DIVIDEND DISTRIBUTION POLICY

OF

AEROFLEX ENTERPRISES LIMITED
(*FORMERLY SAT INDUSTRIES LIMITED*)

1. INTRODUCTION

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI LODR Regulations"), requires the top 1,000 listed entities by market capitalization, determined as on March 31 of every financial year, to formulate a dividend distribution policy.

Aeroflex Enterprises Limited (formerly 'SAT Industries Limited') (the "Company") does not form part of the top 1,000 listed entities by market capitalization as on March 31, 2026.

However, as a matter of good corporate governance and transparency, the Company has voluntarily adopted this Dividend Distribution Policy (the "Policy"). This Policy has been approved by the Board of Directors of the Company (the "Board") on June 26, 2026 and shall come into effect from such date and applicable for financial year 2026-27 onwards, unless modified or amended in accordance with applicable law.

2. OBJECTIVE

The objective of this Policy is to lay down the guiding principles and broad parameters to be considered by the Board while recommending or declaring dividend to the equity shareholders of the Company, in accordance with applicable law.

While considering the declaration or recommendation of dividend or retention of profits, the Board shall endeavor to maintain an appropriate balance between the interests of the Company, its growth and funding requirements, its financial condition, its creditors, and its shareholders.

3. TIMING OF DIVIDEND DECLARATION

- **Interim Dividend**:

The Board of Directors (**"Board"**) may declare one or more interim dividend(s) during any financial year or at any time during the period from closure of the financial year till the holding of the annual general meeting, subject to compliance with the Companies Act, 2013 and other applicable laws.

- **Final Dividend**:

The Board may recommend a final dividend after approval of the audited financial statements for the relevant financial year, and such final dividend shall be payable only upon approval by the shareholders at the annual general meeting, in accordance with applicable law.

In determining whether to declare or recommend dividend, the Board shall consider the financial parameters, internal and external factors, and other relevant considerations set out in this Policy, subject always to applicable law.

4. FINANCIAL PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDEND

i. The Board may consider, inter alia, various financial parameters while declaring or recommending dividend, including profitability for the relevant period, cash flows and liquidity position, leverage, return ratios, net profit, capital requirements for future growth and expansion, and such other financial metrics as the Board may deem relevant.

ii. Dividend shall ordinarily be declared or recommended out of the standalone profits of the Company for the relevant financial year, after providing for depreciation and subject to compliance with the Companies Act, 2013, the rules made thereunder, and any other applicable regulatory requirements, as amended from time to time.

iii. While the Board may endeavor to maintain consistency in dividend payout over time, the declaration or recommendation of dividend in any financial year shall remain at the sole discretion of the Board and shall depend on the factors specified in this Policy and compliance with applicable law.

5. INTERNAL AND EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND

The factors, internal and external, to be considered by the Board, for determining the declaration of dividend, will include the following:

i. **Internal Factors**

- Business growth
- Cost of Borrowing
- Operating Expenses
- Quality of assets and NPA
- Profitability of the Company
- Asset-Liability Management Position, including contingent labilities
- Future growth capital requirements in business
- Ability to raise or availability of Debt Capital
- Carried forward balance in P&L Account
- Accumulated free Reserves

ii. **External Factors**

- Macro-economic environment
- Competitive environment and pressures in the industry
- Liquidity position in the economy
- Changes in government policies
- Regulatory changes
- Change in tax structure applicable on dividend both for the Company as well as Shareholders

6. ELIGIBILITY CRITERIA FOR PAYMENT OF DIVIDEND UNDER SECTION 123 OF THE COMPANIES ACT, 2013

In accordance with Section 123 of the Companies Act, 2013, the Board may declare interim dividend during any financial year or at any time during the period from closure of the financial year till the holding of the annual general meeting:

- out of the surplus in the profit and loss account
- or out of profits of the financial year for which such interim dividend is sought to be declared
- or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend:

Provided that in case 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 or dividends shall not be declared at a rate higher than the average total dividends declared by the company during immediately preceding three financial years.

Provided also that the company shall not declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.

The declaration, deposit and payment of dividend, including interim dividend, shall be undertaken in accordance with the Companies Act, 2013 and other applicable laws.

7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND(S)

Shareholders of the Company may not expect declaration of dividend in below mentioned circumstances-

i. Expectation of growth opportunity in the existing business and capital is required to be conserved for meeting the growth.

ii. In the event of an opportunity for acquisition and/or strategic investments in existing lines of business or new business where the Company may be required to allocate capital.
iii. In the event of requirement of working capital for the business.
iv. In the event of inadequacy of cashflow available for distribution of dividend.
v. In the event of absence or inadequacy of profits.

8. POLICY GUIDELINES ON UTILIZATION OF THE RETAINED EARNINGS

The retained earnings of the Company may be used, inter alia, for one or more of the following purposes:

i. Business Growth
ii. Capital Expenditure
iii. Working Capital requirements
iv. Acquisition of businesses/entities including new lines of business
v. Buyback of Shares
vi. Issue of Bonus Shares
vii. Investment in new lines of Business
viii. Repayment of Debt
ix. Meeting contingency plans; and
x. Any other purpose as may be permitted by law

9. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Currently, the Company has only one class of equity shares.

In the future, if the Company issues multiple classes of shares, the parameters of the dividend distribution policy for different classes of shares will be appropriately addressed.

10. REVIEW & AMENDMENTS

This Policy shall be reviewed periodically by the Board and may be amended, modified or revised from time to time in line with applicable law, regulatory requirements and the business requirements of the Company.

In the event of any inconsistency between this Policy and any applicable law, the applicable law shall prevail, and this Policy shall be read and implemented accordingly. The Company shall take reasonable steps to amend this Policy in due course to align it with such applicable law.

11. DISCLOSURES

The Company shall make such disclosures as may be required under the SEBI LODR 2015 and other applicable laws, including disclosure of this Policy on the website of the Company and in the annual report, to the extent applicable.

This Policy has been approved by the Board of Directors of the Company at its meeting held on June 26, 2026 and shall be effective from the date of such approval, unless otherwise specified by the Board.

****