Policy on Related Party Transactions
Version 2.0

Owner
Company Secretary

Approved by
Board of Directors in their meeting held on July 24, 2014

(As modified by Company Secretary and CFO to give effect to the notification no. G.S.R. 590(E) dt. August 14, 2014 of Ministry of Corporate Affairs and Circular no. CIR/CFD/POLICY CELL/7/2014 dt. September 15, 2014 of SEBI)

Effective Date
October 1, 2014
Policy on Related Party Transactions

1. Preamble
The Board of Directors of Bharti Infratel Limited (hereinafter referred to ‘the Company’), in pursuance of Regulation 23 of Listing Regulations, 2015 and other applicable provisions, has adopted this policy to regulate the transactions between the Company and its Related Parties.

The Policy is applicable to all Related Party Transactions irrespective of their value and size.

2. Objective
The Related Party Transactions may have potential or actual conflicts of interests. Such transactions are appropriate only if they are in the best interest of the Company and its stakeholders. In order to ensure the same and to set forth the procedures for entering into and execution of Related Party Transactions, the Board of Directors have adopted this Policy.

This Policy is intended to be in conjunction with regulatory provisions and other policies of the Company including code of conduct.

3. Definitions:

3.1 Arm’s length transaction, means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

3.2 Concerned or Interested Director, means a director, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into:

(a) with a body corporate in which such director or such director in association with any other directors, holds more than two percent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or

(b) with a firm or other entity in which, such director is a partner, owner or member as the case may be

3.3 Key Managerial Personnel, in relation to Company means: (i) the Chief Executive Officers or the Managing Director or the Manager, (ii) the Company Secretary (iii) the Whole time director and (iv) the Chief Financial Officer.

3.4 Ordinary course of Business, means activities that are normal, regular, frequent and incidental to the business of the Company.

3.5 Policy, means this Policy on Related Party Transactions.

3.6 Related Party, in relation to the Company, means the related parties as defined in Section 2(76) of the Companies Act 2013 and rules made thereunder and provisions of Listing Regulations, 2015 (including any statutory modification or re-enactment thereof).
3.7 **Related Party Transactions** means any transaction involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged, including but not limited to the following:

i. sale, purchase or supply of any goods or materials;
ii. selling or otherwise disposing of, or buying, property of any kind;
iii. leasing of property of any kind;
iv. availing or rendering of any services;
v. appointment of any agent for purchase or sale of goods, materials, services or property;
vii. appointment to any office or place of profit in the Company;

**Explanation:** "Transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

3.8 **Material Related Party Transaction** means a transaction with a related party if the transaction/transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

**Explanation:** The words and expressions used in this Policy unless defined hereunder shall have the same meaning as assigned to them in the Listing Regulations, 2015, Securities and Exchange Board of India Act, 1992 and the Companies Act 2013 or such other laws for the time being in force.

4 **Interpretation**
In any circumstance where the terms of this Policy differ from any existing or enacted law, rule, regulation governing the Company, the law, rule or regulation will take precedence over the provision of this Policy.

5 **Approval Process**

5.1 **Approval of the Audit Committee**
All Related Party Transactions shall be subject to the prior approval of the Audit Committee of the Company.

The Audit Committee may, subject to applicable regulatory provisions including Companies Act, 2013, Regulation 23 of Listing Regulations, 2015 and provisions of this policy, grant omnibus approval to Related Party Transactions subject to satisfaction of the following conditions:

a) Such related party transactions are repetitive in nature.
b) Specific need of such omnibus approval.
c) The approval shall specify the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, the indicative base price/current contracted price and the formula for variation in the price, if any and such other condition as the Audit Committee may deem fit.

**Validity Period:** Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
5.2 Approval of Board of Directors
The following Related Party Transactions shall be subject to prior approval of the Board of Directors:

i. If the Committee is of opinion that a particular Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such transaction;

ii. Where it is mandatory under any law for Board to approve the Related Party Transactions.

iii. Related Party Transactions, in which the directors or the Key Managerial Personnel, are concerned or interested.

iv. Related Party Transactions which are not:
   a) in the ordinary course of business; or
   b) conducted at an arm’s length basis

