GMR AIRPORTS LIMITED

LOAN POLICY

INDEX

GMR AIRPORTS LIMITED

1. PREAMBLE

The Company is registered as Core Investment Company under Section 45 IA of the Reserve Bank of India Act, 1934 to carry the business of Non-Banking Financial Institution without accepting deposits. The policy is framed in compliance with Direction DNBR. PD. 003/03.10.119/2016-17 dated August 25, 2016 and as may be modified, clarified or amended in line with the periodic changes notified by RBI. The provisions of Companies Act, 2013 and Rules issued thereunder including enactments, amendments to the extent applicable, shall be applicable to the Company, wherever not contradictory. The Policy is subject to Articles of Association of the Company and RBI Guidelines. The policy is framed for giving loans to the Group Companies;

2. OBJECTIVES

The prime objective of this policy is to facilitate the smooth flow of credit to support Group Companies, duly complying with the regulations of Reserve Bank of India and various applicable legal provisions.

3. RESPONSIBILITY

All loan requests shall be processed by the authorized officer/person with in powers delegated by the Board / Committees / or any other person authorized by the Board in this regard in accordance with the guide lines and applicable laws.

Loan requests outside the scope of delegated authority shall be placed before the Board of Directors / Committees / or any other person authorized by the Board in this regard for the consideration.

4. ASSET CLASSIFICATION

4.1.1 The Company shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its loans and advances to group companies into the following classes, namely:

4.1.1.1 **Standard assets** shall mean the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business;

4.1.1.2 **Sub-standard assets** shall mean:

4.1.1.2.1 an asset which has been classified as non-performing asset (as defined below in para 4.1.1.5) for a period not exceeding 18 months;

4.1.1.2.2 an asset where the terms of the agreement regarding interest and/ or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

GMR AIRPORTS LIMITED

4.1.1.3 **Doubtful assets** shall means a term loan, which remains a sub-standard asset for a period exceeding 18 months.

4.1.1.4 (iv) loss asset shall mean:

4.1.1.4.1 an asset which has been identified as loss asset by the Company or its internal or external auditor; and

4.1.1.4.2 an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower

4.1.1.5 **Non-Performing Asset** (NPA) shall mean:

4.1.1.5.1 an asset, in respect of which, interest has remained overdue for a period of six months or more;

4.1.1.5.2 a term loan inclusive of unpaid interest, when the instalment is overdue for a period of three months or more or on which interest amount remained overdue for a period of six months or more;

4.1.1.5.3 a bill which remains overdue for a period of six months or more;

4.1.1.5.4 the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short term loans/advances, which facility remained overdue for a period of six months or more;

4.1.1.5.5 any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;

4.1.1.5.6 In respect of loans, advances and other credit facilities, the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset.

5. PROVISIONING REQUIREMENTS

The Company shall follow the prudential guidelines issued by Reserve Bank of India for classification of assets and for provisioning.

The Company considers it as default when the borrower's fails to meet the interest servicing and principal repayment and strictly follow the methodology to identify NPAs and also the methodology stipulated under Special Mention Accounts (SMA) guidelines for identifying the delinquencies early, prescribed by Reserve Bank of India from time to time.

5.1 The Company shall, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and

GMR AIRPORTS LIMITED

the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as under:

5.1.1 The provisioning requirements for loans, advances and other credit facilities including bills purchased and discounted shall be as below:

5.1.1.1 *Loss Assets:* The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for;

5.1.1.2 *Doubtful Assets:* 100% provision to the extent to which the advance is not covered by the realisable value of the security to which the Company has a valid recourse shall be made. The realisable value is to be estimated on a realistic basis. In addition, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. Estimated realisable value of the outstanding) shall be made on the following basis:

5.1.1.2.1 Up to one year: 20%

5.1.1.2.2 One to three years: 30%

5.1.1.2.3 More than three years: 50%

5.1.1.3 ***Sub-standard assets:*** 10% of total outstanding.

5.1.1.4 An asset which has been renegotiated or rescheduled as referred above shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement as a doubtful asset or a loss asset as the case may be. Necessary provision shall be made as applicable to such asset till it is upgraded;

5.1.1.5 The balance sheet of the Company shall include the provisions distinctly indicating under separate heads of account as below:

5.1.1.5.1 provisions for bad and doubtful debts; and

5.1.1.5.2 provisions for depreciation in investments.

Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the Company.

(Such provisions for each year shall be debited to the profit and loss account. The excess of provisions, if any, held under the heads general provisions and loss reserves shall be written back without making adjustment against them.

5.2 **Standard asset provisioning**

5.2.1 Company shall make provision at the rates specified by Reserve Bank of India from time to time, on the amount outstanding in Standard Loan Assets, which shall not be reckoned for arriving at net NPAs;

5.2.1.1 The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.

6. INCOME RECOGNITION

6.1 The income recognition shall be based on recognised accounting principles;

6.2 Income including interest/ discount or any other charges on NPA shall be recognised only when it is actually realised. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed;

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

7. REPORTING

Details of all the loans disbursed shall be placed before the Audit Committee meeting for their information.

