



BHARTI HEXACOM LIMITED

Policy on Related Party Transactions



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1. Objective

The Board of Directors of Bharti Hexacom Limited (hereinafter referred to the 'Company' or 'Hexacom'), on the recommendations of the Audit Committee, has adopted this **Policy on Related Party Transactions** ('Policy').

The objective of this Policy is to regulate the transactions between the Company and its related parties based on the laws and regulations applicable to the Company. The policy lays down the framework for appropriate approval and reporting of related party transactions in line with the Company's corporate governance principles i.e. Trust, Transparency, Integrity and ethical business practices.

2. Regulatory Framework

- 2.1. The Companies Act, 2013 ('Act') together with the rules notified thereunder, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI Listing Regulations'), applicable accounting standards and related circulars, clarifications, guidelines and notifications issued thereunder (together referred to as the 'applicable laws'), provides a framework for regulating transactions with Related Parties.
- 2.2. This policy is framed as per the requirements of the applicable laws and should be read in conjunction with the applicable regulatory provisions & 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 are unrelated, so that there is no conflict of interest.
- 3.2. **"Audit Committee"** means the Committee constituted by the Board of Directors of the Company under the applicable provisions of SEBI Listing Regulations and Act.
- 3.3. **"Concerned or Interested Director or Key Managerial Personnel"** means a Director or Key Managerial Personnel, 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 director, or key managerial personnel, 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 or key managerial personnel is a partner, owner or member, as the case may be.
- 3.4. **"Key Managerial Personnel ('KMP')"** in relation to Company 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) such other officer(s) as may be prescribed under the Act from time to time.



- 3.5. **“Material Modification”** means any modification to the previously approved Related Party Transaction which shall result in a variance on the pricing, quantity and/or overall transaction value by 20% or more.
- 3.6. **“Material Related Party Transaction”** means a transaction with a Related Party which is material in accordance with the thresholds as prescribed in the SEBI Listing Regulations.
- 3.7. **“Ordinary Course of Business”** A transaction will be treated as transaction in the ‘Ordinary Course of Business’ if it is:
- (i) covered in the object clause of the Memorandum of Association of the Company
 - (ii) repetitive/ frequent in nature
 - (iii) normal and otherwise routine in the particular business
 - (iv) common in a particular industry
 - (v) in furtherance of business objectives and/ or business purposes of the Company.

The above list is indicative, and the Company shall assess each transaction basis its type & nature.

- 3.8. **“Related Party”** means a person or an entity as defined in:
- (i) Section 2(76) of the Act; and
 - (ii) Regulation 2(1)(zb) of the SEBI Listing Regulations.
- 3.9. **“Related Party Transaction”** means:
- (i) a transaction between the Company and Related Party which is of the nature specified in clauses (a) to (g) of Section 188(1) of the Act; and
 - (ii) a transaction involving transfer of resources, services or obligations between the parties as specified in Regulation 2(1)(zc) of SEBI Listing Regulations.

However, the transactions specifically exempted under Regulation 2(1)(zc) of SEBI Listing Regulations or any other applicable laws shall not be considered as Related Party Transactions.

- 3.10. **“Unforeseen Related Party Transaction”** means a Related Party Transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one crore per transaction.

The words & expressions used in this Policy and not defined hereunder, shall have the same meaning assigned to them in the applicable laws for time being in force.

4. Governing Framework

4.1. Identification of Related Parties



- 4.1.1. In terms of the applicable provisions of the Act, all the Directors and KMPs are responsible for providing written notice to the Company informing their concern & interest in the other entities, from time to time.
- 4.1.2. On the basis of criteria prescribed under the applicable laws and as per the aforesaid declaration(s)/ disclosure(s)/ notice(s) received from the Directors and KMPs, the list of related parties of the Company and of its subsidiary companies are compiled and updated from time to time.
- 4.1.3. Notice of any potential Related Party Transaction is given well in advance to the Board/ Audit Committee. It contains adequate information about the Related Party transaction(s) and provides the Board/Audit Committee members sufficient time and information to consider and review the proposed transaction(s).

