Indus Towers Limited

Policy on Related Party Transactions

Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Preamble, Objective and Scope

The Board of Directors of Indus Towers Limited, in pursuance of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**Listing Regulations**") and other applicable provisions, has adopted this Policy to regulate the transactions between the Company and its Related Parties.

The Related Party Transactions may have potential or actual conflict 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, this Policy has been formulated.

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

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

2. Definitions

"Act" shall mean the Companies Act, 2013 including the rules made thereunder, as amended from time to time.

"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.

"Board" or "Board of Directors" means Board of Directors of the Company.

"Committee" means the Audit & Risk Management Committee of the Company constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Act and Regulation 18 and 21 of the Listing Regulations.

"Company" means Indus Towers Limited (formerly Bharti Infratel Limited).

"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 2% (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.

"Key Managerial Personnel" or "KMP" means: (i) Chief Executive Officer or Managing Director or Manager (ii) Company Secretary (iii) Whole-time director (iv) Chief Financial Officer (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and (vi) any other officer as prescribed under the Act.

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

"Policy" means this Policy on Related Party Transactions.

"Related Party", means a related party as defined under sub-section (76) of section 2 of the Act, or under the applicable accounting standards:

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:
(i) of twenty per cent or more; or
(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding Financial Year, shall be deemed to be a related party.

"Related Party Transactions" means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
i. payment of dividend;
ii. subdivision or consolidation of securities;
iii. issuance of securities by way of a rights issue or a bonus issue; and
iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

3. Interpretation

The words and expressions used in this Policy unless defined herein shall have the meaning assigned to them in the Act, Listing Regulations and such other act, laws, rules or regulations along with any statutory modification(s) or re-enactment(s) thereof, as the case may be.

If due to any reason, any provisions(s)/ clause(s) of this Policy is rendered unlawful or unenforceable, then the Policy shall be read as excluding that provision(s)/ clause(s).

All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

4. Material Related Party Transactions

Regulation 23 of the Listing Regulations requires a listed company to provide materiality thresholds for transactions beyond which approval of the Shareholders through a resolution will be required. The following Related Party Transactions shall be considered as **Material Related Party Transactions** subject to the necessary approvals of the Committee and Board:

- Payment to a Related Party with respect to brand usage or royalty – exceeding 5% (five percent) of the annual consolidated turnover of the Company, individually or taken together with previous transaction(s) during a financial year, as per the last audited Financial Statements of the Company;

- Other transactions with a Related Party – exceeding Rs. 1000 Crore or 10% (ten percent) of the annual consolidated turnover of the Company whichever is lower, individually or taken together with previous transaction(s) during a financial year, as per the last audited Financial Statements of the Company.

The Board and the Committee while approving such Related Party Transactions, may fix/ lay down such criteria as they may deem fit.

5. Material Modification

Material Modification means any modification to the existing approved Related Party Transaction under this Policy, that results in a variance during a Financial Year of aggregate of 20% or more of the value of Related Party Transaction during the previous Financial Year/ approved limit as sanctioned by the Committee/Shareholders, as applicable.

6. Approval and review Process

6.1 Approval of the Committee

All Related Party Transactions and subsequent modifications/ Material Modification thereof shall require prior approval of the Committee of the Company.

Provided that only those members of the Committee, who are Independent Directors, shall approve Related Party Transactions. Further, any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the related party transaction.

Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the committee provided that the same is not material in terms of the threshold as defined under Clause 4.

<u>Related Party Transactions for any Subsidiary of the Company:</u>

a) A Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a Financial Year exceeds ten per cent of the annual consolidated turnover, as per the last audited Financial Statements of the Company.

b) With effect from April 1, 2023, a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Committee, if the value of such transaction whether entered into individually or taken together with previous transactions during a Financial Year, exceeds ten per cent of the **annual standalone turnover**, as per the last audited Financial Statements of the **subsidiary**.

The Committee may, subject to applicable provisions of the Act, Listing Regulations, provisions of this Policy and criteria and thresholds approved by the Board of Directors, grant omnibus approval for the Related Party Transactions proposed to be entered into by the listed entity or its subsidiary subject to satisfaction of such criteria as mentioned under Regulation 23 of the Listing Regulations including but not limited to the following:

a) Such related party transactions are repetitive in nature.
b) Need for such omnibus approval and that such approval is in the interest of the Company;
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 Committee may deem fit.

If the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1,00,00,000 (Indian Rupees One Crore) per transaction.

Validity Period: Such omnibus approvals shall be valid for a period not exceeding one Financial Year and shall require fresh approvals after the expiry of such Financial Year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Approval of the Committee shall not be required for:

a) transactions other than a transaction referred to in section 188 of the Act, between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; and

b) transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

c) a Related Party Transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and regulation 15(2) of the listing regulations are applicable to such listed subsidiary.

d) related party transactions of unlisted subsidiaries of a listed subsidiary, when prior approval of the Committee of the listed subsidiary has been obtained.

6.2 Review by the Committee

The Committee shall, on quarterly basis, review the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals.

6.3 Ratification of Related Party Transactions

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

(i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;

(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

(v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listedentity against any loss incurred by it.

6.4 Approval of Board of Directors

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at Arm's length basis, shall be placed before the Board at a meeting for its approval.