5.3 Procedure / Criteria for approving the related party transactions

i. In determining whether to approve, or disapprove the proposed contract or arrangement with the Related Party(ies), the approving authority shall take into account among other factors as it may deem appropriate, whether such contract or arrangement is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances; the results of an appraisal, if any and the extent of the Director or KMP’s interest in such contract or arrangement.

ii. The Committee / Board will be provided with all relevant material information about the Related Party Transaction, including the terms of the transaction, arm’s length justification, the business purpose of the transaction and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee / Board, amongst others, will consider the following factors to the extent relevant in the matter:

   a) Whether the terms of the Related Party Transaction are fair and on arm’s length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
   b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
   c) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
   d) Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company.

iii. No Director shall participate in any discussion or approval of a contracts or arrangements w.r.t. Related Party Transaction in case such director is concerned or interested.

iv. The transactions or arrangements which are specifically dealt under the separate provisions of the laws and executed under separate approvals / procedures shall not be covered under this Policy. Example of such transactions are as follows:

   a) Appointment and payment of remuneration, including any variation, to Key Managerial Personnel;
   b) Payment of remuneration, Fees, Commission etc. to any director in compliance with legal provisions;
   c) Issues of shares / securities to related party;
d) Any benefits, interests etc. arising to related party solely from the ownership of Company’s shares at par with other holders e.g. Dividends, Right Issues, Stock Split, Bonus shares, etc.
e) Shares based incentive plans for the benefits of Directors or KMPs approved by the Shareholders including ESOPs.
f) CSR Contribution.

v. If necessary, the Independent Directors may seek external professional advice in determining whether a transaction is in the ordinary course of business or at arm’s length basis.

5.4 Approval of Shareholders

The following Related Party Transactions shall require prior approval of Shareholders of the Company through ordinary resolution:

i. All Material contracts and arrangements w.r.t. Related Party Transactions. All entities falling under the definition of related parties shall abstain from voting on such shareholders’ resolution irrespective of whether the entity is a party to the particular transaction or not.

ii. Related Party Transactions exceeding the threshold limits as may be prescribed by the Ministry of Corporate Affairs from time to time, and which are either not:
   a) in the ordinary course of business; or
   b) conducted at arm’s length basis.

iii. The related parties who are concerned / interested in the transactions shall abstain from voting on such shareholder’s resolution.

6. Disclosure by the Directors and KMPs

6.1 Each Director and Key Managerial Personnel shall disclose to the Company Secretary in Form MBP 1, at the time of appointment, annually and whenever there is any change in the disclosure so made, about all persons, entities firms in which he/ she is interested whether directly or indirectly.

6.2 On the basis of the disclosures received from the Directors and Key Managerial Personnel and the information available, the CEO, Company Secretary and the CFO shall jointly ensure that the contracts and arrangements w.r.t. the Related Party Transactions are pre-approved by the Audit Committee, the Board of Directors and the shareholders as applicable.

7. Disclosures by the Company

7.1 The Company shall disclose all material transactions with related parties to the stock exchanges or any other authority under Listing Regulations, 2015 or any other law for the time being in force.

7.2 This Policy shall be disclosed on the website of the Company and such web link shall also be provided in the Annual Report.

7.3 A summarized statement of all transactions with related party executed during the quarter pursuant to any contract or arrangement approved by the Audit Committee or the Board or the shareholders, as applicable, shall be submitted to the Board as well as the Audit Committee in regular quarterly meetings for information, review and noting.
8. **Manner of handling related party transactions not approved under this policy**

8.1 In the event any Director, KMP or any other officer or employee or the Company become aware of any transaction with related party in deviation of this Policy, such person shall promptly notify the Company Secretary of such transaction, who shall ensure that such transactions are brought to the notice of the Audit Committee or the Board of Directors as applicable, at the earliest possible time but not later than the first Audit Committee or the Board of Directors meeting held after the date of such intimation.

The Committee / Board as applicable, shall evaluate such transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with such evaluation and review of the Related Party Transaction, the Committee / Board as applicable, shall have the authority to modify or waive any procedural requirements of this Policy.

9. **General**

The Policy has been duly approved by the Board of Directors in its meeting held on July 24, 2014 and may be amended by the Board at any time.

The Company Secretary and CFO are jointly authorized to amend the Policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs or SEBI w.r.t. Related Party Transactions from time to time. Such amended policy shall be periodically placed before the Audit Committee for noting and ratification. Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at compliance.officer@bharti-infratel.in.