8. CREDIT PROCESSING AND EVALUATION

All requests for loans shall be processed on the basis of:

a) Sectorial restrictions as may be applicable from time to time.
b) Amount of Loan
c) Interest rate on the basis of cost of funds etc.
d) Credibility of the applicant
e) Past performance of the applicant
f) Applicable Statute

9. PERIOD OF THE LOAN

9.1 Period of the loan shall be based on the needs of the borrowing subsidiary and generally restricted to a maximum term of 5 years as the Board / Committees / or any other person authorized by the Board in this regard may approve.

9.2 Loan may be extended for further period based on request and credit assessment of the borrower, however, such extension would be subject to the regulations of RBI issued from time to time for asset classification and provisioning.

10. PAYMENT TERMS

The Company may prescribe for repayment of loan at the end of loan period in single installment or in installments as may be appropriate.

The Company may prescribe payment of interest along with loan amount at the end of the loan period or in monthly/quarterly installments as may be appropriate.

GMR AIRPORTS LIMITED

The Company may impose penal interest in case of non- compliance of terms and conditions of the loan.

11. QUANTUM OF LOAN AND EXPOSURE

Quantum of loan shall be fixed with in the overall exposure norms adopted by the Board / Committees / or any other person authorized by the Board in this regard and pursuant to the guidelines of Reserve Bank of India to the extent applicable to the Company.

12. TYPE OF LOAN

The Company shall grant loans for genuine business requirements. The loans may be for general business/corporate purposes. However no loan shall be provided/ sanctioned for the speculative purposes or for acquisition of shares, gold/ jewellery. The Company shall not sanction Demand loan.

The Company shall not lend for asset financing and housing finance.

No loan shall be sanctioned for any illegal purposes, immoral and against public policy.

13. SECURITY

The Company may insist for adequate security by way of assets or by way of personal / corporate guarantees of parties with adequate net worth and good financial standing.

The Company will provide the Guarantees only on behalf of its subsidiaries, being in the management control of those subsidiaries. However, where the guarantees are extended to a company which is jointly controlled, the responsibility of the Company is restricted to its proportionate shareholding.

14. GUIDELINES FOR CORPORATE GUARANTEES

14.1 As a CIC, the Company may issue guarantees or take other contingent liabilities on behalf of group Companies. The Company shall ensure that it can meet the obligations thereunder, as and when they arise;

14.2 Overseas investments by the Company in financial / non-financial sector shall be restricted to its financial commitment. However, with regard to issuing guarantees/Letter of Comfort in this regard the following shall be followed:

14.2.1 The Company can issue guarantees / letter of comfort to the overseas subsidiary engaged in non-financial activity;

14.2.2 The Company must ensure that investments made overseas shall not result in creation of complex structures. In case the structure overseas requires a Non-Operating Holding Company, there shall not be more than two tiers in the structure. When there are more than one non-operating holding company in

GMR AIRPORTS LIMITED

existence in the investment structure, the same shall be reported to RBI for a review;

14.2.3 The Company shall comply with the regulations issued under FEMA, 1999/RBI Directions from time to time;

14.2.4 The Company shall disclose all guarantees issued as contingent liabilities in its financial statements;

14.2.5 An annual certificate from statutory auditors shall be submitted by the Company to the Regional Office of DoS where it is registered, certifying that it has fully complied with all the conditions stipulated under these Guidelines for overseas investment. The certificate as on end March every year shall be submitted by April 30 each year;

14.2.6 The WOS/JV of the Company shall make disclosure in their Balance Sheet about the amount of liability of the Company towards it and also whether it is limited to equity / loan or if guarantees are given, the nature of such guarantees and the amount involved. All the operations of the WOS/JV abroad shall be subject to regulatory prescriptions of their host country (ies).

15. DOCUMENTATION

The authorized officer shall ensure that proper documentation is completed for:

a) Complying "Know Your Customer Guide lines"
b) Duly filled in Loan application
c) Loan agreement and all other documents as may be required depending upon each loan.

16. FOLLOW UP FOR RECOVERY

All disbursed loans shall be closely monitored for prompt recovery of interest and loan amount. Corrective steps shall be initiated without loss of time to avoid accounts slipping in to substandard category.

If any account becomes sick, in spite of close monitoring and follow up action, such accounts will be dealt with appropriately and shall be rehabilitated if they are potentially viable.

17. EFFECTIVE DATE

17.1 The policy shall be effective from the date of approval by its Board of Directors of the Company;

17.2 Any amendment to this policy shall be made with the approval of the Board.

Version 1 – Approved by the Board of Directors on May 17, 2019;
Version 2 – Approved by the Board of Directors on November 06, 2020.
Version 3 - Approved by the Board of Directors on May 28, 2021.

GMR AIRPORTS LIMITED

Version 4 - Approved by the Board of Directors on May 13, 2022.

GMR AIRPORTS LIMITED