



# ***UTTAM SUGAR MILLS LIMITED***

## ***[DIVIDEND DISTRIBUTION POLICY]***

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### **1. BACKGROUND**

This Dividend Distribution Policy (hereinafter referred to as the “Policy”) is framed in terms of the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Pursuant to the provisions of Regulation 43A of the said Regulations, top 1000 listed entities based on market capitalization (calculated as on March 31st of every financial year) should have a Dividend Distribution Policy.

Therefore, the Board of Directors of Uttam Sugar Mills Limited has adopted this Dividend Distribution Policy of the Company as per the aforesaid requirement.

### **2. DEFINITIONS**

- **Act:** Act means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof for the time being in force.
- **Board:** Board shall mean the Board of Directors of the Company, as constituted from time to time.
- **Company or USML:** ‘Company’ or ‘USML’ shall mean ‘Uttam Sugar Mills Limited’.
- **Dividend:** As defined under Section 2(35) of the Act.
- **Free Reserves:** As defined under Section 2(43) of the Act.
- **SEBI or Listing Regulations:** SEBI or Listing Regulations mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.

All words and expressions used but not defined in this Policy, but defined in the Act or the Listing Regulations shall have the same meaning as respectively assigned to them in such Act or Regulations, as the case may be.

### **3. OBJECTIVES**

- The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company.
- The Board of Directors of Uttam Sugar Mills Limited (the “Company” or “USML”) is under an obligation to formulate a policy for determining the dividend distribution to its shareholders to comply with the requirements of SEBI Regulations.

### **4. ‘USML’ DIVIDEND DISTRIBUTION POLICY**

The general considerations of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following:

- Subject to the other considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors.
- The Board may also, where appropriate, aim at distributing dividends in form of fully or partly paid shares or other securities, subject to applicable law.
- Free cash flows and adjustments for exceptional/ one off items

### **5. ‘USML’ DIVIDEND DISTRIBUTION PARAMETERS**

The Board shall consider the following parameters:

#### **a) Situations under which the shareholders may or may not expect dividend**

Shareholders may expect Dividend when the Company is having adequate surplus funds after providing all expenses, depreciation, etc., and complying all other statutory requirements of the Act.

Shareholders may not expect Dividend:

- When the Sugar Industry Scenario is uncertain, even if the Company has earned profits in the year.
- When there are regulatory restrictions.
- The Board of Directors of the Company may not declare or recommend dividend for a particular period if it is of the view that to conserve capital would be in the interest of the Company.

#### **b) Financial Parameters / Internal Factors**

In addition to the aforesaid parameters, the decision of dividend payout or retention of profits shall also be based on the following:-

- Cash Flows;
- Long term strategic plans;
- Debt repayment schedules and contractual constraints such as dividend restrictions in debt contracts and the current degree of financial leverage;
- Such other criteria as deemed fit by the Board.

**c) External Factors**

- Changes in the Government policies, industry specific rulings & regulatory provisions;
- The dividend decisions may also be influenced by the growth and performance of the applicable industrial sector, emerging trends in the financial market and performance of the Company vis-à-vis its peers and dividend payout ratio of the comparable companies;
- Business cycles;
- Statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve;
- Any other factor which has a significant influence/impact on the Company's working/financial position.

**d) UTILISATION OF RETAINED EARNINGS**

The Company shall endeavor to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and also its shareholders. Subject to the provisions of the applicable laws, the Company may declare dividend out of profits of the Company for the year or out of the profit of previous year or out of free reserves available for distribution of dividend, after having due regard to the parameters laid down in the Policy.

**e) PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above. Additionally, the following shall be considered:

- The dividend will be paid to the equity shareholders based on the terms of the issue.
- The dividend shall be paid out of Company's distributable profits and / or profits of earlier year(s) (subject to applicable law), and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

**6. NON-APPLICABILITY OF THE POLICY**

The Policy shall not apply to:

- Determination and declaring of dividend on preference shares as the same will be as per the terms of issue approved by the shareholders;
- Distribution of cash as an alternative to payment of dividend by way of buyback of equity shares.

**7. AMENDMENT**

The Board may, from time to time, make amendments to this Policy as deemed fit, due to change in applicable laws and regulations. The policy may be reviewed periodically by the Board. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

## **8. NOTES**

This Policy has been prepared for the purpose of SEBI Regulations. The above Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the dividend to be distributed in the year and the Board reserves the right to depart from the policy as as per the prevailing conditions and situations.

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