



DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND:

In terms of Regulation 43A of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) are required to formulate a Dividend Distribution Policy (“Policy”) which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

Accordingly, the Board of Directors (“the Board”) of Capacit'e Infraprojects Limited (“the Company”) after taking into consideration, the recommendations of the Audit Committee, has adopted the Dividend Distribution Policy (“the Policy”) with respect to Dividends to be declared / recommended by the Company in accordance with the provisions of Listing Regulations. The Policy shall come into force for accounting period beginning from year 2021-22.

2. OBJECTIVE:

The Company has an objective of appropriately rewarding shareholders through dividends and long-term capital appreciation. The profits earned by the Company may either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders as dividend.

The Company and the Board would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes.

The objective of the Policy is to specify:

- i. The financial parameters and other internal and external factors that shall be considered at the time of Dividend declaration.
- ii. The circumstances under which the shareholders of the Company may or may not expect Dividend.
- iii. How the retained earnings shall be utilized.

Mumbai (Head Office) :

605-607, Shrikant Chambers, Phase-I, 6th Floor, Adjacent to R. K. Studios, Sion-Trombay Road, Chembur,
Mumbai- 400071. Maharashtra, India Tel: 022 7173 3717 • Fax.: 022 7173 3733 • Email: info@capacite.in





3. DEFINITIONS:

- i) “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time
- ii) “Applicable Laws” shall mean the Companies Act, 2013 and the Rules made thereunder; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; and such other Acts, Rules or Regulations which provides for the distribution of Dividend
- iii) “Company” shall mean Capacit'e Infraprojects Limited
- iv) “Dividend” shall mean Dividend as defined under the Companies Act, 2013
- v) “Policy” shall mean this Dividend Distribution Policy.
- vi) “SEBI Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

4. PROCEDURES:

Pursuant to provisions of Section 123 of the Companies Act, 2013 and rules made thereunder, the Board may declare interim dividend or recommend final dividend, payable to the existing shareholders of the Company subject to shareholders’ approval. The Board may consider the free cash flow position, profit earned during that year, applicable taxes, overall market situation and other requisite parameters as per company’s state of profitability.

The Board may consider the declaration of interim Dividend during the Financial Year, depending upon the profits and cash flow for the period of the Company. The same shall be confirmed by the shareholders in the ensuing Annual General Meeting. The final Dividend may be recommended by the Board and shall be subject to the shareholders’ approval at the Annual General Meeting of the Company.





5. FINANCIAL PARAMETERS AND OTHER INTERNAL AND EXTERNAL FACTORS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND:

Dividend can be declared by the Board based on the evaluation of various financial and economic parameters that impact the operations and financial state of the Company.

Three sets of parameters are broadly envisaged as under:

i) Financial Parameters:

- a) Net operating profit after tax
- b) Cash flow position of the Company and liquidity position
- c) Accumulated reserves
- d) Outstanding borrowings
- e) Debt to equity ratio
- f) Cost and availability of alternative sources of financing
- g) Retained Earnings

ii) Internal Factors:

- a) Working capital requirements
- b) Capital expenditure requirement
- c) Business expansion and growth
- d) Acquisitions including any strategic acquisitions
- e) Upgradation of technology and physical infrastructure
- f) Investment requirements of subsidiaries and associates of the company

iii) External Factors:

- a) Overall economic scenario of the country and worldwide
- b) Macroeconomic and business conditions in general
- c) Changes in the Government policies or industry specific rulings and regulatory requirements
- d) Any political, tax and regulatory changes in the jurisdiction in which the Company operates
- e) Past Dividend trends and Dividend pay-out ratios of peers

f) Industry Trend

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- g) Prevailing Taxation Policy or any subsequent amendments thereof, with respect to Dividend distribution

6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Equity Shareholders of the Company may expect dividend only if the Company is having surplus profits after providing for all expenses, depreciation and other necessary deductions and after complying with all other statutory provisions of the Companies Act, 2013 and other applicable laws. The internal and external factors specified above shall be a crucial factor for taking a dividend declaration decision and determining the dividend distribution amount.

The Equity Shareholders of the Company may not expect Dividend, if:

- a) the financial parameters and the internal and external factors specified above warrant full retention of the surplus profit
- b) there are significantly higher working capital requirements adversely impacting free cash flow
- c) undertakes any acquisitions or joint ventures or undertakes a significant expansion project requiring significant allocation of capital.

7. POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED

The Company shall endeavour to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run.

Potential methods of utilization:

- a) Capital expenditure for working capital;
- b) Diversification of business;
- c) Product expansion plan
- d) Investment in new business(es) and/or additional investment in existing business(es);
- e) Declaration of dividend;
- f) Capitalisation of shares;
- g) Buy back of shares;
- h) Correcting the capital structure
- i) General corporate purposes, including contingencies;
- j) Any other permitted usage as per the Companies Act, 2013.



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8. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the issued and paid-up share capital of the Company comprises only equity shares at present, all the members of the Company are entitled to receive the same amount of Dividend per share. The Policy shall be revisited and suitably amended at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

9. DISCLOSURES:

This Policy shall be uploaded on the Company's website for public information and the web link of the same shall be provided in the Annual Report of the Company.

10. DISCLAIMER:

This Policy will be reviewed by the Board of the Company as and when deemed necessary. The Policy will also be subject to amendments necessitated due to changes in laws, rules, and regulations as and when required. In case of any inconsistency between the terms of this Policy and the provisions of the Listing Regulations & Companies Act, 2013, the provisions of the Listing Regulations & Companies Act, 2013 shall prevail.

Date of Board approval August 10, 2021

For and on behalf of

CAPACIT'E INFRAPROJECTS LIMITED


Rahul Ramnath Katyal
Managing Director
DIN: 00253046



Date: August, 10, 2021

Place: Mumbai

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