

RPT POLICY
ATC Telecom Infrastructure Private Limited (“Company”)

POLICY ON RELATED PARTY TRANSACTIONS

1) SCOPE AND PURPOSE OF THE POLICY

The provisions of the Companies Act, 2013 (“Act”) and its accompanying rules (collectively “Rules”), including the Companies (Meeting of Board and its Powers) Rules, 2014 (“MBP Rules”), each as amended from time to time, primarily set out the regulations governing related party transactions entered into by private Indian companies and prescribe certain approval/ disclosure requirements with respect to such transactions.

Further, Clause 6 of the Shareholders Agreement (“SHA”) dated 21st October, 2015, as reflected at Article 79 of the Articles of Association of the Company (“AOA”) provides, inter alia, that any “**Material related party transactions of the Company**” shall require the consent/approval (whether at a Board Meeting, General Meeting, committee meeting, by way of a circular resolution or otherwise) of the Shareholder(s) holding Level I Governance Participation/ Level II Governance Participation as per the terms thereof.

In view of the above, to consolidate the procedural requirements under the Act and the SHA/AOA, ATC Telecom Infrastructure Private Limited/Company has developed this related party transaction policy (“Policy”). This Policy has been approved by Board of Directors of the Company (the “Board”).

This Policy has been adopted by the Board of Directors of the Company and is effective from 2nd March 2017. This Policy has further been amended by the Board w.e.f. 24th September 2020, to bring it in line with the amended provisions of the Companies Act, 2013. The Board may review and amend this policy from time to time, subject to compliance with the Act, the Rules, the AOA and the SHA.

This policy supersedes any previous policy of the Company on Related Party Transactions.

2) DEFINITIONS: as provided in Annexure-A

3) MATERIALITY THRESHOLDS:

The materiality thresholds applicable for purposes of this Policy shall be as set out below, and may be reviewed from time to time to ensure consistency with the corresponding thresholds as provided in the MBP Rules, as amended from time to time.

Nature of Transaction	Transaction value threshold
1. Sale, purchase or supply of any goods or materials (Directly or through agent)	More than 10% of turnover OR Rs.100 Crores whichever is less
2. Selling or otherwise disposing of, or buying, property of any kind (Directly or through agent) (excluding non-material ordinary course communications site related dispositions)	More than 10% of net worth OR Rs.100 Crores whichever is less
3. Leasing of property of any kind (excluding ordinary course communications site related leasing)	More than 10% of net worth OR 10% of turnover OR Rs.100 Crores whichever is less
4. Availing or rendering of any services (Directly or through agent)(excluding all services supporting ordinary course leasing operations,)	More than 10% of turnover OR Rs.50 Crores whichever is less
5. Appointment to any office or place of profit in the company, its subsidiary company or associate company.	Remuneration exceeds Rs. 250,000 per month
6. Remuneration for underwriting the subscription of any securities of the company or derivatives thereof	Remuneration exceeds 1% of net worth
7. Investments in or loans to related parties**	Amount of loan/investment (as applicable) exceeds 10% of the annual consolidated turnover as per the last audited financial statement of the Company; however, excluding any such undertakings that in substance constitute business of the Company in the ordinary course.

**As per AOA/SHA.

Explanation: The application of the thresholds set out above shall be further subject to the relevant Explanation for such thresholds as set out in the MBP Rules, as amended, including: (a) The Turnover or Net Worth referred in the above shall be on the basis of the Audited Financial Statement of the preceding Financial year; (b) the thresholds /limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year, (c) the threshold at 5. above is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of subsection (1) of section 188; and (d) the threshold at 6. above is for remuneration for underwriting the subscription of any

securities or derivatives thereof, of the company exceeding one per cent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

4) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

A) Identification of related parties

The Company secretary shall, inter-alia based on the disclosure provided by the Directors and KMPs, prepare/update (as applicable) the compiled list of Related Parties with reference to the definition of Related Parties as provided at Annexure A hereof, and provide the same to the Corporate Finance Team, Supply Chain Function (SCM) for monitoring and Master Data Management Team for updating of and tracking of record of Related Party.

B) Ascertaining related party transactions:

For ascertaining related party transaction, nature of Transaction shall be confirmed, whether it is with related party or not, by respective function's CXO/External Expert

For determining whether the transaction with a related party falling under the Category defined in Clause-3 above, is in the ordinary course of business and at arm's length basis or not, Internal confirmation from respective function's CXO, with the help of external expert, if required, should be presented to the Board. Professional assistance of an External Professional may be obtained, if require.

