a share of profits and retained earnings that a company pays out to its shareholders. When a company generates a profit and accumulates retained earnings, those earnings can be either reinvested in the business or paid out to shareholders or investors as a dividend.

### Dividend Policy:

The Dividend Policy is a financial decision that refers to the proportion of the firm's earnings to be paid out to the shareholders or Investors. Here, a firm decides on the portion of revenue that is to be distributed to the shareholders as dividends or to be invested back into the firm. The amount of earnings to be retained back within the firm depends upon the availability of investment opportunities. To evaluate the efficiency of an opportunity, the firm assesses a relationship between the rate of return on investments and the cost of capital.

Sometimes it is believed that the shareholders are not concerned with the firm's dividend policy and can realize cash by selling their shares if required. While on the other hand it is also believed that, dividends are relevant and have a bearing on the real performance of the firm.

### Purpose & Background:

The objective of the Policy is to set standard procedures/guidelines to be followed by the Board of Directors in recommending the amount of dividend (interim or final) per share. A dividend policy decides proportion of dividend and retained earnings. Retained earnings are an important source of internal finance for long term growth of the company while dividend reduces the available cash funds of company. The objective of the Dividend Distribution Policy of the Company is to reward its shareholders by sharing a portion of the profits/earnings, while also ensuring that enough funds are retained for future prospects of the Company. This policy aims to ensure dividend incomes to the shareholders and long term capital appreciation for all stakeholders of the Company.

### Legal Framework:

The Board of Directors of Kay & Que (Bangladesh) Limited is under an obligation to formulate a policy for determining the dividend distribution to its shareholders to comply with the requirements of BSEC Directive vide No. BSEC/CMRRCD/2021-386/03 dated 14<sup>th</sup> January, 2021.





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## Effective Date:

The Board of Directors of the Company at its meeting held on 28 March, 2021 has adopted the Dividend Distribution Policy (Policy) of the Company as required in terms of the Directive of the Bangladesh Securities and Exchange Commission (BSEC). The effective date of the dividend distribution policy shall be in effect from July 01, 2021.

## Factors Effecting Dividend Distribution Policy:

The following factors are considered essential which might have impact over the dividend distribution policy:

### *Internal Factors*

**a) Profitability:** Dividend decision will be taken having regard to the profitability of the Company. The Company has CNG filling station, rental income and Stone & Boulder Business. In view of the business turnovers, profitability of the Company may fluctuate during the business cycle and may not be consistent and uniform.

**b) Free Cash Flow:** Availability of free cash flow has a direct bearing on amounts to be distributed to shareholders via dividends as the Company is required to meet all its business obligations before distributing profits.

**c) Growth Plans:** The Board is well aware of the matters that the growth plans of the Company and the associated capital expenditure may necessitate the Company to preserve its funds generation to be deployed for the planned growth/expansion into feasible opportunities within the desired payback statistics.

**d) Enhance Borrowing Capacity:** It may be prudent for the Company to build up certain level of net worth to be in a position to raise debts with a view to capture any growth opportunities. The company's with high goodwill has excellent credibility in the capital as well as financial markets.

**f) Investment Opportunities:** Dividend decisions shall be made in the light of timing of investment opportunities (actual and/or potential) available with the Company. For this the forecasted budget of the future years should be taken into consideration.

However, any other factor not explicitly covered above but which is likely to have a significant impact on the Company.





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## *External Factors*

- a) **Statutory Restrictions:** The dividend to be distributed will be subject to prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws of the land including tax laws;
- b) **Contractual Restrictions:** The Company's ability to pay dividends may be restrained by limiting provisions in a loan agreement;
- c) **Emerging Trends:** The dividend decisions may also be influenced by the growth and performance of the applicable industrial sector, emerging trends in the financial market and performance of the Company vis-à-vis its peers and dividend payout ratio of the comparable companies;
- d) **Shareholders' Expectations:** The investment objectives and intentions of the shareholders determine their dividend expectations. Some shareholders consider dividends as a regular income, while the others seek for capital gain or value appraisal;
- e) **Govt. policy** on this particular industry specially related to tax matters;
- f) Any other factor which has a significant influence/impact on the Company's working/financial position.

## **Authority of Dividend Recommendation and Approval:**

The Board of Directors shall exercise the power conferred to them to recommend any dividend entitlement either Interim or Annual or Both in the form of Cash and/or Stock to the shareholders of the company.

The recommended dividend (annual and adjusted) shall need to be approved by the shareholders in the ensuing General Meeting of the Company. Here point to be noted that the shareholders may approve reduced rate of dividend declared by the Directors but may not be able to approve any rate beyond Board of Directors recommended dividend.





