



# **GMR INFRASTRUCTURE LIMITED**

## **POLICY ON DIVIDEND DISTRIBUTION**



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## **DIVIDEND DISTRIBUTION POLICY**

### **(Pursuant to Regulation 43 A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015)**

The Board of Directors (the "Board") of GMR Infrastructure Limited (the "Company") has adopted the Dividend Distribution Policy (the "Policy") of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") in its meeting held on December 7, 2016.

#### **EFFECTIVE DATE**

The Policy shall become effective from the date of its adoption by the Board i.e. December 7, 2016.

#### **PURPOSE, OBJECTIVES AND SCOPE**

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 08, 2016 amended the Listing Regulations by inserting Regulation 43A, requiring top five hundred listed companies based on their market capitalization, calculated as on the 31st day of March of every year to have a Dividend Distribution Policy in place. The 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 for 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 on the basis of 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. 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 determination of any dividend pay-out. The decision of dividend pay-out shall, majorly 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 case of the Cumulative Preference Shares, if the Company is not having 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:

- i)** 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;
- 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 both (i) & (ii) above.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortisation or resulting from changes in accounting policies or accounting standards.

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

Further, though it is not mandatory, the Board shall give due regard to the availability of profits as per consolidated financial statements of the company, besides availability of profits on a standalone basis.

## **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 with regard to dividend declaration or retention of profit.

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

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.

#### **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) Business acquisitions;
- e) Expansion/modernisation 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

#### **D. MANNER OF UTILISATION 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) Investment needs of Subsidiary / Associate companies, in view of their respective project implementation / expansions/ modernisation etc.,
- c) Diversification of business;
- d) Funds requirement of business units, owing to uncertain operational performance;
- e) Long term strategic plans;
- f) Replacement of capital assets;
- g) Where the cost of debt is expensive;
- h) 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 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.
4. Dividend when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of their issue.

#### **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 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 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 December 7, 2016 shall be disclosed in the Annual Report, and hosted on the website of the Company [www.gmrgroup.in](http://www.gmrgroup.in) .



**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 management committee by way of resolution.

Date: December 7, 2016

Place: New Delhi