



Purabi General Insurance Company Limited

পূরবী জেনারেল ইন্স্যুরেন্স কোম্পানী লিমিটেড

**Head Office: Sandhani Life Tower (2nd Floor), 34 Bangla Motor, Dhaka-1000.
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Dividend Distribution Policy of Purabi General Insurance Company Limited

Introduction of Policy:

The Board of Directors of Purabi General Insurance Company Limited has adopted this Dividend Distribution Policy in its 184th Board meeting held on July 28, 2022.

This Policy in accordance with the requirements prescribed under Directive No. BSEC/CMRRCD/2021-386/03, dated: January 14, 2021 of the Bangladesh Securities and Exchange Commission. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to its shareholders. This Policy applies to payment of interim and final dividend by the Company to its shareholders.

As part of its responsibilities, the Company is required to disclose this Policy in its annual report as well as on its website.

Concept of Dividend:

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business and used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these divergent needs. The dividend pay-out of a Company is driven by several factors.

In simple word, Dividend is a return on the investment made in the share capital of a company. In commercial usage, the term “Dividend” refers to the share of the profits of a company that is distributed amongst the entitled Members of the company. In other word, Dividend is a part of the profit after tax distributed among the shareholders of the company.

A Dividend Distribution Policy is the policy that a company uses to structure its dividend payout to shareholders.

Types of Dividend:

A dividend is the share of profits that is distributed to shareholders in the Company and the return that shareholders receive for their investment in the Company. The Company’s management must use the profits to satisfy its various stakeholders, but equity shareholders are given first preference as they face the highest amount of risk in the Company. A few examples of dividends include:

❖ Cash Dividend

A dividend that is paid out in cash and will reduce the cash reserves of PGICL.

❖ Stock Dividend

A stock dividend is an increase in the number of shares of PGICL with the new shares being given to shareholders in lieu of cash dividend.



❖ **Property Dividend**

Property dividend refers to a dividend paid to investors in the form of assets and not cash or stock. In Bangladesh, payment of dividend through cash or bonus shares are only permissible.

Forms of Dividend:

❖ **Interim dividend**

“Interim Dividend” means the Dividend declared by the Board of Directors at any time during a year before the closing of the year. In other word, interim dividend refers to the dividend that paid any time between two Annual General Meetings from any abnormal/ exceptional/ supersize profit of the company.

❖ **Final Dividend**

A stock dividend is an increase in the number of shares of PGICL with the new shares being given to shareholders. In other word, final dividend refers to the dividend that usually paid annually on per share basis, being proposed by board of directors and approved by the members in the AGM.

❖ **Special Dividend**

Property dividend refers to a dividend paid to investors in the form of assets and not cash or stock.

Per Share Basis

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value Taka 10.00 (ten) each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Declaration of Dividend:

The Board reserves the right to declare interim dividend/ final recommend dividends to the shareholders during any financial year out of the surplus in the statement of profit and loss and/ or out of the profits of the financial year in which such interim dividend is sought to be declared, subject to the provisions of the Companies Act, 1994 and other applicable laws and conditions.

❖ **Annual Dividend**

- a) Dividend should be declared by the Members at an Annual General Meeting on the basis of recommendation of the Board.
- b) The recommendation for Dividend should not be made by any Committee of the Board or by way of a ‘Resolution by Circulation’.
- c) Unless the Dividend has been recommended by the Board, the Members in General Meeting cannot on their own, declare any Dividend.
- d) The Audit Committee should consider the financial statements before its submission to the Board.
- e) Dividend should be recommended by the Board after consideration and approval of the financial statements. All requisite approvals and clearances, where necessary as applicable, should be obtained before the declaration of Dividend.



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- f) Members may declare a lower rate of Dividend than what is recommended by the Board. The amount or rate of Dividend recommended by the Board cannot be increased by the Members.
- g) Dividend should relate to a financial year.
- h) No Dividend should be declared on equity shares for previous year(s) in respect of which annual financial statements have already been adopted at the respective Annual General Meeting(s).

❖ Interim Dividend

- a) Interim Dividend should be declared by the Board of Directors.
- b) Declaration of Interim Dividend should not be made by any Committee of the Board or by way of a Resolution by Circulation.
- c) Interim Dividend should be a part of the Final Dividend. The Audit Committee should review the periodic financial statements which should then be submitted to the Board.
- d) Dividend, once declared, becomes a debt of the company and cannot be revoked in any way.