In addition to above, the following Related Party Transactions shall also be subject to approval of the Board of Directors:

a) Material Related Party Transactions which are intended to be placed before the Shareholders for approval;

b) Transactions which may be in the ordinary course of business and at Arm's length basis, but which as per the Policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to the Committee's approval;

c) Where it is mandatory under any law for the Board to approve any Related Party Transactions;

d) Transactions in respect of which the Committee is unable to determine whether or not they are in the ordinary course of business and/or at Arm's length basis and decides to refer the same to the Board for its approval;

e) Transactions which are in the ordinary course of business and at Arm's length basis, but which in the Committee's view requires Board's approval.

6.5 Procedure/ Criteria for approving the Related Party Transactions

(i) The following details, inter-alia, shall be placed before the Committee/ Board for approval of the Related Party Transaction:

(a) the name of the Related Party and the nature of relationship;
(b) the nature, duration and particulars of the contract or arrangement;
(c) the material terms of the contract or arrangement, including the value, if any;
(d) any advance paid or received for the contract or arrangement;
(e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of contract;
(f) whether all factors relevant to the contract have been considered; if not, the details of factors not considered, with the rationale for not considering those factors; and
(g) any other information relevant or important for the Board to take a decision on the proposed transaction.

(ii) 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's or KMP's interest in such contract or arrangement.

(iii) 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.

(iv) The Concerned or Interested Director shall not be present at the meeting during the discussions on contract or arrangement in which he is interested.

(v) The transactions or arrangements which are subject to procedures specifically dealt under the Act or other regulations issued by Securities and Exchange Board of India shall not be covered under this Policy. Example of such transactions are as follows:

a) Payment of remuneration to any director in compliance with the Act and applicable legal provisions;
b) Issues of shares/ securities to Related Party, subject to requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 being complied with; and
c) Any benefits, interests etc. arising to Related Party solely from the ownership of Company's shares which are uniformly applicable/ offered to all shareholders in proportion to their shareholding pursuant to payment of dividends, right issues, stock split or consolidation, bonus issue and buy-back.

(vi) If necessary, the independent directors of the Company, may seek external professional advice in determining whether a transaction is in the ordinary course of business or at Arm's length basis.

6.6 Approval of Shareholders

The following Related Party Transactions shall require prior approval of the Shareholders of the Company through an Ordinary Resolution:

(i) All Material Related Party Transactions and subsequent Material Modifications thereof (as defined under this Policy).

(ii) Related Party Transactions in excess of the threshold limit as specified in Section 188 of the Act and which are either not:
a) in the ordinary course of business; and/ or
b) conducted at Arm's length basis.

For this purpose, none of the Related Parties of the Company shall vote to approve such transaction irrespective of whether the entity is a related party to the particular transaction or not.

Prior approval of the Shareholders of the Company shall not be required for a Related Party Transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation

23 and regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

The requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

Notwithstanding the foregoing, the transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval shall not require approval of the Board of Directors or the Shareholders of the Company.

7 Disclosure by the Directors and KMPs

7.5 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 companies, bodies corporates, firms or other association of individuals in which he / she is interested whether directly or indirectly.

7.6 On the basis of the disclosures received from the directors and Key Managerial Personnel and the information available, the Chief Executive Officer, Company Secretary and the Chief Financial Officer shall jointly ensure that the contracts and arrangements with respect to the Related Party Transactions are pre-approved by the Committee, the Board of Directors and the shareholders as applicable.

8 Disclosures by the Company

8.5 The Company shall disclose all material transactions with Related Parties to the stock exchanges or any other authority under Listing Regulations (as amended from time to time) or any other law for the time being in force.

8.6 This Policy shall be disclosed on the website of the Company at www.industowers.com and such web link shall also be provided in the annual report of the Company.

8.7 A summarized statement of all transactions with Related Party executed during the quarter pursuant to any contract or arrangement approved by the Committee or the Board or the shareholders, as applicable, shall be submitted to the Board or the Committee in regular quarterly meetings for their information, review and noting.

8.8 The Company shall submit the disclosures of Related Party transactions, in the format specified, to the Stock Exchanges and publish the same on its website in compliance with the requirements of the Listing Regulations.

9 Manner of handling Related Party Transactions not approved under this Policy

In the event any director, KMP or any other officer or employee of 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 Committee or the Board of Directors as applicable, at the earliest possible time but not later than the first Audit Committee's or the Board of Directors' meeting held after the date of such intimation.

The Committee/ Board, as applicable, shall evaluate such transaction and decide such action as it may consider appropriate including ratification, revision or termination of such Related Party Transaction, in accordance with the provisions of the Articles of Association of the Company (as amended from time to time).

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.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board of Directors or approval by the shareholders in a general meeting and if it is not ratified by the Board of Directors or, as the case may be, by the shareholders at a meeting within 3 months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board of Directors or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

10 General Limitation

In the event of any conflict between this Policy and any regulatory or statutory provision(s), such regulatory or statutory provision(s) shall prevail over this Policy.

11 Review of Policy and Amendment

The Company Secretary and Chief Financial Officer are jointly authorized to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs or SEBI with respect to Related Party Transactions from time to time. Such amended Policy shall be placed before the Committee for noting and ratification in the meeting of the Committee held after such change or amendments are effected. Additionally, this Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly. Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at compliance.officer@industowers.com .