

GMR Hyderabad International Airport Limited



Dividend Distribution Policy



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I. INTRODUCTION

The Board of Directors (the “Board”) of GMR Hyderabad International Airport Limited (the “Company”) has adopted the Dividend Distribution Policy (the “Policy”) of the Company as required in terms of the Board process and Corporate Governance, in its meeting held on May 04, 2017.

II. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board of the Company i.e. May 04, 2017

III. PURPOSE, OBJECTIVES AND SCOPE

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking the decision of distribution or of retention of profits, in the interest of providing transparency to the shareholders.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be deemed relevant by the Board.

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 Company shall pursue this Policy, to pay dividend, subject to the circumstances and factors enlisted hereon, which shall be consistent with the performance of the Company over the years.

IV. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Equity shareholders of the Company may expect dividend in the situation of the Company having surplus funds after providing all expenses, depreciation, etc., and complying with all other statutory requirements of the Companies Act, 2013 and the Rules made thereunder and any amendments thereof. The Company's expansion / investment plans over the near term may also be an important factor for taking the dividend decision and to determine the dividend amount. The Board shall consider the factors provided under **Para E** and **Para F** below, before determination of any dividend pay-out. The decision of dividend pay-out shall be based on taking a balanced view of factors mentioned below, in the best interest of the shareholders and the Company.

V. SOURCE OF PAYMENT OF DIVIDENDS

Subject to provisions of the Companies Act, 2013, a dividend can be declared out of the following:

- i) Out of the profits for that financial year for which dividend has to be paid**
 - a) after providing for depreciation in accordance with Schedule II of the Companies Act, 2013



- b) after setting off the brought forward previous losses and depreciation not provided in previous year or years as per Companies Act, 2013 against profit of the company for the current year.
 - c) after transferring such % of its profits for that financial year to the reserves of the company, if any, as may be considered appropriate by the Board.
- ii) Out of the Profits / Reserves for any previous financial year or years:**
- a) after providing for depreciation for the current year in accordance with Schedule II of the Companies Act, 2013
 - b) after setting off the brought forward previous losses and depreciation not provided in previous year or years as per Companies Act, 2013 against profits of the company.
 - c) after transferring such % of its profits to the reserves of the company, if any, as may be considered appropriate by the Board.
 - d) after complying with the provisions of the Companies Act as prevailing on the date of considering dividend payment out of past Profits/Reserves.
- iii) Out of both (i) & (ii) above**
- iv)** In case of inadequacy or absence of profits in any financial year, the Company will comply with the then prevailing provisions of Companies Act and rules thereon.

The Board may, at its discretion, declare a special dividend under certain circumstances such as extraordinary profits from sale of investments.

VI. FACTORS TO BE CONSIDERED RELEVANT FOR DECISION OF DIVIDEND PAY-OUT

The Board may consider the following, while taking decision of a dividend pay-out during a particular year:

VI-A External Factors

VI-A.1 Statutory requirements

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve, etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

VI-A.2 Agreements with lending institutions / Debenture Trustees

The decision of dividend pay-out shall also be in compliance with the restrictions and covenants contained in the agreements as may be entered into with the lenders / bondholders of the Company from time to time.



VI-A.3 Macroeconomic conditions and Regulatory environment

The Board may consider the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company. Further the Board may consider the prevailing decisions of the Airport Regulator, likely decisions of the Airport Regulator in the near term and the regulatory environment of the Company from time to time.

VI-A.4 Taxation and other regulatory concern

- Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend.
- Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

VI-B Internal Factors

The board may also take into account the following internal factors while declaring dividend: -

- (a) Profits earned during the year;
- (b) Availability of adequate cash flow, after considering all debt servicing requirements.
- (c) Present and future capital requirements of the existing businesses;
- (d) Business acquisitions and divestments, if any;
- (e) Expansion/modernization of existing businesses;
- (f) Additional investments in subsidiaries/associates of the Company;
- (g) Fresh investments into external businesses;
- (h) Uncertainties, if any in the operating performance of business units
- (i) Management recommendations, based on any other consideration; and
- (j) Any other factor as deemed fit by board

VII. PARAMETERS FOR VARIOUS CLASSES OF SHARES

1. The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
2. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
3. The dividends shall be paid out of the Company's distributable profits and / or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.



VIII. MANNER OF DIVIDEND PAYOUT

Below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations:

In case of final dividends

1. Recommendation of dividend, if any, shall be done by the Board at its meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
2. The dividend as recommended by the Board shall be approved / declared at the annual general meeting of the Company.
3. The payment of dividends shall be made within the statutory time to the shareholders entitled to receive the dividend on the record date / book closure period as per the applicable law.

In case of interim dividend

1. Interim dividend, if any, shall be declared by the Board.
2. Before declaring interim dividend, the Board shall consider the financial position of the Company, including expected profitability for the balance period of financial year, that allows the payment of such dividend.
3. The payment of dividends shall be made within the statutory time, to the shareholders entitled to receive the dividend on the record date as per the applicable laws.
4. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting.

IX. AMENDMENT

The Policy shall automatically stand modified to cover revision(s) / amendment(s) in accordance with applicable laws and regulations in force from time to time. Notwithstanding anything contained anywhere the Board reserves its right to alter / modify / add / delete or amend any of the provisions of this policy.

This Policy was originally reviewed and approved by the Board of Directors on 04-05-2017.

S. No.	Reviewed By	Review Date	Approved By	Approved Date
01	Board of Directors	04-05-2017	Board of Directors	04-05-2017