

ACCORD TRANSFORMER & SWITCHGEAR LIMITED
(FORMALLY KNOWN AS “ACCORD TRANSFORMER & SWITCHGEAR PRIVATE LIMITED”)

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As originally approved by the Board of Directors in their meeting held 1st August, 2025.

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

This Dividend Distribution Policy (“Policy”) has been framed in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The Policy sets out the parameters to be considered by Accord Transformer & Switchgear Limited (formerly known as Accord Transformer & Switchgear Private Limited) for declaration and distribution of dividend to its shareholders.

2. EFFECTIVE DATE

The revised Policy shall be operative with effect from 1st August, 2025.

3. DEFINITIONS

Unless the context otherwise requires, the terms referred to in the Policy shall have the same meaning as defined under the Companies Act, 2013 (the ‘Act’), the Rules made thereunder, and the SEBI guidelines, including Listing Regulations.

4. PURPOSE

The objective of this policy is to provide the dividend distribution framework to the stakeholders of the Company as required by the Listing Regulations and lay down:

- Internal and external parameters that shall be considered while declaring the dividend;
- Financial parameters that shall be considered while declaring dividend
- Circumstances under which the shareholders of the Company may or may not expect dividend; and
- Manner of utilization of retained earnings.

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

The Policy is not an alternative to the decision of the Board for recommending dividend. The Board may decide declaring dividend, taking into consideration all the relevant circumstances enumerated hereunder or other factors.

5. Dividend:

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend.

Dividend will be declared out of the current year's Profit after Tax of the Company, which is available for dividend. Only in exceptional circumstances (such as loss in any particular financial year), the Board may consider utilizing retained earnings for declaration of dividends, subject to applicable legal provisions.

Following adjustments will be carried out while calculating profits available for dividend:

- Profits as per stand- alone Financials will be considered.
- 'Other Comprehensive Income', which is disclosed after 'Profit after Tax' in the statement of 'Total Comprehensive Income' in Financial Statements, which mainly comprises of unrealized gains/losses, will not be considered for the purpose of declaration of dividend. However, the gains once realized and available to be classified as free reserve may be considered as such.
- Any unrealized gains, notional gains or gains on the revaluation of assets or surplus on measurement of assets or liabilities at fair value will not be considered.
- Company may, before the declaration of any dividend in any financial year, transfer such percentage of its profit for that financial year, as it may consider appropriate to the reserves of the Company.

The net payout to shareholders shall be subject to deduction of tax at source, if applicable as per the prevailing tax laws.

Any unclaimed dividend shall be dealt with as per the procedure prescribed under Act, rules made thereunder, or SEBI Guidelines.

Subject to the provisions of the Act, Listing Regulations, MOA & AOA, and the terms & conditions of the issue of securities by the Company, the Company may pay dividend in proportion to the amount paid up on each share.

The dividend shall be paid in cash form through the use of any electronic mode of payment facility approved by the Reserve Bank of India.

The right and title of dividends shall be governed by the section 27 of Security Contract Regulation Act, 1956 and other applicable laws, rules and regulation as amended from time to time.

6. CATEGORY OF DIVIDENDS

The Act provides for two forms of Dividend- Final & Interim.

6.1 FINAL DIVIDEND

The Final dividend is paid once for the financial year at the time of approval of annual financial statements. The Board has the power to recommend the payment of Final Dividend to the shareholders in a general meeting.

Approval of payment of Final Dividend

The Board shall recommend amount of final dividend payable to shareholders in its meeting, which shall be subject to Shareholders' approval in the Annual General Meeting.

6.2 INTERIM DIVIDEND

This is the form of dividend declared by the Board between two Annual General Meetings as and when considered appropriate, in line with this Policy. Normally, the Board may consider declaring an interim dividend after finalization of quarterly (or half-yearly) financial accounts. This would be in order to supplement the annual dividend or in exceptional circumstances.

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 shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years in terms of section 123 (3) of the Act..

Approval of payment of interim dividend

Board may declare interim dividend at its complete discretion in line with this Policy, based on profits arrived at as per quarterly (or half- yearly) financial statements. The Board may decide to declare such interim dividend once or more than once during the year.

7. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Board will consider the factors provided in this policy before determination of any dividend payout.

The shareholder of the Company may not expect dividend under the following circumstances:

- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Whenever the Company undertakes or proposes to undertake a significant expansion Project or any acquisition/investment or Joint venture, requiring significant allocation of funds;
- Requirement of higher working capital for the purpose of the business of the Company;
- Utilization of surplus cash generated during the financial year in entirety for alternative forms of distribution such as buy-back of securities.

