

MAHINDRA LOGISTICS LIMITED

DIVIDEND DISTRIBUTION POLICY

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ("**SEBI LODR Regulations**") dated 8 July 2016, makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

Dividend Distribution Policy ("the Policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force with effect from the date of Listing/ 1 April 2018.

This Policy aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders.

Dividend will be declared on per share basis on the Ordinary Equity Shares of the Company. Dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

The Internal and external factors that shall be considered for declaration of dividend shall include the following:

□ **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 organic growth/expansion and/or for inorganic growth
- vi. Brand acquisitions
- vii. Current and future 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) and
- xi. The ratio of debt to equity (at net debt and gross debt level).

□ **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. Inflation rate and
- vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board may also consider sense of shareholders' expectations while determining the rate of dividend.

The retained earnings of the Company shall be utilized in any way including the following:

- i. Capital expenditure for working capital
- ii. Organic and/ or inorganic growth
- iii. Investment in new business(es) and/or additional investment in existing business(es)
- iv. Declaration of dividend
- v. Capitalisation of shares
- vi. Buy back of shares
- vii. General corporate purposes, including contingencies
- viii. The Board may consider recommending 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.

Shareholders may not expect any dividend under certain circumstances including the following:

- a. In the event of inadequacy of profits or whenever the Company has incurred losses
- b. Whenever Company proposes to utilise surplus cash for buy-back of securities;

- c. Significantly higher working capital requirements adversely impacting free cash flow
- d. Whenever it undertakes or proposes to undertake a significant expansion of business requiring higher allocation of capital
- e. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital
- f. Operation of any law in force which restricts payment of dividend in particular circumstances and
- g. Any restrictions and covenants contained in any agreement as may be entered with the Lenders.

Parameters that shall be adopted with regard to various classes of shares

At present, the issued and paid-up share capital of the Company comprises only of equity Shares; the Company does not have any other class of shares. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

Disclosures

The Policy will be displayed on website of the Company and same will also be published in Annual Report of the Company.

Review

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

Amendment

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
