



## **MILESTONE GEARS LIMITED**

*(Formerly Known as Milestone Gears Private Limited)*

### **DIVIDEND DISTRIBUTION POLICY**

This Dividend Distribution Policy ("**Policy**") applies to the distribution of dividend by **MILESTONE GEARS LIMITED** ("**the Company**") and has been formulated in accordance with the provisions of the Companies Act, 2013 ("**Act**") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**").

#### **1. DEFINITIONS**

- i. "**Act**" means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof for the time being in force.
- ii. "**Board**" shall mean the Board of Directors of the Company, as constituted from time to time.
- iii. "**Company**" shall mean "Milestone Gears Limited"
- iv. "**SEBI Listing Regulations**" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.
- v. "**Dividend**" is as defined under Section 2(35) of the Act
- vi. "**Free Reserves**" are as defined under Section 2(43) of the Act.
- vii. "**Policy**" means this policy on Dividend Distribution as amended from time to time.
- viii. "**Financial year**" shall mean the period starting from 1<sup>st</sup> day of April and ending on 31<sup>st</sup> day of March every year
- ix. "**Applicable Law**" means the Companies Act, 2013, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996, or any other law or act as may be applicable.

#### **2. SCOPE**

This Policy sets out the circumstances, parameters and factors that will be taken into account by the Board of Directors ("**Board**") of the Company for determination of distribution of dividend to its shareholders.



### **3. THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND;**

The shareholders of the Company may not expect dividends in the following circumstances:

**a. Insufficient Profits or Losses During the Financial Year**

When the Company has incurred a loss or has inadequate profit as per the provisions of the Companies Act, 2013.

**b. Requirement to Conserve Internal Resources**

When the Company needs to retain earnings for future expansion, growth projects, modernization, or diversification.

**c. Increased Capital Expenditure Commitments**

When significant funds are required for capital projects such as new plants, technological upgrades, or strategic investments.

**d. Strengthening of the Company's Balance Sheet**

When the Company decides to improve leverage ratios by retaining profits instead of distributing dividends.

**e. Uncertainty or Volatility in Business Environment**

In periods of economic slowdown, industry instability, or unpredictable market conditions, the Company may choose to conserve liquidity.

**f. Ongoing or Expected Large Legal, Regulatory or Compliance Obligations**

When funds are required to meet liabilities arising from ongoing litigations, regulatory penalties, or new compliance requirements.

**g. Requirements Under Loan Covenants or Financing Arrangements**

When lending agreements restrict dividend payouts until the Company meets specific financial ratios or repayment schedules.

**h. Working Capital Requirements**

When the Company's working capital needs are higher due to business growth, market conditions, or operational requirements.

**i. Potential Impact on Credit Rating**

When the Company believes that distributing dividends may negatively impact its credit rating or financial risk profile.

**j. Planned Mergers, Acquisitions, or Strategic Investments**

When significant cash reserves are needed to finance M&A transactions or strategic business opportunities.

**k. Tax Considerations and Changes in Government Policies**

When changes in tax laws, dividend distribution tax treatment, or government policies make dividend distribution less viable.

**l. Board's Assessment of Long-Term Interests of the Company**



When the Board considers it prudent to retain earnings to safeguard long-term financial health and sustainability.

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend or retained earnings. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this Policy.

**The financial parameters / internal factors that shall be considered while declaring dividend;**

The Board of the Company shall consider such financial parameters and internal factors as it deems fit while declaring dividend or recommending dividend to shareholders – these may include the following:

**Capital allocation plans including:**

- Expected cash requirements of the Company towards working capital;
- Capital Expenditure in Technology and Infrastructure etc.;
- Investments required towards execution of the Company's strategy;
- Funds required for any acquisitions that the Board may approve; and
- Any share buy-back plans.
- Minimum cash required for contingencies or unforeseen events;
- Funds required to service any outstanding loans;
- Liquidity and return ratios;
- Any other significant developments that require cash investments.

**c. External factors that shall be considered for declaration of dividend**

The Board of the Company shall consider such external factors as it deems fit while declaring dividend or recommending dividend to shareholders – these may include the following:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax and regulatory changes in the geographies in which the Company operates;
- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;



- Any changes in the competitive environment requiring significant investment.

**d. Policy as to how the retained earnings shall be utilized.**

The consolidated profits earned by the Company can either be retained in the business or used for such purposes as the Board may determine from time to time including those outlined in clause (b) above or it can be distributed to the shareholders.

**e. Provisions with regard to various classes of shares.**

The provisions contained in this Policy shall apply to all classes of shares of the Company. It may be noted that currently the Company has only one class of shares, namely, equity shares. If the Company proposes to consider any other parameter in addition to (a) to (e) above for declaration of dividend or proposes to change such additional parameters or the Policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

**4. DECLARATION AND PAYMENT OF DIVIDEND**

**i. INTERIM DIVIDEND**

- a. The Board of Directors of the Company shall declare the interim dividend during the financial year, as and when they consider it fit to so declare;
- b. The interim dividend can be declared by the Board of Directors one or more times in a financial year and normally, the Board may consider the declaration of interim dividend after the finalization of the quarterly/half yearly financial statements of the Company;
- c. The interim dividend, if declared, shall be paid to the eligible shareholders, as per provisions of the Companies Act, 2013, SEBI Regulations and other laws, to the extent applicable. In case no final dividend is declared by the Company, interim dividend paid during the financial year, if any, shall be considered as final dividend at the Annual General Meeting of the Company.

**ii. FINAL DIVIDEND**

Dividend, other than interim dividend, for a financial year shall be paid after the Annual Financial Statements of the Company are finalised and the distributable profits are available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Companies Act, 2013. The Board of Directors shall recommend the final dividend to the Shareholders for their approval in the Annual General Meeting of the Company. The declaration of final dividend, if any, shall be included in the ordinary business items to be transacted at the Annual General Meeting of the Company.



The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year(s) or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

5. **REVIEW**

This Policy will be reviewed and amended as and when required by the Board.

6. **DISCLOSURE OF THE POLICY**

This policy will be included in the Annual Report and be made available on the Company's website.

7. **DISCLAIMER**

i. The Policy does not constitute a commitment regarding the future dividends of the Company but only represents general guidance regarding dividend policy.

ii. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

iii. Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.

8. **LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

\*\*\*\*\*