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The Board of Directors in its discretion may declare an Interim Dividend based on profits arrived at as per quarterly or half yearly audited financial results. Where no final dividend is declared, the Interim Dividend shall be regarded as the final dividend in the AGM.

In this circumstances, the company shall follow and comply with all the prevailing rules, regulations, directive, Order or any instructions facilitated by the regulatory authorities as and when applicable.

## Forms of Dividend:

Though there are different forms of Dividend available in the corporate practice in the world - The Board of Directors shall recommend dividend entitlement/s for the shareholders of the company in the following two forms i.e.:

- **Cash Dividend:** It is one of the most common types of dividend paid in cash. The issuer company's Board of Directors announces their recommendation about the rate of dividend to be disbursed among the shareholder. The companies should have an adequate retained earnings and enough cash balance to pay the shareholders in cash.
- **Stock Dividend/ Bonus Shares:** This type of dividend is issued when a company lacks operating cash, but still issues, the common stock to the shareholders to make them understand that the company in all circumstances never overlooks the shareholders interest. The shareholders will get the additional shares in proportion to the shares already held by them and won't have to pay extra for these bonus shares. This type of dividend will cause an increase in the number of outstanding shares of the firm.

**Recommendation of Dividend:** The Company shall endeavor to maintain a satisfactory dividend payout ratio, subject to the following considerations:

- The recognition of profit and availability of cash for distribution;
- Any banking or other funding requirements by which the Company is bound from time to time;
- The operating and investment needs of the Company;
- The anticipated future growth and earnings of the Company;
- Provisions of the Company's Articles of Association;
- Emerging trends in Dividend payouts in the industry; and
- Any relevant applicable laws of the land.





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**Circumstances under which shareholders may or may not expect dividend:** The shareholders of the Company may not expect dividend under the following circumstances:

- During the growth phase of the Company or during significant expansion or undertaking of any acquisitions or joint ventures requiring higher allocation of capital.
- Whenever the Company proposes to utilize surplus cash for investments purpose.
- Inadequacy of profits or if the Company incurs losses.
- May not be paid out of profit of the Company.

#### **Important aspects of Dividend Payment:**

The following issues and aspects shall be maintained and complied as per the rules, regulations, laws, directives etc. issued by the regulatory authorities as and when applicable for the company:

- Record Date:** The Board of Directors shall declare a specific market date as “Record Date” for fixing the list of eligible shareholders to attend General Meeting and/or receive any corporate benefits or entitlement from the company.
- Mode of Payment:** The Company shall credit the corporate benefits (cash dividend) to the respective bank accounts of the entitled shareholders as of record date through BEFTN/Bank Transfer/Mobile Financial Services/Any other mode of payment as approved by the Bangladesh Bank whereas dividend warrants shall be facilitated for the dividend refunds and eligible Shareholders holding paper certificates.

On the other hand, the Company shall credit the shares to respective BO accounts of eligible shareholders through CDBL system and if any shares kept un-credited shall be transferred to suspense accounts maintained by the company.

- Payment time schedule:** The Company shall pay the dividends to the shareholders within 30 days from the record date/date of approval whatsoever applicable.
- Documentation update:** This is a sincere request to the valued shareholders of the company to update the documents and/or information available with the CDBL system for smooth communication and uninterrupted corporate benefits facilitation accordingly.





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- **Unpaid/Undistributed dividends:** It has become a matter of concern that due to the information gap and/or information mismatch the company fails to facilitate corporate benefits (cash dividend/Stock Dividend) to the entitled shareholders which remains with the company as Unpaid/Undistributed dividends. The entitled shareholders of the Unpaid/Undistributed dividends shall be required to place proper and valid documents to the share department of the company. After that Company's authorized representative/s shall facilitate the same to them subject to pass over the claim verifications. **No interest shall accrue on unclaimed Dividends held by the Company.**
- **Tax matters:** The Company is bound to comply with the laws of the land. Accordingly, in compliance with the several instructions/bindings in terms of Income Tax Ordinance, Rules of National Board of Revenue (NBR) and/or any competent authority whatsoever, the company will deduct the Taxes at source and subsequently deposit the same to the Govt. Exchequer. The share department of the company will facilitate the Tax Deduction at Source (TDS) Certificate to the respective e-mail addresses available with CDBL and the Company itself and at the same time facilitate the hard copies of the same upon request of the shareholders (if any).

## Amendment

This Policy Statement shall be amenable from time to time and approved by the Board of Directors of the Company subject to compliance with the regulatory requirements as and when applicable.

## Disclaimer

The above Policy Statement does not represent a commitment on the future Dividends of the Company but represents a general guidance on the Dividend Policy. This policy statement has been made and approved by the Board of Directors with positive and good intentions for the interest of the Honorable Shareholders of the Company.

On behalf of the Board of Directors

,Sd/-

**Abdul Awal Mintoo**

Chairman

