

VUB ENGINEERING LIMITED*

DIVIDEND DISTRIBUTION POLICY

Formulated on: June 24, 2025

** VUB ENGINEERING LIMITED, formerly known as V U B ENGINEERING LIMITED.*

***The Board of Directors of the Company at its Meeting held on June 24, 2025 approved the policy and the same shall come into force from the date of listing of the securities of the Company on recognized stock exchanges.*

This Dividend Distribution Policy ("Policy") has been formulated in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). The Company has adopted this Policy to ensure greater transparency and consistency in dividend matters.

OBJECT

The object of this Policy is to establish the parameters (including internal and external factors) to be considered by the Board before declaring or recommending dividend. The Policy aims to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient funds are retained for the growth of the Company. This policy is not an alternative to the decision of the Board for recommending or declaring dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be considered relevant by the Board.

DEFINITIONS

- a) "**Act**" shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactments thereof.
- b) "**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.
- c) "**Board**" or "**Board of Directors**" shall mean all the members of the Board of Directors of the Company.
- d) "**SEBI Listing 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.
- e) "**Company**" means VUB Engineering Limited.
- f) "**Dividend**" shall mean Dividend as defined under the Companies Act, 2013.
- g) "**Financial year**" shall mean the period starting from 1st day of April and ending on 31st day of March every year.
- h) "**Policy**" means 'Dividend Distribution Policy'

Any other term used but not defined herein shall have the same meaning as defined in the Companies Act, 2013 or rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, applicable Accounting Standards as amended from time to time or

any other law or regulation applicable to the Company.

SCOPE

The Policy covers the following:

a. Dividend to Equity Shareholders of the Company:

The Dividend will be distributed equally among all the equity shareholders based on their shareholding on the record date. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

b. Interim Dividend:

Interim Dividend(s), if any, shall be declared by the Board.

In case no final dividend is declared for any particular financial year, interim dividend paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting ("AGM").

c. Final Dividend:

Recommendation, if any, shall be made by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

The dividend as recommended by the Board shall be approved/declared in the AGM of the Company.

PARAMETERS TO BE CONSIDERED

The Board shall consider following parameters, factors and circumstances before declaring or recommending dividend:

- a. Statutory Requirements: The Board shall comply with the provisions of the Companies Act, 2013 and rules applicable there under including those with respect to mandatory transfer of a certain portion of profits to any specific reserve which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.
- b. Financial / Internal Factors: The Board shall consider following internal factors:

1. Financial performance of the Company for the year for which dividend is recommended.
2. Company's liquidity position including its present and expected obligations.
3. Profits of the Company.
4. Earning outlook
5. Long term growth strategies of the Company
6. Present and future capital expenditure plans of the Company including organic / inorganic growth opportunities including but not limited to:
 - Expected cash requirements of the Company towards working capital, capital expenditure in technology and infrastructure etc.;
 - Investments required towards execution of the Company's strategy;
 - Funds required for any acquisitions that the Board may approve; and
 - Any plans for buy-back of shares.
7. Financial commitments with respect to the outstanding borrowings and interest thereon, and covenants in financing documents.
8. Financial requirement for business expansion and/or diversification, acquisition etc of new businesses.
9. Past dividend payout trend of the Company and the industry. The dividend payout ratio will be calculated as a percentage of dividend (including dividend tax, as applicable) recommended for the year to the net profit for that year.
10. Cost of borrowings and funds required to service any outstanding loans;
11. Minimum cash required for contingencies or unforeseen events;
12. Cash flows and earning stability;
13. Other corporate action options (For example, Bonus issue, Buy back of shares).
14. Any other relevant or material factor as may be deemed fit by the Board.

c. **External Factors:** The Board shall consider following external factors:

1. State of economy and capital markets.
2. Applicable taxes including dividend distribution tax.
3. Dividend pay-out ratios of Companies in the same industry.
4. Regulatory Changes: Introduction of new or changes in existing tax or regulatory requirements (including dividend distribution tax) having significant impact on the Company's operations or finances.
5. Any political, tax and regulatory changes in the geographies in which the Company operates;
6. Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its

- business model;
7. Any change in inflation
 8. Any changes in the competitive environment requiring significant investment.
 9. Any other relevant or material factor as may be deemed fit by the Board.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND

The Board shall determine the question of declaration of 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. Dividend for the financial year shall be decided/recommended by the Board, considering, statutory, economic, market, industry, external and internal factors.

The Company may be restrained to declare dividends in following circumstances:

- a. Inadequate profits: If during any financial year, the profits of the Company are not adequate, the Board may decide not to recommend any dividend for that year.
- b. Restriction on Declaration of Dividend from Reserves
As per Section 123 of the Companies Act, 2013, dividends are generally declared from the profits of the current or previous financial years after providing for depreciation. The Board may declare dividends out of reserves only in exceptional cases of inadequate or no profits, and strictly as per the Companies (Declaration and Payment of Dividend) Rules, 2014.
- c. Any restrictions and covenants contained in any financing agreement as may be entered with the lenders ; and
- d. Whenever declaration of dividend is prohibited by any statutory or regulatory body.]

UTILIZATION OF RETAINED EARNINGS

[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 utilize 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.

The decision of utilization of retained earnings of the Company shall be based on the following factors ;

- a. Acquisition/ Diversification of business;
- b. Long term strategic growth plans;
- c. High cost of debt;
- d. Market or product development/ expansion plan;
- e. Increase in production capacity;
- f. Modernization Plan;
- g. Replacement of Capital-intensive assets;
- h. Such other criteria as the Board may deem fit.]

ENTITLEMENT AND TIMELINES FOR DIVIDEND PAYMENTS

- a. Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws.
- b. Timelines: The payment of dividend shall be made within the time prescribed under the Act or the rules made there under. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the shareholders in the AGM in case of Final Dividend.

LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this policy.

Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this policy.

The Board may, from time to time, make amendment(s) to this Policy to the extent required due to change in applicable laws and / or regulations or as deemed fit on a review.