

BHARTI AIRTEL LIMITED

Dividend Distribution Policy

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1. Preamble, Objective and Scope

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), Board of Directors of Bharti Airtel Limited ('Airtel' or 'Company') has formulated this Dividend distribution Policy ('Policy') to maintain a consistent approach to dividend pay-out plans of the Company.

The major objectives of this Policy is as follows:

- (i) To specify the parameters (including both, internal and external factors) that shall be considered while declaring the dividend.
- (ii) To lay down the circumstances under which the shareholders of the Company may or may not expect dividend; and
- (iii) To provide the manner of utilization of retained earnings of the Company.

2. Dividend Philosophy

The Dividend philosophy of the Company is enshrined in the principle that along with maintaining a reasonably conservative policy in respect of liquidity and leverage, 'surplus' cash in the Company shall be returned to its shareholders when it is concluded by the Board that:

- the Company doesn't/ wouldn't have avenues to generate significantly higher returns on such 'surplus' than what a common shareholder can generate himself; or
- by returning such 'surplus', the Company would be able to improve its return on equity, while simultaneously maintaining prudent & reasonably conservative leverage in every respect viz. interest coverage, DSCR (Debt Service Coverage Ratio) Net Debt: EBITDA and Net debt : Equity etc.

The Company aims to distribute to its shareholders, the entire dividend income (net of taxes) received from its subsidiary/associate companies.

3. Parameters/ Factors considered by the Company while declaring dividend

In line with the philosophy stated in Clause 2 above, the Board of Directors of the Company shall consider the following parameters while declaring or recommending any dividend to the shareholders of the Company:

(A) Financial Parameters / Internal Factors:

- (a) Financial performance including profits earned (as per standalone financials), available distributable reserves etc.;
- (b) Impact of dividend payout on Company's Return On Equity, while simultaneously maintaining prudent and reasonably conservative leveraging in every respect viz. interest coverage, Debt Service Coverage Ratio, Net Debt : EBITDA and Net Debt : Equity, including maintaining a targeted rating - domestically and internationally;

- (c) Alternate usage of cash viz. acquisition/ investment opportunities or capital expenditures and resources to fund such opportunities/ expenditures, in order to generate significantly higher returns for shareholders;
- (d) Debt repayment schedules;
- (e) Fund requirement for contingencies and unforeseen events with financial implications;
- (f) Past Dividend trend including Interim dividend paid, if any; and
- (g) Any other factor as deemed fit by the Board of Directors.

(B) External Factors:

- (a) **Macroeconomic conditions:** In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances;
- (b) **Statutory requirements:** Statutory requirements, regulatory conditions or restrictions as applicable including tax laws, Companies Act, 2013 and SEBI Regulations etc.;
- (c) **Agreements with Lending Institutions:** The Board may consider protective covenants in a bond indenture or loan agreement that may include leverage limits & restrictions on payment of cash dividends in order to preserve the Company's ability to service its debt; and
- (d) **Capital Markets:** In favorable market scenarios, the Board may consider for liberal payout. However, it may resort to a conservative dividend pay-out in case of unfavorable market conditions.

4. Circumstances under which the Shareholders may or may not expect dividend

In line with Dividend Philosophy of the Company, there may be certain circumstances under which the shareholders of the Company may not expect dividend including the following:

- (a) The Company has sufficient avenues to generate significantly higher returns on such 'surplus' than what a common shareholder can generate himself;
- (b) The Company is in higher need of funds for acquisition/diversification/expansion/investment opportunities/deleveraging or capital expenditures;
- (c) The Company proposes to utilize surplus cash in entirety for alternative forms of distribution such as buy-back of securities etc.; or
- (d) The Company has incurred losses or in the stage of inadequacy of profits.

5. Manner of utilization of Retained Earnings

The profits retained by the Company (i.e. retained earnings) shall either be used for business purposes/ objects mentioned in its Memorandum & Articles of Association of the Company or shall be distributed to the shareholders.

6. Parameters with regards to various classes of shares

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

7. General

Chief Financial Officer and Company Secretary are severally authorized to amend any provisions of this Policy to give effect to any change/ amendment notified by Ministry of Corporate Affairs, Securities and Exchange Board of India or any other regulatory authority, from time to time. Such change(s)/ amended policy shall be placed before the Board of Directors for noting and ratification.

In case any provision of this Policy is contrary to or inconsistent with the provisions of the Companies Act, 2013, SEBI Listing Regulations and/ or any other applicable law for time being in force, the latter shall prevail.

Words and expressions used in this Policy, shall have the same meaning as ascribed to them in SEBI Listing Regulations, SEBI Act, Companies Act, 2013, rules & regulations made thereunder and/ or any other law applicable to the Company for time being in force.

Any question/ clarification/ suggestion relating to this Policy may be addressed to the Company Secretary at compliance.officer@bharti.in.

8. Version History

Version	Date of approval of the Board of Directors	Effective Date
1.0	October 25, 2016	October 25, 2016
2.0	August 1, 2019	August 1, 2019
3.0	May 17, 2022	May 17, 2022