

VRL LOGISTICS LIMITED

DIVIDEND DISTRIBUTION POLICY

1. PREAMBLE:

We, at VRL Logistics Limited have formulated this policy to establish a robust and transparent framework that outlines the parameters considered for dividend declarations, ensuring compliance with regulatory standards and clarity for all stakeholders. Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates a Dividend Distribution Policy for the top 1000 listed entities by market capitalization.

2. OBJECTIVE:

The objective of this Policy is as follows:

- a. To define the policy and procedures of the Company in relation to the declaration / recommending Dividends.
- b. To ensure that the Company has sufficient distributable profits and/or general reserves, as determined by a review of the Company's audited financial statements, prior to any declaration and/or payment of Dividends.
- c. To ensure a regular dividend income for the members and long term capital appreciation for all stakeholders of the Company.
- d. To ensure the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.
- e. To strike an optimal balance between other shareholder deliverables such as Buy-Back, Bonus shares, etc. and Dividend.

3. APPLICABILITY:

The policy set out herein relates to Equity Shares only and not applicable to any preference shares that the Company may issue or any other security on which dividend payment option may exist.

The Board of Directors reserves the right to modify this policy to accommodate the preference shares or make separate policy for preference shares or any other security in accordance with applicable provisions of the Companies Act, 2013 read with rules made there under as and when it deems fit and necessary or as and when it is statutorily required to the company.

The policy set out herein relates to final as well as Interim Dividend as may be proposed/ recommended or declared by the Board from time to time.

4. SCOPE, LAW, RULES AND REGULATIONS:

The declaration and payment of dividend is governed by the provisions contained in chapter - VIII from section 123 to 127 of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules 2014 (as amended from time to time). Also, SEBI (Listing

Obligations and Disclosure Requirements) Regulations 2015 deals with the additional procedure for listed entities including prior intimation to Stock Exchanges, Record Date etc. Other applicable Acts and guidelines include:

- Security Contract Regulation Act, 1956;
- Income Tax Act, 1961;
- Secretarial Standard on Dividend prescribed by the Institute of Company Secretaries of India;
- RBI Guidelines / Circulars / Notifications to the extent applicable;
- FEMA, 1999;
- SEBI Guidelines / Circulars etc.

The Company shall adhere to above laws in specific and to all other applicable laws in general while declaring or payment of dividend.

5. DECLARATION AND PAYMENT OF DIVIDEND

5.1 CIRCUMSTANCES UNDER WHICH DIVIDEND IS DECLARED

Maintaining a reasonable balance between cash retention and distribution of dividend would facilitate the smooth working of Company's affairs. The Company believes that cash retention is required for expansion and diversification of the Company including regular capex to be made by it, and also as a means to meet contingencies.

a) Adequate Profits:

The Company shall declare dividends for a financial year out of the profits (excluding unrealized gains, notional gains, and revaluation of assets or liabilities) of the company for that year or out of any previous financial year(s) after providing for depreciation and losses, if any, in accordance with applicable laws. The Company has a practice of paying dividend and has been consistently declaring and paying dividend for the previous years.

The Company reserves the right to declare interim dividend during any financial year out of the surplus in the profit and loss account and out of the profits of the financial year in which such interim dividend is sought to be declared.

b) In-adequate Profits:

In the event of inadequacy or absence of profits in any year, the Company may declare dividend out of free reserves subject to the fulfillment of the following conditions:

- (a) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year.
- (b) The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves of the Company as appearing in the latest audited financial statement.
- (c) The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.

- (d) The balance of reserves after such withdrawal shall not fall below fifteen per cent of the Company's paid up share capital as appearing in the latest audited financial statement.

Further, in the event the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years.

c) The Company shall not declare dividend in the following circumstances:

- There are reasonable grounds for believing that the Company is or would be, after a Dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due;
- As a result of paying Dividends, the Company would be rendered insolvent or bankrupt;
- By operation of law for time being in force.

5.2 PARAMETERS OR FACTORS DETERMINING DIVIDEND

In determining the Company's dividend payout, the Board of Directors considers a variety of factors or parameters (financial or otherwise), including:

1. Profitability and earnings stability
2. Growth opportunities & investment needs
3. Liquidity and free cash flow
4. Leverage and Debt obligations
5. Legal requirements, taxation & other Government policies
6. Dividend payout history
7. Dividend type and its time of payment
8. Any potential corporate actions like acquisitions etc.
9. State of Indian economy and the Logistics Industry
10. Favorable state of the capital markets
11. Statutory conditions or restrictions as may be provided under applicable laws

5.3 USAGE OF RETAINED EARNINGS

Company can use its retained earnings to gain competitive advantage. The competitive advantage can be achieved by increasing revenues or by increasing profit margin. To improve revenues or margins company shall either expand its fleet or modernize its facility to make it more productive. For both expansion and modernization's plans retained earnings can be utilized by the Company.