Entitlement to Dividend:

- a) Only the Members of the Company are entitled to receive Dividend.
- b) Dividend should be paid (i) in respect of shares held in electronic form, to those members whose names appear as Beneficial Owners (BO) in the statement(s) furnished by the Depository as on the record date; (ii) in respect of shares held in physical form, to those Shareholders whose names appear on the company's Register of Members after giving effect to all valid share transfers in physical form lodged with the company before the date of book closure; and (iii) in respect of share warrants, to the holders of such warrants.
- c) Dividend should be paid to the Preference Shareholders before payment of Dividend to the Ordinary Shareholders.
- d) Preference shares carry a preferential right as to Dividend in accordance with the terms of issue and the Articles. However, this right is subject to the availability of distributable profits.
- e) In the case of Interim Dividend, while Preference Shareholders need not necessarily be paid Dividend before Interim Dividend is paid to Ordinary Shareholders, the Board should set aside such sum as would be necessary to pay Dividend to Preference Shareholders at the contracted rate.

Procedures of Dividend Payment:

- a) Interim Dividend shall be paid within 30 (thirty) days of record date and Final or Annual Dividend within 30 (thirty) days of declaration or approval or record date, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL).
- b) The amount of Dividend after deducting tax at source, if applicable, should be deposited in a separate bank account within 10 (ten) days of declaration by the Board of Directors.
- c) Cash dividend shall be paid directly to the bank account –
 - through Bangladesh Electronic Funds Transfer Network (BEFTN), or
 - through bank transfer or any electric payment system as recognized by the Bangladesh Bank (if not possible through BEFTN), or



- in case of margin loan and claimed by investment provider, through the Consolidated Customers' Bank Account (CCBA) of the stock broker, or
 - to the separate bank account of the merchant banker or portfolio manager through BEFTN, or
 - through the security custodian following Foreign Exchange Regulation for non-resident sponsor, director, shareholder, unit holder or foreign portfolio investor (FPI), or
 - through issuance of Cash Dividend warrant in case of non-availability of information a mentioned above.
 - intimate to the shareholder or unit holder through a short message service (SMS) to the mobile number or email address as provided in the BO/Folio account relating to Cash Dividend and issuance a certificate of TDS.
- d) The issuer shall credit Stock Dividend directly –
- to the BO account;
 - to the Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares, or
 - issue the bonus share certificate of the entitled shareholder in case of paper mode.
- e) Payment of Dividend through Electronic Transfer should be made to the bank accounts of the Members concerned as per depository record / to the bank account given by the Members concerned.
- f) The Cash Dividend Warrant should be sent to the registered address of the Member and, in the case of joint holders, to the registered address of the person named first in the register of members or to such person or to such address as the Member or the joint holders have directed in writing.
- g) Initial validity of the Cash Dividend Warrant should be for 6 (six) months.
- h) A Cash Dividend Warrant may be revalidated or a fresh instrument may be issued. The company should revalidate the Dividend Warrant or issue a fresh Dividend Warrant in lieu thereof upon receipt of a request for revalidation.
- i) Particulars of every revalidated Dividend warrant should be entered in a Register of Revalidated Dividend Warrant indicating the name of the person to whom the Dividend Warrant is issued, the number and amount of the Dividend Warrant and the date of revalidation.
- j) A duplicate Cash Dividend Warrant should be issued, in case the original instrument is not tendered to the company, only after obtaining requisite declaration from the Member.
- k) In the case of defaced, torn or decrepit Dividend Warrants, a duplicate warrant may be issued on surrender to the company of such defaced, torn or decrepit warrant.
- l) Particulars of every duplicate Dividend Warrant issued as aforesaid should be entered in a Register of Duplicate Dividend Warrants, indicating the name of the person to whom the Dividend Warrant is issued.
- m) The Cash Dividend Warrant must be accompanied by a statement in writing showing the



amount of Dividend paid and the amount of tax deducted at source, if any.

Operation of Suspense BO Account:

Operation of suspense BO Account for undistributed or unclaimed stock dividend or bonus shares for ensuring the rightful ownership:

- ❖ The issuer shall send at least 3 (three) reminders to the entitled shareholder;
- ❖ The suspense BO Account shall be held under Block Module until transfer to the rightful ownership;
- ❖ All corporate benefit against these shares shall be credited to the Suspense BO Account;
- ❖ Upon rightful claims, credit the bonus shares 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 Commission and the Exchange(s);
- ❖ Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim.

