



CAPITALINDIA

Rediscover Business

DIVIDEND DISTRIBUTION POLICY

Version	3.0
Owned by	CFO
Approved by	Board of Directors
Effective from	April 28, 2023

INTRODUCTION AND OBJECTIVE

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations), top five hundred listed companies based on market capitalization (calculated as on 31 March every year), are required to formulate a dividend distribution policy, and the same is to be disclosed in the company's annual report and on its website. Capital India Finance Limited (the "Company"), in compliance with the requirements of Regulation 43A on voluntary basis as a part of good corporate governance, has adopted this Dividend Distribution Policy (the "Policy") *inter-alia* to elaborate the parameters to be considered by the Board before declaring / recommending any dividend distribution, keeping in view the Company's policy of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Board of Directors may, at their discretion deviate from the parameters listed in the Policy.

A. PARAMETERS TO BE CONSIDERED FOR DECLARING / RECOMMENDING DIVIDEND

a) Financial / Internal factors

- Profits earned during the financial year, accumulated reserves and distributable profits
- Working capital and capital expenditure requirement
- Financial commitments with respect to the borrowings undertaken / proposed to be undertaken and interest thereon
- Financial requirement for business expansion and/or diversification
- Capital requirements for maintenance of appropriate capital adequacy ratio
- Provisioning for financial implications arising out of unforeseen events and/or contingencies
- Past dividend declaration trend of the Company
- Additional investment requirement in subsidiaries of the Company
- Such other factors and/or material events which the Board of Directors may consider relevant

b) External Factors

- Legal requirements / regulatory restrictions
- Macro Economic environment
- Cost of borrowing and covenants, if any, with lenders
- Business outlook for the future years
- Government policies
- Prevalent market practices

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

While the decision to declare / recommend dividend shall primarily be dependent on the parameters mentioned above, the shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- Proposed expansion / diversification plans requiring higher capital allocation

Dividend Distribution Policy

- Decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow
- Requirement of higher working capital to support business and operations of the Company
- Proposal for corporate action requiring significant capital outflow such as buy-back of securities
- In the event of loss or inadequacy of profit or cash flow available for distribution
- Such other circumstances which the Board of Directors may consider relevant

C. UTILIZATION OF RETAINED EARNINGS

The Company would utilise retained earnings in a manner which is in the interest of the Company and its stakeholders. Retained earnings of the Company may be utilised for the following:

- Implementation of expansion / diversification plans
- To meet capital requirement for maintenance of appropriate capital adequacy ratio
- Support business / operational requirements of the Company
- Such other events which the Board of Directors may consider relevant

D. CLASSES OF SHARES

Dividend distribution policy is applicable for all class of shares, though currently, the Company has issued only equity shares and has only one class of equity shares.

E. INTERIM AND FINAL DIVIDEND

The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The date of the Board Meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.

F. DIVIDEND PAYOUT CEILING

The management upon compliance of the above clauses may recommend dividend to the Board of Directors, with a maximum ceiling on Dividend Payout at 40%.

G. DISCLOSURES

The Policy shall be disclosed on the website of the Company.

H. REVIEW OF POLICY

The Audit Committee shall review the policy annually and shall recommend all necessary changes to the Board of Directors for their consideration and noting.

The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.

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