5.4 PERSONS ENTITLED TO RECEIVE DIVIDENDS

Save as provided in Section 27 of the Securities Contracts (Regulation) Act 1956, all persons whose name appears on the register of members as on the record date fixed by the Company for determining eligible shareholders for dividend are entitled to receive dividends.

5.5 PROCEDURE FOR PAYMENT OF DIVIDEND

- Company shall declare and disclose the dividend on per share basis only in terms of Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Section 91 of Companies Act, 2013.
- Prior intimation as required under Regulation 29 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 shall be given to Stock Exchanges within such days as prescribed in the said Regulations.
- Outcome of the Board Meeting where dividend is final or interim recommended / declared by the Board shall be intimated to Stock Exchanges within 30 minutes of conclusion of Board Meeting as required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- Record date shall be fixed in compliance with Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and shall also be intimated to Stock Exchanges within such time as prescribed in the said Regulations.
- The amount of dividend (including interim dividend), must be deposited in a separate bank account opened with scheduled bank within 4 days from the date of declaration of such dividend.
- The dividend has to be paid within 25 days from the date of declaration or such other period as is applicable by law.
- The management of company is permitted to open a separate bank account, as required for Dividend, prior to the board meeting held for consideration of dividend.
- No dividend shall be paid by a company in respect of any share therein except to the registered shareholder of such share or to his order or to his banker.
- The listed entity shall directly credit to the bank accounts of eligible shareholders through electronic clearing services (local, regional or national), real time gross settlement, national electronic funds transfer/ SWIFT transfer etc. for making payment of dividend.
- Company shall follow other procedures laid down under the Companies Act 2013 or SEBI Rules and Regulations as may be applicable in respect of declaration of dividend (interim or final).

6. DEDUCTION OF TAX

There have been several amendments in relation to taxation on dividends. The company must ensure the compliance with the prevailing law governing such taxation.

In terms of provisions of the Income Tax Act, 1961, dividend paid or distributed by the Company on or after 1st April, 2020 is taxable in the hands of recipient shareholders. The Company will therefore deduct tax at source at the time of payment of dividend. Pursuant to section 194 of the Income Tax Act, 1961, Tax will be deducted at source (“TDS”) on the

amount of dividend payable to the shareholders of the Company at the prevailing rate prescribed in the said Act unless exempt under any other provisions thereof of the Act.

The company shall ensure that all necessary correspondence is made in this regard to the shareholders in a timely manner so as to enable them to take suitable action and simplify their compliance with any requirements in this regard.

7. UNCLAIMED DIVIDEND

- Dividend that has been declared by the Company and not been paid or claimed by the shareholder, within 30 days from the date of such declaration, the Company shall within seven days from the expiry of the said 30 days, transfer such unpaid or unclaimed dividend amount in a special account to be opened/re-designated with any scheduled bank which shall be called the unpaid dividend account. Any person claiming to be entitled to any money transferred to unpaid dividend account may apply to the Company for payment of the money claimed.
- The Company would within a period of 90 days of making the transfer of dividend amount to the unpaid dividend account, prepare a statement containing the names, the shareholders' last known addresses and the unpaid dividend amount and place it on its website and also on the other website approved by Central Government in this behalf.
- Dividend that is not en-cashed or claimed, within seven years from the date of its transfer to the unpaid dividend account, will, in terms of the provisions of Section 125 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government within 30 days from the date of became due to transfer to the Fund.
- The Company would also transfer the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in favor of Investors Education and Protection Fund.
- The Company will within a period of 60 days from holding of Annual General Meeting, prepare a statement of unpaid and unclaimed dividend amount as on the closure of financial year, containing the shareholders name, last known addresses, nature of amount, entitled amount, due date for transfer to IEPF and such other information it may deem necessary, till the completion of seven years and place it on website of Company and the Investors Education and Protection Authority of India as prescribed by the Central Government.
- In case shareholder has any unclaimed/ unpaid dividends in respect of the financial years mentioned in our website, may apply for payment in terms of section 124(4) of Act and shall write to Registrar and Share Transfer Agent of the Company for claiming the amount.
- Before transferring any amount to the Investor Education and Protection Fund, the company will give individual intimation to the Members in respect of whose unclaimed Dividend the amount is being transferred, at least three months before the due date of such transfer.
- After the expiry of the period of seven years from the date from which unclaimed and unpaid Dividends were transferred to the Unpaid Dividend Account, no claims shall lie against the

company in respect of any such amounts. Hence, the company should intimate the concerned Members individually of the amount of Dividend remaining unclaimed which is liable to be transferred to the Investor Education and Protection Fund and advising the Member to claim such amount of Dividend from the company before such transfer.

8. AMENDMENTS TO THE POLICY:

In case of any subsequent changes in the provisions of the Companies Act 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws.

The Board of Directors of the Company may subject to applicable laws amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board of Directors in line with the broad intent of this Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.