



Dividend Distribution Policy:

Introduction and Objective:

In compliance with Regulation 43 A(3) of the Securities Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘the Listing Regulations’) the Company has framed this Dividend Distribution Policy.

The Policy aims to help investors and stakeholders in their investing decisions and shall be effective from the date of adoption of the same by the Board of Directors (the Board).

The objective of this policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company. The Company 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 Board of Directors will refer to the policy while declaring/ recommending dividends on behalf of the Company. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay-out keeping in mind the need to provide greater clarity on the dividend pay-out philosophy of the Company.

Regulatory Framework:

The Dividend, if any, declared by the Company (including Interim Dividend) shall be governed by the provisions of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Articles of Association of the Company, as in force time to time (hereinafter collective referred as “Applicable Laws”).

Parameters and factors to be considered for declaration of dividend

General

The Board shall recommend or declare dividend as the case may be only if it is of the opinion that it is financially prudent to do so. Further, the Board may declare one or more Interim Dividends during the year and the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting. The Board may also recommend/declare Special Dividends - to celebrate events for e.g. Golden Jubilee or for special purposes like sale of assets /sale of business.

Financial and internal Parameters

The Board would consider the following financial parameters before declaring interim dividend or recommending a final dividend to shareholders for declaration:

- Stand-alone net operating profit after tax,
- Working capital requirements
- Operating expenditure requirements including loan repayments and interest payments
- Capital expenditure requirements
- Resources required to fund acquisitions and inorganic growth
- Cash to be retained for business needs

VASCON ENGINEERS LTD.

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- Cash flow required to meet contingencies
- Outstanding borrowings and total debt equity ratio
- Past dividend payment trends of the Company and dividend track record
- Total Cash outflow including tax payments
- Extra- ordinary income/profits of way of Company arising from transactions such as asset sale
- Tax impact, if any, of the dividend and the cash outflow

The Board shall also consider the following internal factors while declaring an interim dividend or recommending a final dividend to the shareholders to:

- Business strategy of the Company
- Expansion Plans
- Corporate re-structuring
- Scheme of arrangement or any other item which can have a financial impact on the Company
- Unforeseen events and contingencies with financial implications

External Parameters

The Board shall also consider inter-alia the following external factors i.e. factors on which the Management or the Company has no control, while declaring an interim dividend or recommending a final dividend:

- Business environment
- Regulatory restrictions, if any, or prevalent statutory requirements
- Provisions of tax laws governing dividend
- Dividend payout of peers

Final Dividend :

a) The Board shall recommend final dividend usually in the Board Meeting that considers and approves the annual financial statements of the Company.

b) The final dividend, if any, that the Board may consider shall factor Interim Dividend, if any, that it might have declared during the applicable financial year.

Interim Dividend :

a) The Board may declare Interim Dividend at its complete discretion in line with this Policy, based on distributable profits arrived at on a quarterly or half- yearly financial results of the Company .

b) In case no Final Dividend is declared, Interim Dividend paid during the year, if any, will be regarded as Final Dividend for confirmation of shareholders in the Annual General Meeting.

- Economic environment and state of capital markets
- Change in government policy which can have a financial impact on the Company
- Cyclical nature of the business, if any

The Company shall endeavour to maintain a total dividend pay-out of profits, subject to meeting the internal guidelines as laid out by the Risk Management Committee and considering the forecast and circumstances expected, including the investment requirement for the upcoming financial year.

Circumstances under which the shareholders may or may not expect dividend:

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The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue in future as well, unless the Company is restrained to declare dividend due to insufficient profits or due to any of the external or internal factors listed above.

Further, though the Company endeavours to declare the dividend to the shareholders, the Board may propose not to recommend or declare dividend as the case may be after analysis of various financial parameters including those listed above, cash flow position and funds required for future growth and capital expenditure or in case of a proposal to utilize excess cash for buy-back of existing share capital.

Policy as to how retained earnings shall be utilized

Subject to applicable regulations, the Company's retained earning shall be applied for:

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt etc.
- Buyback of shares subject to applicable limits
- Payment of dividend in future years
- Issue of bonus shares
- Any other permissible purpose

Parameters that shall be adopted with regard to various classes of shares

The holders of the Equity Shares of the Company as per the Issued and Paid-up capital, on the record date (determined as per applicable laws), are entitled to receive dividends. The other classes of shares for e.g. Preference Shares or Shares with differential voting rights, if any, will be governed by the terms of issue of such shares.

Any convertible instruments issued by the Company shall be entitled for dividend only upon conversion.

Procedure with respect to dividend

The Board upon perusing the rational for proposed pay-out, may recommend a final dividend or declare an interim dividend.

The final dividend recommended by the Board is subject to declaration by the shareholders in the ensuing Annual General Meeting.

The interim dividend declared by the Board shall be placed for confirmation before the shareholders in the ensuing Annual General Meeting.

The Vice Chairman & Managing Director may also recommend to the Board transfer of such percentage of profits for that financial year as deemed appropriate to the reserves of the Company and the Board may decide on the same.

In case of inadequacy of profits for any financial year, the Board may decide to approve declaration of dividend out of accumulated profits of the previous year's taking into account compliance requirements and the Regulatory Framework.

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The Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

Modification to the Policy

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 Regulatory Framework.

Disclosures

The Company shall make appropriate disclosures as required under the SEBI Regulations and the Companies Act, 2013.

Parameters to be adopted with regard to various classes of shares

Presently, the Company has only one class of shares i.e. equity shares. As and when it proposes to issue any other class of shares, this policy shall be accordingly modified, if necessary, to cover such other class of securities.

Scope and Limitation

In the event of any conflict between the provisions of this Policy and SEBI LODR or the Act or any other statutory enactments, rules (collectively "Laws"), the provisions of Laws shall prevail over this Policy.

Disclaimer

This Policy does not purport to or solicit investment in the Company's securities nor this Policy purports to provide any kind of assurance to Shareholders of any guaranteed returns (in any form), for investments in the Company's equity shares.

For Vascon Engineers Limited

Sd/-

Siddharth Vasudevan Moorthy

Managing Director

DIN: 02504124

Date: **August 08, 2023**

Place: **Pune**

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