

GMR AIRPORTS LIMITED

INVESTMENT POLICY

This document lays down the policy of the Company and the guidelines to be adhered to while undertaking investment transactions for deployment of funds and advancing loans, placing short/long term deposits in its core activities and in handling the investible surplus.

A) Objective :

The policy is framed pursuant to Direction 14(1) (a) of the Reserve Bank of India (RBI) Master Direction DNBR. PD. 003/03.10.119/2016-17 dated August 25, 2016, with the following objectives:

1. Effectively manage and invest the funds in the Permitted Investments.
2. Effectively manage and invest margin money as per loan documents requirements.
3. Effective management of Treasury returns by investing in instruments of different maturity pattern and interest rates, particularly when the funds are invested in Government Securities.
4. Effective execution and reporting of investment transactions
5. Proper recording/accounting of the investment transactions.
6. Protection of Capital, Liquidity of funds and maximization of yield will be the aim of Treasury Management.

B) RBI Regulations & Permitted Investments:

The Company is registered as Core Investment Company (CIC-ND-SI, NBFC-ND) with Reserve Bank of India (RBI). As per the Regulations issued by RBI for CICs, a CIC:

- a) is required to hold not less than 90% of its net assets in the form of investment in equity shares, preference shares, bonds, debentures, debt or loans in group companies
- b) Out of (a) above, investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies and units of Infrastructure Investment Trust only as sponsor shall constitute not less than 60%;
- c) is not permitted to trade in its investments in shares, bonds, debentures, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;



d) The company is not permitted to carry on any other financial activity referred to section 451 (C) and 451(f) of Reserve bank of India Act, 1934 except:

a) investments in:

- (i) Bank Deposits
- (ii) Money market instrument, including to money market mutual funds, Overnight scheme of mutual funds, liquid mutual funds or any mutual fund of similar nature.
- (iii) Government securities , and
- (iv) Bonds or debentures or deposits or instruments of similar nature issued by group companies,

b) Granting of loans and deposits to group companies and

c) Issuing guarantees on behalf of group companies.

Thus a CIC, can invest the surpluses in the above categories only and such investments shall hereinafter be referred to as "Investment".

C) Guidelines for Investment

1. Core Investments:

The Company being the CIC, can invest in Group Companies in the form of equity, preference shares, debentures, loans which will be approved by the Board of Directors and by others as per the powers delegated by the Board.

2. Investible Surplus:

Investible surplus of the Company shall be managed by the Company. Wherever there is availability of surplus funds for deployment, Finance/treasury department would invest the surplus funds as per this Policy. The following activities shall be responsibility of the Finance/Treasury department.

1. Investment of funds as per the policy guide lines.
2. Day to day monitoring of Investment portfolio.
3. Disposal of securities and realization of proceeds
4. Ensure Accounting of the transactions and reconciliation thereof from time to time
5. Review of portfolio as and when required under this policy/ depending upon market conditions / on instructions of the management.



D) Classification of Investments

Investment will be made under the following classification:-

Long Term Investments

1. Investments in Equity/preference capital / debt instruments/ deposits/ instruments of similar nature of Group companies

Current Investments

1. Investment of margin money in instruments, permissible under respective loan document.
2. Funds shall be invested only in permitted investments. Permitted investments under this category at present are as follows:-
 - a) Securities issued by the Central Government including Treasury Bills.
 - b) Securities issued by the State Governments
 - c) Securities issued by the Indian Financial Institutions
 - d) Term Deposits and Certificate of Deposits with Banks
 - e) Instruments issued by Government of India wholly owned Corporations
 - f) Money market instruments, including money market mutual funds, overnight mutual funds, liquid mutual funds or any mutual fund of similar nature.
 - g) Commercial Papers with highest rating

Provided that Investments as mentioned above, in any single Asset Management Company in case of money market mutual funds, overnight mutual funds, liquid mutual funds or any mutual fund of similar nature scheme shall not exceed Rs.200 crores.

The investment will be done in the scheme of Mutual Funds having minimum Asset under management (AUM) size of Rs.10,000 crores.

While making the Investment, any deviation including deviation to the limit of mutual fund of Rs. 200 crores or AUM of Rs. 10,000 crores or Credit Rating as per the Policy shall be approved by any one from JMD / CEO / Vice Chairman along with CFO.

E). Accounting / Classification of Investments in to Current and Long Term

The Investments in securities made by the company are categorized into two broad category I) Non- Current / Long Term Investments and (II) Current Investment at the time of making each investment.

The Investments in Group Companies are to be classified as Long Term Investments and the Investible Surplus are to be classified as Current Investments.



In case of inter-class transfers from current to non-current and vice- a- versa:

- (i) There shall be no such transfer on ad-hoc basis;
- (ii) such transfer, if warranted, shall be effected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board;
- (iii) the investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower based on applicable accounting standards
- (iv) the diminution, if any, in each scrip shall be fully provided for and shall be accounted as per applicable accounting standards and appreciation, if any, shall be ignored;
- (v) the diminution in one scrip shall not be set off against appreciation in another scrip, at the time of such inter-class transfer, even in respect of the scrips of the same category.

F). Valuation Guidelines

I. Current Investments

- Quoted investments out of investible surpluses, for the purposes of valuation, be grouped into the following categories as per the applicable accounting standards like:
 - (a) Money market instruments including money market mutual funds,
 - (b) Government securities including treasury bills
- Quoted Current Investments for each category shall be valued at cost or market value whichever is lower as per the applicable accounting standards.
- Unquoted equity shares in the nature of current investments shall be valued at cost or breakup value, whichever is lower subject to applicable accounting standards. Where the balance sheet of the investee company is not available for two years, such shares shall be valued at one Rupee only.
- Unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.
- Unquoted investments surpluses shall be valued at cost or breakup value, whichever is lower.
- Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.



- Unquoted investments in the units of mutual funds in the nature of current investments shall be valued at the net asset value declared by the mutual fund in respect of each particular scheme.
- Commercial papers shall be valued at carrying cost.

Note: Unquoted Debentures shall be treated as term loans or other types of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.

II. Non-Current / Long Term Investments

Investment in Group Companies, being long term in nature, are to be valued as per the applicable accounting standards issued by ICAI / RBI Guidelines issued from time to time. Diminution in these investments to be recognized only when it is permanent.

Unquoted Investment classified as long term Investment made by the company will be valued on the basis of fair value at each valuation date.

G). Transactions through Brokers

Transactions shall be done either directly with the counter parties or through brokers who are members of debt/equity segment of NSE or BSE. Brokerage payable shall be in line with the market and the same shall be mentioned in the specific notes put up for purchase/ sale.

Note: This policy revised policy was approved and adopted by Board of Director of the Company in their Meeting held on June 25, 2020.

