



INTERGLOBE AVIATION LIMITED

DIVIDEND DISTRIBUTION POLICY

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SCOPE AND OBJECT OF THE POLICY

1. This Dividend Distribution Policy ("Policy") sets forth the broad principles that would guide the Board of Directors ("Board") of InterGlobe Aviation Limited ("Company") in matters concerning declaration and distribution of dividend, with a view to impart transparency in the decision making process and ultimately assist stakeholders in making informed investment decisions. The Company has a track record of being an investor friendly Company. 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 thus maximizing shareholders' value.
2. Dividend is generally understood to mean the amounts distributed to shareholders out of the profits of a company. Dividend under Indian law can either be final dividend that is declared at the end of a financial year by the shareholders on the recommendation of the Board or interim dividend that is declared by the Board, during the financial year.

PRINCIPLES AND APPROACH TO DIVIDEND DECLARATION

1. Subject to applicable law, the recommendation of dividend for approval of the shareholders is at the discretion of the Board of the Company since ultimately, it is the Board of the Company that is best placed to determine what is in the best interest of the Company. The Board of the Company shall endeavor to strike a balance between: (i) the Company's interest to capitalize its profits, boost cash flows and use surplus funds for its business operations and (ii) the interests of its shareholders, in benefitting from their decision to invest in the shares of the Company.
2. The Company operates as a low cost carrier in a highly competitive and capital intensive sector. The aviation industry in general is characterized by low profit margins and high fixed costs. Therefore, retention of surplus funds to provide or plan

for contingencies or aid the expansion and future growth of the Company will be given paramount importance by the Board of the Company in view of the long term benefits that accrue to the Company and will ordinarily override short term considerations of returning cash to the shareholders.

3. Therefore, the dividend distribution policy is inherently dynamic and will depend on a number of factors. Accordingly, the Company's historical payment of dividends is not indicative nor can it serve as a template, for payment of dividends in the future.
4. The provisions of the Policy should be read in light of these fundamental principles.

BASIS FOR DIVIDEND PAYMENT

1. The Companies Act, 2013 ("Act") inter-alia permits the Company to declare or pay dividend: (i) out of the profits for that year or out of the profits for any previous financial years that remain undistributed, after providing for depreciation or (ii) out of accumulated profits transferred to free reserves, where profits for that year are either inadequate or absent, in accordance with the rules prescribed by the Central Government.
2. Presently, the Company has only one class of shares. The parameters and factors to be adopted by the Board of the Company for declaration of dividend for this class of shares is set out in this Policy.
3. The decision to pay dividend to its shareholders would depend principally on the availability of adequate net profit as disclosed in the annual financial statements of the Company, after taking into account the Company's cash position, economic status as well as the Company's medium and long term development plans, in light of the principles and factors set out in this Policy.

4. Dividend may be paid out of: (i) the relevant financial year's profit, after providing for depreciation and after transferring to free reserves such amount as may be prescribed, subject to applicable law, or as may be otherwise considered appropriate by the Board of the Company at its discretion or (ii) the net profit from any previous financial year(s), after providing for depreciation and remaining undistributed.

Final dividend:

The final dividend is declared and approved by the shareholders on the basis of the recommendation of the Board at the end of a particular fiscal year. The amount of final dividend is recommended by the Board after all financial statements are recorded for that particular fiscal year and the Board is aware of the company's profitability and financial health.

Interim dividend:

The interim dividend is declared and approved by the Board during the fiscal year.

5. Ordinarily, when the Company posts a loss or the internal or external factors highlighted below, merit retention of earnings, dividend shall not be paid, unless the Board of the Company may otherwise in its discretion, determine, subject to compliance with applicable law.
6. The Board of the Company shall have regard to the following illustrative internal and external factors, in declaring dividend:

Internal factors

- i. Company's earnings;
- ii. General financial condition;
- iii. Short term and long term capital requirements;

- iv. Acquisitions including any strategic acquisitions;
- v. Investments in subsidiaries or associate;
- vi. Investments in other business;
- vii. Results of operations;
- viii. Cash positions;
- ix. Contractual obligations;
- x. Overall financial position; and
- xi. Restrictive covenants under financing arrangements with lenders.

External Factors

- i. **General state of the economy** - In case of uncertain or recessionary economic and business conditions, Board of the Company will endeavor to retain larger part of profits to build up reserves to absorb any adverse unforeseen circumstances.
- ii. **Government Policy** - The Company operates in a highly competitive environment and policies of the Government of India in relation to the civil aviation sector, would have a bearing on the decisions of the Company.
- iii. **General outlook on the aviation sector** – The Board of the Company may also have regard to growth trends and challenges faced by the aviation sector. When the markets are favorable, the possibility of a dividend payment is higher. However, in case of unfavorable market conditions, Board of the Company may resort to a conservative dividend pay-out in order to conserve cash outflows.

COMPANY'S APPROACH TO DIVIDEND PAYOUT

The Board in general after considering all the internal and external factors will recommend the payment of final dividend at the end of the fiscal year which shall be subject to the approval of the shareholders of the Company.

The Company expects to only declare one final dividend each year.

However, the Board may, at its sole discretion, declare an interim dividend during the financial year.

FINANCIAL PARAMETERS FOR PAYMENT OF DIVIDEND

1. The portion of the profits of the Company which is distributable amongst the shareholders of the Company as dividend, will be arrived by preparing the profit and loss statement for the entire financial year.
2. The payment of dividend will be subject to the availability of free cash, after considering the cash needs of the business.
3. The dividend declared will be subject to the applicable taxes as per the provisions of income tax act or any other act applicable at the time of declaration of dividend.

EXTENT OF DIVIDEND DISTRIBUTION

1. The Board of the Company shall have the discretion to determine not only the amount of dividend per share net of any applicable taxes but also the time at which the dividend may be distributed to the shareholders.

2. It shall be open to the Board of the Company to revise, vary or modify the proportion of the net profit that may be paid out to as dividend to the shareholders, in its discretion.

MISCELLANEOUS PROVISIONS

1. In case of any doubt or ambiguity arising out of interpretation of the Policy or any difficulty arising out of the implementation of the Policy, the Board of the Company is empowered to issue necessary clarifications and the decision of the Board shall be final and binding.
 2. This Policy shall come into force on the date it is approved by the Board of the Company i.e. with effect from December 11, 2016. The Policy may be reviewed from time to time and it shall be open to the Board to vary or rescind the Policy.
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