Tax Matters:

Stock dividend is tax exempted. In case of cash dividend, following is the current rate for deduction of tax at source on dividend income as per current Finance Act:

- If the shareholder is a company, either resident or non-resident Bangladeshi, at the rate applicable to the company i.e. 20%.
- If the shareholder is a resident or non-resident Bangladeshi person, other than company, at the rate of 10% where the person receiving such dividend furnishes his 12 (twelve) digit e-TIN to the payer or 15% if the person receiving such dividend fails to furnish his 12 (twelve) digit e-TIN to the payer.
- If the shareholder is a non-resident (other than Bangladeshi) person, other than company, at the rate of 30%.

Tax matters may change any time as per Rules, Regulations, Notifications, Orders, Guidelines, etc. in force or to be enforced and issued or to be issued from time to time by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and the Listing Regulations issued by the Stock Exchanges of Bangladesh.

Unpaid/ Unclaimed/ Unsettled Dividend:

a) Financial Reporting & Disclosures: after 1 (one) year:

The issuer shall –

- maintain detailed information as per BO account number wise or name wise or folio number wise of the shareholder or unit holder;
- 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';
- shall publish the year wise summary of its unpaid or unclaimed dividend in the website,



- if remains, shall unpaid or unclaimed cash dividend including accrued interest thereon to a separate bank account within 1 (one) year from the date of declaration or approval or record date, as the case may be.

b) Financial Reporting & Disclosures: after 3 (three) year:

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 declaration of approval or record date:

- shall be transferred by the issuer to the Fund (Capital Market Stabilization Fund) as directed or prescribed by the Commission;
- shall provide detailed information to the manager of the Fund during transfer of cash dividend;
- upon claims by entitled shareholders after transfer of such dividend to the Fund, shall recommend to the manager of the Fund to pay off such dividend from the Fund within 15 (fifteen) days of receiving such claim;
- the manager of the Fund shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission.
- The fund would be irrevocable fund and shall be operated by the board of trustee.

If any stock dividend or bonus shares remains unclaimed or unsettled including corporate benefit in terms of bonus shares thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the Fund as mentioned at clause (8) of BSEC Directive dated: January 14, 2021:

- the issuer shall provide detailed information to the manager of the Fund during transfer of stock dividend or bonus shares as directed or prescribed by the Commission;
- upon claims after transfer of such dividend or bonus shares to the Fund, the issuer shall, within 15 (fifteen) days of receiving such 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 in accordance with the provisions and procedures as directed or prescribed by the Commission.

- c) The company should maintain the details of unpaid or unclaimed dividend and reconcile the amounts thereof with the concerned bankers, periodically.
- d) The amount of Dividend in respect of shares for which an instrument of transfer has been tendered to the company but which have not been registered for any valid reason should be transferred to Unclaimed Dividend Account.
- e) If a Member authorizes the company in writing to pay the Dividend to the transferee specified in the instrument of transfer, the company should act upon such authorization. However, in the case of shares which have not been transferred because the ownership thereof is in dispute, or where attachment / prohibitory orders have been passed by a court or statutory authority, Dividend



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should be held in abeyance by transferring to the Unclaimed Dividend Account.

- f) The Financial Statements of the company should disclose the amount lying in the Unclaimed Dividend Account.

Dividend Compliance Report:

- The issuer shall submit a compliance report to the Commission and the exchange(s) in a specified format at Annexure-A in respect of the provisions of Clause (2), (3), (4) and (5) of BSEC Directive No. BSEC/CMRRCD/2021-386/03, dated: January 14, 2021, within 7 (seven) working days of completion of dividend distribution;
- Provided that the issuer shall publish the compliance report in its website.
- The issuer shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.

Disclosure:

This Dividend distribution Policy shall be disclosure in the Annual Report of the Company and on the company's website www.purabiinsurance.org. If the company proposes to declare dividend on the basis of any additional parameters apart from those mention in the policy or proposes to change the parameters contained in this policy.

Effective Date:

This policy has been approved by the Board of Directors of the Company at its meeting held on 28 July 2022 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2021-2022.

Amendments/ Modifications:

The Board may amend, abrogate, modify or revise any or all provision of this policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this policy.