Based on Certification/Confirmation, the transaction shall be dealt in the following manner:

- i) In case, the transaction is in the ordinary course of business and at arm's length basis, proceed with the transaction post approval of Audit Committee.
- ii) In case the proposed transaction is not in ordinary course of business and/or not at arm's length basis, the proposal along with Certification of function's CXO /External Expert should be submitted for necessary approval from the Board/Shareholders, as the case may be.
- iii) Any Transaction falling under the category of material related party transaction as defined under clause 3(7) of this policy, shall require the approval/consent of the Shareholders holding Level I Governance Participation/ Level II Governance Participation, in the manner specified in SHA (Clause-6_for AVI Items).

C) Assessment of Transactions:

While assessing a proposal put up before the Board for approval, the Board may, at its sole discretion, review the documents / seek the information in order to determine if the transaction is in the ordinary course of business and at arm's length or not, as prescribed under the Act and the Rules made thereunder.

D) Approval Matrix of related party transactions:

The below matrix summarizes the prior/post approvals mandated by the Act, the MBP Rules, AOA and SHA:

Nature of Transaction	Audit Committee	Board	Shareholders
If in ordinary course of business and on arm's length basis	√		
If not in ordinary course of business OR not at arm's length AND Within the threshold u/s 188 read with the MBP Rules	√	√	
If not in ordinary course of business OR not at arm's length AND Exceeds the threshold u/s 188 read with the rules	√	√ Prior approval	√ Prior approval*
Material Related Party transactions pursuant to the provisions of the SHA/AOA; excluding refinancing of previously existing debt or preference share arrangements of the Company approved by the Board and/or an authorized ad hoc committee of the Board			Prior approval of the Shareholder(s) holding (as applicable) the Level I Governance Participation or Shareholder(s) holding the Level II Governance Participation as per the terms of Clause 6 of the SHA/ [Article 79 of AOA]

* Not required in respect of transactions entered into between a holding company and its wholly owned subsidiary, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval, and particularly as to the Company as to any entity that is within the contemplated scope of merger with the Company under the Implementation Agreement. Accordingly, the requirement of prior approval of the Shareholders shall be subject to the related exclusion.

5) **Approval of the Audit Committee of the Company**

All transactions with related parties or any subsequent modification thereto, shall be placed before the Audit Committee for its approval.

6) **Approval of the Board of Directors of the Company**

All Related Party transactions, including transactions that fall within the threshold limit specified under item no. 1 through 6 of Clause 3 (*Materiality Thresholds*) hereof and which are not in the ordinary course of business and/or not at arm's length basis, shall be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with Related Parties shall also be placed before the Board for its approval:

- a) Transactions meeting the materiality thresholds laid down under Clause-3 of this Policy, which are intended to be placed before the shareholders for approval as per the terms of this Policy.
- b) Transactions which may be in the ordinary course of business and at arm's length basis, but which require Board approval as per any policies (including this Policy) put in place by the Board.

The Board shall, in respect of all the related party transactions referred to them for approval understand the reason for the transaction, not being in the ordinary course of business and at arm's length price.

7) **Approval of the Shareholders of the Company**

All Related Party transactions specified under the Act (including under Section 188 of the Act) and the Rules, which exceed the thresholds defined in Clause 3 of the Policy shall be placed before the shareholders for their approval by **Ordinary Resolution**, except for such transactions that are in the ordinary course of business and are on arm's length basis.

Before undertaking any material Related Party Transactions, the Company shall obtain the prior written approval of the Shareholder(s) holding (as applicable) the Level I Governance Participation or Shareholder(s) holding the Level II Governance Participation as per the terms of Clause 6 of the SHA/ [Article 79 of AOA]. The thresholds put in Section 3 (Material Thresholds), with respect to Investments in or loans to related parties, shall not be used for determining the materiality for the purposes of this approval and the provisions as per the SHA shall prevail.

8) **DISCLOSURES**

ATC TIPL shall disclose, in the Directors' report, all transactions prescribed in Section 188(1) of the Act with related parties, including those which are in ordinary course of business and are on arm's length basis along with the justification for entering into such transaction, in the prescribed format.

The Company shall at all times take the required actions in order to comply with the disclosure requirements under the Indian Accounting Standards, as prescribed under section 133 of the Act, and notified under the Companies (Indian Accounting Standard) Rules, 2015 ("**Ind AS**").

9) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event, the Company becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its becoming effective/ being consummated, the matter shall be reviewed by the Audit Committee / Board for ratification, and /or recommendation to Shareholders for ratification, or otherwise revision or termination, of such transaction.

10) RELATED PARTY TRANSACTIONS STANDARD OPERATING PROCEDURE (RPT SOP)

This Policy is to be read along with the RPT SOP approved by the Board effective from 24th September 2020.

11) GENERAL PRINCIPLES

The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interests of the Company and adheres to this Policy. In case of any conflicting provisions in this policy, the Companies Act, 2013 or the SHA/AOA, the governance provisions of the SHA shall prevail.

12) INTERPRETATION AND AMENDMENT IN LAW

This Policy shall be interpreted and administered by the Board.

Any subsequent amendment / modification to Act or other applicable laws shall automatically apply to this policy.

24th September 2020

Annexure-A

DEFINITIONS:

- a) **Associate Company:** shall have the meaning ascribed to such term at Section 2(6) of the Act;
- b) **"Arm's Length Transaction"** shall have the meaning ascribed to such term at Section 188 of the Act.
- c) **"Board of Directors" or "Board"** means Board of Directors of the Company.
- d) **"Key Managerial Personnel" or "KMP" means -**
- (a) the Managing Director or CEO or Manager
 - (b) The Company Secretary;
 - (c) the Whole Time Director
 - (d) the Chief Financial Officer;
 - (e) 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
 - (f) such other officer as may be prescribed under the Act.
- e) **"Level I Governance Participation"** means Shareholding from nine per cent (9%) up to, but less than, twenty-six per cent (26%) of the Share Capital; provided, however, that, in the case of MSIPL and SMIT, jointly, the provisions of Clause 6.1 shall cease to apply to MSIPL and SMIT only if either takes direct action through a completed sale of their Shareholding to another Shareholder or to a Third Party that directly results in dilution below a nine per cent (9%) Shareholding of the Share Capital;
- "Level II Governance Participation"** means Shareholding from twenty-six per cent (26%) up to, but less than, fifty per cent (50%) of the Share Capital;
- f) **["Material Related Party Transaction"]** means any transaction with any Related Party/ies, which satisfies the threshold specified in Clause 3 (Materiality Thresholds) of this Policy.
- g) **"Ordinary course of business"** means the usual or customary transactions undertaken by the Company to conduct its business operations and activities and shall in each case be ascertained as a matter of fact. However, transactions shall be considered to be in the ordinary course in the following instances (without limitation):

- (i) [If covered in the main object / objects incidental to main object in the Memorandum of Association of the Company;
 - (ii) Transactions that are necessary, normal and incidental to business;
 - (iii) Transactions that are reasonable in the context of business;
 - (iv) Transactions that are entered into on a similar basis with third parties;
 - (v) Transactions that are customary and are undertaken frequently;
 - (vi) Transactions that are infrequent, but important to the central mission / objective of the business; and
 - (vii) Transactions that form part of standard industry practice.]
- h) "**Related Parties**" shall have the meaning ascribed to such term in Section 2(76) of the Companies Act, 2013, *provided, however that*, the Company shall not be required to comply with Section 188 of the Act with respect to transactions with any party falling solely under sub-section (viii) of Section 2(76) (in accordance with the exemption in respect of private companies issued by the Ministry of Corporate Affairs vide its notification dated June 5, 2015).
- i) "**Relative**" means 'relative' as 'with reference to any person means anyone who is related to another, if:
1. They are members of a Hindu Undivided Family
 2. They are husband and wife, or
 3. One person is related to the other person as -
 - Father including step father
 - Mother including step mother
 - Son including step son
 - Son's Wife
 - Daughter
 - Daughter's Husband
 - Brother including step brother
 - Sister including step sister
- j) "**Related Party Transactions**" or "**RPT**" means:
- (A) for purposes of compliance with the Act and Rules:** any contract or arrangement with a related party with respect to:
- a) Sale, purchase or supply of any goods or materials
 - b) Selling or otherwise disposing of, or buying, property of any kind
 - c) Leasing of property of any kind

- d) Availing or rendering of any services
- e) Appointment of any agent for purchase or sale of goods, materials, services or property
- f) Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company, and
- g) Underwriting the subscription of any securities or derivatives thereof, of the company.

and

(B) for purposes of compliance with relevant terms of the SHA/AOA: all transactions with Related Parties, including but not limited to investments in, or loans to, Related Parties.