Pandemic or any other circumstances which may pose significant uncertainties with respect to profits in the near future

8. DECLARATION OF DIVIDEND

Subject to the provisions of the Companies Act, dividend will be declared or paid only out of-

- i) Current financial year's profit available for dividend:
 - a) after providing for depreciation in accordance with law;
 - b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.
- ii) The profits for any previous financial year(s):
 - a) after providing for depreciation in accordance with law;
 - b) remaining undistributed; or
- iii) out of i) & ii) both.

The Company shall intimate/announce (at least seven working days in advance, excluding the date of the intimation and the record date/dates of closure of its transfer books) the record date/dates of closure of its transfer books to the stock exchange(s) for the purpose of declaration of dividend.

9. PARAMETERS/FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and the amount of profit to be retained in the business. The Board will generally try to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision of any Company depends upon below-mentioned factors-

9.1 EXTERNAL FACTORS, INCLUDING BUT NOT LIMITED TO:-

State of Economy- in case of uncertain or recessionary economic and business conditions, Board will endeavor to retain a larger part of profits to build up reserves to absorb future shocks.

Capital Markets- when the markets are favorable, dividend payout can be liberal. However, in case of unfavorable market conditions, Board may resort to a conservative dividend payout in order to conserve cash outflows.

Statutory Restrictions- the Board will keep in mind the restrictions imposed by the Companies Act and other statutory authorities with regard to declaration of dividend.

9.2 INTERNAL FACTORS:-

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring dividend, which inter alia may include-

- i) Business plans;
- ii) Present & future Capital requirements of the existing businesses;
- iii) Brand/ Business Acquisitions;
- iv) Expansion/ Modernization of existing businesses;
- v) Working capital requirements;
- vi) Additional investments in subsidiaries/associates of the Company;
- vii) Fresh investments into external businesses;
- viii) Cash required for contingencies or unforeseen events; and
- ix) Any other factor as deemed fit by the Board.

9.3 FINANCIAL PARAMETERS

- i) Current year profits;
- ii) Operating Cash Flow;
- iii) Distributable surplus as per applicable statutory regulations;
- iv) Past dividend payout trends of the Company;
- v) Cost of borrowings;
- vi) Outstanding Borrowings, including debt to equity ratio; and
- vii) Any other factor / or significant events which the Company's Board may consider.

9.4 PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:

Presently, the Authorized Share Capital of the Company comprises of Equity shares only. In the absence of any other class of shares, the entire distributable profit for the purpose of declaration of dividend is considered for the equity shareholders.

As and when the Company shall issue other class of equity shares or other kind of shares, the Policy may be suitably amended.

10. 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 its shareholders.

The Company may utilize the retained earnings for making investments for future growth and expansion including making strategic investments that would help the Company to consolidate its presence of business, for generating higher returns for the shareholders or for any other specific purpose as approved by the Board of Directors of the Company.

11. TARGET DIVIDEND PAYOUT:

The Board will generally try to achieve a dividend payout ratio in the range of 25% to 40% of the Standalone Profit after Tax (calculated based on parameters mentioned in earlier paragraphs). The Board may subject to applicable rules and regulations exclude below items while arriving at such profits, in order to calculate such range:

- A. Any exceptional gains that may not represent the true operational performance of the Company, such as gains in value of investments on mark to market basis
- B. Impairment of any assets or investments on fair value
- C. Gains on sale of investments
- D. Gain on sale of any undertaking

However, the Board may decide to distribute the amount of exceptional gain on sale of investments, fully or partly, as special dividend, subject to applicable guidelines, having regard to prevailing circumstances and overall plans. Further, the Board reserves the right not to declare dividend or decide any rate of dividend

12. INAPPLICABILITY OF THE POLICY

The Policy shall not apply to a distribution by way of bonus shares or buyback of equity shares.

13. DISCLOSURE

The Policy shall be disclosed in the Company's Annual Report and website of the Company, www.atsgroup.in

If the Company proposes to declare dividend based on the parameters in addition to the parameters mentioned in this Policy it shall disclose such changes along with the rationale for the same in its Annual Report & on its website.

If the Board decided to deviate from this Policy, the rationale for the same will be suitably disclosed in the annual report and the website of the Company. This Policy would be subject to revision / amendment on a periodic basis, as may be necessary.

14. LIMITATION

In the event of a conflict between this Policy and the external regulations, the regulations shall prevail upon the provisions hereunder and this Policy shall stand amended to the extent of such inconsistency accordingly.

15. REVIEW OF THE POLICY

The Board or any committee thereof, as may be authorized by the Board, may, from time to time, amend, modify, repeal or revise any or all provisions of this Policy. This Policy is also subject to modification, if any, in accordance with the guidelines/clarifications as may be issued from time to time by relevant statutory and regulatory authorities.