



ASHOKA BUILDCON LIMITED
DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (“Regulations”) require the top 1000 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy in the annual report and on the corporate website.

The Board of Directors (“Board”) of Ashoka Buildcon Limited (“Company”) has adopted this Dividend Distribution Policy to comply with these requirements. This policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and rules made thereunder and other applicable legal provisions.

DIVIDEND DISTRIBUTION PHILOSOPHY

The Company believes that it operates in an Industry/ Environment where Working Capital requirements are high. Therefore, the focus will continue to be on long term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

BACKGROUND

Ashoka Buildcon Limited (“the Company”) is an infrastructure developer and has Engineering, Procurement and Construction (“EPC”) as its core strength. The Company also executes Roads and Highways Projects on Build-Operate-Transfer (“BOT”), Design-Build-Finance-Operate-Maintain-Transfer (“DBFOMT”) basis. The Company executes these Projects through Special Purpose Vehicles (“SPVs”) which are generally its Subsidiaries. The Company / SPVs enter into Concession Agreement, Project Documents and Financing documents (“Agreements”) with the Employer, the State Government and Lenders respectively. These Agreements require the Company to support SPVs with Equity capital and unsecured loans from time to time.

The Company needs to consider these contractual obligations while determining Dividend Policy.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND:

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company, the advice of executive management, and other parameters described in this policy. The Board of Directors

of the Company may not declare or recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board of Directors.

FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

The Company envisages development / increase in traffic and revenue of its Project SPVs. The Company is also required to maintain certain financial ratios as per contemporary industry practices and financing documents. The Company / SPVs needs to comply with the said requirements.

The Company's ability to distribute the dividend depends on the compliance of its financing covenants. Dividend declaration is a function of yearly performance in the form of earning of the Profit, the progress and prospects of the Projects and availability of funds. Further external factors like economic development and conditions, political environment, Statutory Restrictions, Capital Markets, Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution and industry conditions do have impact on the declaration of the dividend.

CATEGORY OF DIVIDENDS

The Companies Act provides for two forms of Dividend viz. Interim and Final. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company.

Presently the Company has only one class of equity shares for which this Policy will be applicable.

QUANTUM OF DIVIDEND PAYOUT

The Company will strive to distribute an optimal and appropriate level of the profits earned from business operations, to the shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal and external. Taking into consideration the aforementioned factors, the Board will endeavor to maintain a Dividend pay-out in the range of 10% - 15% of PAT (Profit after Tax) subject to availability of the funds and capex & investment plans.

UTILISATION OF RETAINED EARNINGS

The Company operates in high capital intensive sector which requires the Company to keep sufficient funds for infusion in equity in Projects whenever new Projects are bid and won. Some of the Profit needs to be retained / ploughed back for meeting such capital commitments.

The Company shall endeavor to utilize the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders.

The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

REVIEW & AMENDMENT

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc. The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective.

In the event of any conflict between the Act or the SEBI Regulations or any other statutory enactments (“Regulations”) and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.

This revised Dividend Policy has been approved at the Meeting of Board of Directors held on November 08, 2023.