

DIVIDEND DISTRIBUTION POLICY

Orion Pharma Limited

1. Introduction

The Dividend Distribution Policy is prepared and adopted In compliance with the provisions of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January,2021 of 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 or recommending dividend on behalf of the Company.

2. Concept of Dividend

Dividend refers to the portion of net income paid out to shareholders. It is paid in cash and/or stock for making an investment and bearing risk. Dividend decision of the firm is yet another crucial area of financial management as it affects shareholders wealth and value of the firm. It is a financial decision that refers to the proportion of the firm's earnings to be paid out to the shareholders.

3. Purpose

The purpose of this Dividend Distribution Policy is to ensure the right balance between the quantum of dividend paid and the profits retained in the business for various purposes. This policy will also ensure that the distribution of dividend is implemented pursuant to the allocable legislation in the interests of the shareholders and the Company and will also address the Management of the unclaimed dividends.

4. Dividend Declaration Policy

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- a. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- b. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- c. Out of a & b both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, the Company may declare dividend out of free reserves subject to the compliance with the Act and Rules.

The Board shall recommend or declare the amount of dividend on each share based on financial parameters set out below:

4.1 Internal Factors

- Net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and / or new businesses;
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Past Dividend Trends.

4.2 External Factors

- The Board shall endeavor to retain a larger portion of profits to build up reserves, in case of Adverse Economic Scenario.
- The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- The Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend in order to ensure compliance with the applicable laws.
- Dividend distribution tax or any tax deduction at source as required by tax regulations, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.
- Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

4.3 The shareholders of the Company may not expect Dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilize surplus cash for buy-back of securities;
- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Any rules, Directive or guidance issued by BSEC on declaration or distribution of dividend.

The Board 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 circumstances such as regulatory and financial environment. The Board will provide rationale in the Annual Report in the event of not declaring Dividend.

5. Utilization of Retained Earnings

Subject to the provisions of the act and other applicable laws, retained earnings may be utilized as under:

- Issue of fully paid-up bonus shares;
- Declaration of dividend-Interim or Final;
- Augmenting internal resources;
- Funding for capital expenditure/expansion plans/acquisition;
- Repayment of debt;
- Any other permitted use as may be decided by the Board.

6. Process of distribution of Dividend

- a) Recommendation and Approval of dividend: The Chief Financial Officer (CFO) in consultation with the MD & CEO, and the Company Secretary of the Company shall propose any amount to be declared/ recommended as Dividend to the Board of Directors of the Company for their recommendation.
- b) Entitlement of Dividend: Shareholders whose names shall be appeared in the Members Register of the Company or in the Depository Register of CDBL on the 'Record Date' of the respective year of AGM will receive entitled dividend.
- c) Distribution of dividend: Cash dividend shall be paid directly to the Bank account through BFTN and Stock dividend shall be credited to the respective BO account of

the shareholders within 30 days from the date of approval by the shareholders of the AGM subject to comply of circulation/directives of BSEC.

7. Tax Matters

Tax will be deducted at source as per applicable tax laws.

8. Modification of the Policy

The Board may modify this policy from time to time at its discretion or in line with any amendment made in the Act or applicable Regulations.

9. Disclosure

In case it is proposed not to declare dividend during any financial year, the grounds thereof and the information on the manner in which the retained profits of the Company, if any, are being utilized shall be disclosed to the Shareholders in the Board's Report forming part of the Annual Report of the Company for the given financial year. The Policy will be available on the Company's website: [https://www.orionpharmabd.com /](https://www.orionpharmabd.com/)