

# **MIDWEST LIMITED**

**(Formerly Known as Midwest Granite Private Limited)**

## **DIVIDEND DISTRIBUTION POLICY**

## 1. SCOPE AND OBJECTIVE

This Dividend Distribution Policy (“Policy”) applies to the distribution of dividend by Midwest Limited (“Company”) and has been formulated in accordance with the provisions of the Companies Act, 2013 (“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”).

The Policy seeks to lay down a broad framework for the distribution of dividend by the Company whilst appropriately balancing the need of the Company to retain resources for the Company’s growth & sustainability. Through this Policy, the Company also endeavors to maintain fairness and consistency while considering distributing dividend to the shareholders.

The Policy sets out the circumstances and different factors for consideration by the board of directors (“**Board**”) at the time of taking a decision on distribution or retention of profits, in the interest of providing transparency to the shareholders.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

## 2. PARAMETERS TO BE CONSIDERED WHILE RECOMMENDING / DECLARING DIVIDEND

The Board while declaring or recommending dividend to the shareholders will consider following financial/ internal and external factors, and seek to balance between shareholder’s expectation of predictable and reasonable return on their investment with the Company’s requirement to fund its long term growth plans.

### Financial/Internal Factors:

- a. Expected cash requirements of the Company towards working capital; capital expenditure in technology and infrastructure etc;
- b. Investments required towards execution of the Company’s strategy;
- c. Accumulated reserves, including retained earnings;
- d. Earning Stability and Past dividend trends – rate of dividend, EPS and payout ratio, etc.;
- e. Current and projected Cash Balance and Cash Flows;
- f. Profits earned and available for distribution during the Financial Year;
- g. Earnings outlook for next three to five years;
- h. Organic growth plans / expansions;
- i. Long term investment proposed, capital restructuring, debt reduction;
- j. Cost of raising funds from alternate sources;
- k. Crystallization of contingent liabilities of the Company;

- l. Profit earned under Consolidated Financial Statement;
- m. Any other relevant factors and material events; and
- n. Any other significant developments that require cash investments.

**External Factors:**

- o. Economic and market environment, both domestic and global;
- p. Government policies and regulatory provisions, including taxation;
- q. Cost of raising funds from alternate sources;
- r. Inflation rates;
- s. Any changes in the competitive environment requiring significant investment.

**3. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND**

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. Hence, the shareholders of the Company *may expect dividend* only if the Company has surplus funds after providing for all the expenses, investments etc., and after complying with the statutory requirements under the Applicable Laws.

The shareholders of the Company *may not expect dividend* in the following circumstances, subject to the discretion of the Board:

- a. the Company has inadequacy of profits or incurs losses for the Financial Year;
- b. the Company undertakes /proposes to undertake a significant expansion project requiring higher allocation of capital;
- c. the Company undertakes /proposes to undertake any acquisitions or joint arrangements requiring significant allocation of capital;
- d. the Company has significantly higher working capital requirement affecting free cash flow;
- e. Adverse market conditions and business uncertainty;
- f. the Company proposes to utilize surplus cash for buy- back of securities;
- g. the Company is prohibited to recommend/declare dividend by any regulatory body.

The Board may also not recommend a dividend on considering any compelling factors/parameters mentioned in point 3 above.

#### **4. POLICY AS TO HOW THE RETAINED EARNINGS WILL BE UTILIZED**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- a. Long term strategic plans, including inorganic opportunities;
- b. Augmentation or replacement of technology or physical infrastructure or other assets;
- c. Market expansion or diversification of business;
- d. Investment in platforms, intellectual property, accelerators and other research & development projects to improve its capability and market share;
- e. Balancing the capital structure of the Company;
- f. Payment of dividend or issue of bonus shares;
- g. Other such criteria as the Board may deem fit from time to time.

#### **5. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The Company has issued only one class of equity shares with equal voting rights and therefore all Shareholders of the Company are entitled to receive the same amount of dividend per equity share. Parameters for dividend payments in respect of any other class of equity shares will be as per the respective terms of issue and in accordance with the Applicable Laws and will be determined, if and when the Company decides to issue other classes of equity shares.

#### **6. QUANTUM AND MANNER OF DIVIDEND PAYOUT**

The Company may declare dividends for a year, usually payable for a financial year at the time when the Board considers and recommends the annual financial statements, which is called final dividend. The Board shall have the power to recommend final dividend to the shareholders for their approval in the annual general meeting of the Company.

The Board may also declare interim dividend during the financial year, between two annual general meetings as and when they consider it fit.

#### **7. DISCLOSURES**

The Policy shall be disclosed in the Annual report and on the website of the Company i.e. [www.midwest.in](http://www.midwest.in)

#### **8. POLICY REVIEW AND AMENDMENTS**

The Policy will be reviewed periodically by the Board. The Board may, from time to time, make amendment(s) to this Policy to the extent required due to change in applicable laws and / or regulations or as deemed fit on a review.