

**Allcargo Gati Limited
(Formerly known as “Gati Limited”)**

CIN: L63011MH1995PLC420155

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DIVIDEND DISTRIBUTION POLICY
(Effective from May 25, 2021)

DIVIDEND DISTRIBUTION POLICY

1. REGULATORY FRAMEWORK

The Securities and Exchange Board of India (“SEBI”) vide its Notification No. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021 has amended the Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) by modifying the requirement of the formulation of Dividend Distribution Policy (“Policy”) from top five hundred listed companies to top one thousand listed companies (based on the market capitalization at the end of every financial year) which shall be disclosed on the website of the listed companies and a web-link shall also be provided in their Annual Report of the listed Companies. Allcargo Gati Limited (the “Company”) is one of the top one thousand listed companies and hence this Policy needs to be formulated.

2. OBJECTIVE

This Policy lays down a broad framework for considering decisions by the Board of Directors of the Company (“Board”) with regard to distribution of dividend to its shareholders by striking a balance between pay-out and retaining earnings on the basis of the future growth strategy of the Company. This Policy shall come into force from the financial year 2021-2022 and onwards.

3. APPLICABILITY

This Policy shall not apply to:

- ❖ Determination and declaration of dividend on preference shares as the same will be as per the terms of their issue approved by the shareholders;
- ❖ Distribution of dividend in kind i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law; and
- ❖ Distribution of cash to the shareholders as an alternative to payment of dividend by way of buyback of equity shares.

4. RELEVANT FACTORS FOR CONSIDERATION WHILE DECIDING THE DIVIDEND PAYOUT

The Board shall consider the following, while taking a decision as regards the dividend payout:

- a) **Financial parameters** such as operating cash flows, cost of borrowings, borrowing covenants, return on capital invested, major capital expenditures etc.
- b) **External Factors** such as macro-economic conditions prevailing in the country and globally, cost of external financing, cyclical changes in the business, tax implications, regulatory changes, Government policies etc.
- c) **Internal Factors** such as profit earned during the year and available for distribution, working capital requirements, business expansion and acquisition of businesses, likelihood of crystallization of contingent liabilities, if any; additional investment in subsidiaries, associates and joint ventures of the Company, up-gradation of technology and physical infrastructure and past dividend payout ratio/trends.
- d) Expectations of major stakeholders, including small shareholders.

5. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

The shareholders of the Company may not expect dividend under the following circumstances:

- ❖ Whenever the Company undertakes or proposes to undertake major projects such as acquisitions, amalgamation, merger, joint ventures etc. which require significant capital outflows;
- ❖ Higher working capital requirements adversely impacting free cash flow;
- ❖ Whenever the Company proposes to utilise surplus cash for buy-back of securities;
- ❖ In the event of inadequacy of profits or whenever the Company has incurred losses; and
- ❖ Any other circumstances as deemed fit by the Board.

6. MANNER OF DIVIDEND PAYOUT

Dividends will generally be recommended by the Board once in a year, after the announcement of the annual financial results and before the Annual General Meeting of the shareholders of the Company, as may be permitted by the Companies Act, 2013 (“Act”). The Board may also declare one or more interim dividends as may be permitted by the Act. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend.

7. MANNER OF UTILIZATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and to increase the value of the Company for the stakeholders in the long run. The retained earnings may be utilized for market and logistics services expansion plan; organic and inorganic growth, modernization plan and increase in capacity; diversification of business; long term strategic plans; replacement of capital assets; and such other purposes as the Board may deem fit from time to time.

8. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

The Company currently has only one class of shares viz. equity shares, for which this Policy is applicable. This Policy shall be suitably revisited at the time of issuance of any new class of shares depending upon the nature and guidelines thereof.

9. REVIEW AND AMENDMENTS TO THIS POLICY

This Policy would be subject to revision/amendment by the Board on its own or in accordance with the amendments notified by SEBI or such other relevant statutory authorities, from time to time.

10. DISCLOSURES

This Dividend Distribution Policy shall be disclosed on the website of the Company i.e. at www.gati.com and a web-link shall also be disclosed in the Annual Report of the Company.

11. DISCLAIMER

This document neither solicits investments nor is an assurance of guaranteed returns (in any form), for investments in the Company’s equity shares.
