

UNITED SPIRITS LIMITED - DIVIDEND DISTRIBUTION POLICY

1. Introduction

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to formulate a dividend distribution policy which shall be disclosed on the website of the Company and a web-link of the same is required to be provided in its annual report.

2. Objective

The objective of this policy is to enable fair, consistent and sustainable dividend distribution and set out the parameters that will be taken into account by the board of directors of the Company in determining the quantum of dividend and profits that will be retained by the Company within the overall capital allocation principles.

The Company aims to return surplus cash not required by the business in the foreseeable future to its shareholders in accordance with the principles laid out in this policy. In the near term, Company will endeavour for a dividend pay out ratio between 50-70% of the total distributable profits within the framework of this policy.

3. Circumstances under which shareholders may or may not expect dividend

The actual quantum of dividend (including interim dividend, special dividend etc.) will depend on various factors including financial parameters, internal and external factors, policy on utilization of retained earnings etc. and will be subject to applicable regulatory provisions. Board of directors shall have the discretion to not declare dividend including in the event of any actual/potential adverse internal/external development(s) wherein board is of the view that such a decision is in the best interest of the Company.

4. Financial parameters

The key financial parameters that shall be considered while declaring dividends are as follows:

- a. Operating Profit
- b. Operating Cash Flow
- c. Profits available for distribution as dividends
- d. Working capital requirements
- e. Cash flow and liquidity position
- f. Capital expenditure
- g. Borrowings, if any

5. Internal and external factors for declaration of dividend:

Following important internal and external factors will be considered by board of directors before declaring dividend:

a. Internal Factors:

- i. Actual and expected underlying business performance
- ii. actual and expected cash flow and liquidity position
- iii. actual and planned capital expenditure & divestitures
- iv. any inorganic opportunities
- v. any unforeseen events/contingency including historical/legacy matters
- vi. interim dividend, if any already announced
- vii. buy-back, if any

b. External Factors:

- i. Actual and expected excise, route to market and other regulatory changes
- ii. Overall macro economic conditions including of alcohol industry
- iii. Changes in market conditions/consumer trends
- iv. Peer group dividend pay out ratios

6.Utilization of retained earnings:

The retained earnings will be utilized for overall growth of Company including the following:

- i) Business expansion
- ii) Working capital and capital expenditure proposals
- iii) Inorganic growth opportunities
- iv) Buyback, if any
- v) Repayment of borrowings, if any
- vi) Issue of bonus shares, if any

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

Company currently has only one class of shares i.e., equity shares and hence the policy applies to equity shares of the Company.

8. Authority

This policy was originally approved by board of directors on 27th October 2016 and is amended on 8th November 2023. Board of directors shall be authorized to carry out such further modifications as they deem fit.
