

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy (“the policy”) of Pharma Aids Ltd. (“the Company”) establishes the principles to determine amounts that can be distributed to shareholders as dividend as well as balance between payout and retained earnings in order to address future needs of the Company. The policy shall come into force for accounting periods beginning from 1st July, 2021.

Dividend would continue to be declared on per share basis on the Ordinary Shares of the Company having face value Tk.10/- (Taka Ten) each. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The Company has had a consistent dividend payout history that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth. Information on dividends paid in the last 7 years is provided in the Annual Report every year.

Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, investment requirements, profit growth, and taking into account optimal shareholder return. Before declaration of dividend, the Company may transfer a portion of its profits to Retained Earnings 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.

While determining the nature of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

Internal Factors:

- I. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years and
 - b. Internal budgets;
- II. Cash flow position of the Company;
- III. Accumulated reserves;
- IV. Earnings stability;
- V. Future cash requirements for balancing, modernization, rehabilitation, or expansion (BMRE);
- VI. Potential mergers and acquisitions for expansion / stabilization / diversification / backward and/or forward linkages;
- VII. Current and future debt leverage, and under exceptional circumstances the amount of contingent liabilities;
- VIII. Deployment of funds in short term marketable investments;
- IX. Long term investments;
- X. Capital expenditure(s);
- XI. The ratio of debt to equity (at net debt and gross debt level); and
- XII. Any other factor as deemed appropriate by the Board.



External Factors:

- I. Business cycles;
- II. Economic environment;
- III. Cost of external financing;
- IV. Applicable taxes including tax on dividend;
- V. Industry outlook for the future years;
- VI. Actions and policies taken by the competition;
- VII. Inflation rate (including cost of raw materials);
- VIII. Changes in the Government policies, industry specific rulings & regulatory provisions; and
- IX. Other factors beyond the control of the Management like natural calamities, fire, etc. effecting operations of the Company, may impact the decision with regard to dividend declaration.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

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. In such event, the Board will provide rationale in the Annual Report.

The Retained Earnings of the Company may be used in any of the following ways:

- I. Capital expenditure for working capital;
- II. Investment in BMRE projects;
- III. Investment in new business(es) and/or additional investment in existing business(es);
- IV. Declaration of dividend;
- V. Capitalization of shares;
- VI. General corporate purposes, including contingencies;
- VII. Correcting the capital structure; and
- VIII. Any other permitted usage as per the Companies Act / BSEC laws & regulations.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to the shareholders in a timely manner.

The policy will be disclosed in the Company's Annual Report and will also be available on the Company's website: www.pharmaaids.com

For the Board of PHARMA AIDS LIMITED,



Faizul Hassan
Managing Director