



GMR VISAKHAPATNAM INTERNATIONAL AIRPORT LIMITED

DIVIDEND DISTRIBUTION POLICY

DIVIDEND DISTRIBUTION POLICY

The Board of Directors (the "Board") of GMR Visakhapatnam International Airport Limited ("Company") has adopted the Dividend Distribution Policy (the "Policy") of the Company as required in its meeting held on October 22, 2024.

EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. October 22, 2024.

OBJECTIVES AND SCOPE

This Policy sets out the circumstances and different factors for consideration by the Board at the time of taking the decisions 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 recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be deemed relevant by the Board.

Declaration of dividend is based on parameters in addition to the elements of this Policy or resulting in amendment of any element of this Policy shall be regarded as deviation. Any such deviation, in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale shall be disclosed in the Annual Report by the Board of Directors and on the Company website.

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

A. Circumstances under which the shareholders may or may not expect dividend.

The Equity shareholders of the Company may expect dividend only if the Company is having surplus funds after providing all expenses, depreciation etc., and complying all other statutory requirements of the Companies Act, 2013. The company's immediate expansion / investment plans shall also be a big factor for taking the dividend decision and determine the dividend amount. The Board shall consider the factors provided under **Para B** and **Para C** below before determining any dividend pay-out. The decision of dividend pay-out shall mainly be based on taking a balanced view of factors mentioned below, in the best interest of the shareholders and the Company.

Preference Shareholders shall be entitled and paid dividend at the fixed rate as per the terms of issue. In the case of the Cumulative Preference Shares, if the Company does not have distributable profits for any certain financial year or the Company is not able to pay the dividend, then this shall be accumulated and be paid later on.

B. Financial Parameters

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

1. Currents Financial Year’s profits:
 - a. after providing for depreciation in accordance with law;
 - b. after transferring to reserve such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.
 - c. After providing for accumulated losses, if any;
2. The Profits for any previous financial year(s):
 - a. after providing for depreciation in accordance with law;
 - b. remaining undistributed; or
3. Out of both (i) & (ii) above.

Provided that in computing profits any amount representing unrealized gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded.

C. Considerations relevant for decision of Dividend Pay-Out

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

C-I External Factors

C-I.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 regarding dividend declaration or retention of profit.

C-I.2. Agreements with lending institutions/Debenture Trustees/Investors

The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time. The Company will also hold consultations with its Investor and take prior consent of the Investor (as defined under the Investor Rights Agreement dated December 21, 2023 entered into between the Company, GMR Airports Limited

and National Investment and Infrastructure Fund, as may be amended from time to time) before proposing any dividend payout.

C-I.3 Macroeconomic Conditions

Considering 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, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

C-I.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.

C-II Internal Factors

The board shall 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) Expansion/modernization of existing businesses;
- e) Uncertainties, if any in the operating performance of business units
- f) Management recommendations, based on any other consideration; and Any other factor as deemed fit by Board.

D. Manner of utilization of Retained Earnings

The Board may retain the Company earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- a) Expansion plans;
- b) Funds requirement of business units, owing to uncertain operational performance;
- c) Long term strategic plans;

- d) Replacement of capital assets;
- e) Where the cost of debt is expensive
- f) Other such criteria as the Board may deem fit from time to time.

E. Parameters for various Classes Of Shares

1. The factors and parameters for declaration of dividend to different classes of shares of the Company shall be same as covered above.
2. The payment of the 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.
4. A dividend, when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of their issue.
5. For the purposes of determining the dividend, the share capital of the Company shall be calculated on a fully diluted basis (in accordance with the Articles of the Company), however it being understood that dividend determined on this basis shall be paid out only to shareholders as per the Register of Members on any given record date.

F. 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, if any, shall be made by the Board at its meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company, provided there is no deviation from the dividend for which consent has been provided under C-I.2 above.
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 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.

In case of Interim Dividend

1. An interim dividend, if any, shall be declared by the Board after taking into account the internal and external factors indicated above and provided there is no deviation from the dividend for which consent has been provided under C-I.2 above.
2. Before declaring an interim dividend, the Board shall consider the financial position of the Company 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.

G. Disclosure

This Policy, as approved by the board of Directors, at its meeting held on [] shall be disclosed in the Annual Report and hosted on the website of the Company.

H. 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 Company reserves its right to alter/modify/add/delete or amend any of the provisions of this policy with the approval of Board by way of resolution and post obtaining the consent of the Investor as identified under C-1.2 above.