4.2. Review and approval of Related Party Transactions

4.2.1. APPROVAL OF AUDIT COMMITTEE

- 4.2.1.1. Unless otherwise provided under applicable laws, all the transactions which are identified as Related Party Transactions and material modifications/ subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the Act and/or SEBI Listing Regulations (as applicable). The Audit Committee shall consider all relevant factors before granting its approval to the proposed transaction.
- 4.2.1.2. The Audit Committee shall also approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of the proposed transaction(s) exceeds the thresholds as prescribed under the Listing Regulations.
- 4.2.1.3. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature, subject to such criteria/conditions as mentioned under Regulation 23(3) of SEBI Listing Regulations or any other applicable provisions and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- 4.2.1.4. The Audit Committee may also grant omnibus approval for Unforeseen Related Party Transactions in the manner specified under the SEBI Listing Regulations.
- 4.2.1.5. Audit Committee shall review the following:
 - (i) details of Related Party Transactions entered into by the Company pursuant to the Omnibus Approval accorded in terms of clause 4.2.1.3 above, on a quarterly basis; and
 - (ii) status of long-term (more than one year) or recurring transactions, on an annual basis.
- 4.2.1.6. **Only those members of Audit Committee who are Independent Directors, will approve Related Party Transactions. Any member of Audit Committee having a potential interest in the proposed RPT, will recuse himself and abstain from discussion and voting on the proposal for**



approval of the said transaction.

4.2.2. APPROVAL OF BOARD OF DIRECTORS

4.2.2.1. Following Related Party Transactions shall require prior approval of the Board of Directors of the Company:

- (i) Transactions in which any of the Directors or the KMPs of the Company are concerned or interested.
- (ii) Transactions specified in Section 188(1) of the Act which are not in the ordinary course of business and/or not on arm's length terms.
- (iii) Material Related Party Transactions which are proposed to be placed before the Shareholders for approval.
- (iv) Related Party Transactions where Audit Committee of the Company is of the opinion that the same should be brought before the Board of Directors or if the Board of Directors *suo-moto* decides to review any such transaction.
- (v) Related Party Transactions for which approval of the Board of Directors is mandatory under any applicable law for time being in force.
- (vi) Any Material Modification to the Related Party Transactions already approved by the Board of Directors.
- (vii) Any other transaction as may be prescribed by the Shareholders from time to time.

4.2.2.2. Any Director having a potential interest in the proposed RPT will recuse himself and abstain from discussion and voting on the proposal for approval of the said transaction.

4.2.3. APPROVAL OF SHAREHOLDERS

4.2.3.1. Following Related Party Transactions shall require prior approval of the Shareholders of the Company:

- (i) Material Related Party Transactions and Material Modifications thereto.
- (ii) Transactions specified in Section 188(1) of the Act which:
 - are not in the ordinary course of business and/or not on arm's length terms; and
 - exceed the threshold specified in Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification or reenactment thereof.

4.2.3.2. No member of the Company shall vote on the resolution to approve any transaction covered under Clause 4.2.3.1(ii) above, if such member is a related party to the proposed contract or arrangement.

4.2.3.3. No Related Party shall vote to approve any transaction covered under Clause 4.2.3.1(i) above, whether the entity is a related party in the context of particular transaction or not.

4.2.4. EXCEPTIONS

4.2.4.1. The approval of the Audit Committee or Board or Shareholders of the Company shall not be required for the following Related Party Transactions:



- (a) Transactions entered into between the Company and its wholly-owned subsidiary company whose accounts are consolidated with the Company and placed before the Shareholders of the Company at the general meeting for approval.
- (b) Transactions entered into between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the Shareholders of the Company at the general meeting for approval.
- (c) Any other transaction for which approval of the Audit Committee or Board or Shareholders, is not required or exempted under the Act, SEBI Listing Regulations or any other applicable law.

4.3. Criteria for approving the Related Party Transactions

- 4.3.1. The Company has a well-defined and structured governance process for related party transactions undertaken by the Company. The related party transactions are undertaken after review and certification by leading Independent global valuation/ accounting firms confirming that the proposed pricing mechanism for a particular transaction meets the arm's length criteria. The Audit Committee considers Independent external advice/ certification/ valuation and various factors/ criteria as specified in the applicable laws and conducts a review before granting approval to any related party transaction.

4.4. Deemed approval

- 4.4.1. Transactions or arrangements which are specifically dealt in terms of specific provision(s) of the applicable laws and executed under separate procedures/ approvals mechanism shall not be required to be approved under this Policy, including but not limited to the following:
 - (a) Payment of remuneration in any form (including sitting fee, commission, ESOPs, other shares based incentive plans etc.) to any Director, Key Managerial Personnel and Senior Management except who is part of promoter or promoter group, provided that the same is not a Material Related Party Transaction.
 - (b) CSR Contribution & other charitable contribution as approved by CSR Committee.
 - (c) Corporate actions which are uniformly applicable to everyone including related parties.
 - (d) Corporate Restructuring such as merger, demergers, capital reductions etc.
 - (e) Other transactions or arrangements exempted under the Act and/or SEBI Listing Regulations.

4.5. Disclosure by the Company

- 4.5.1. Appropriate disclosures as specified under the Act and the SEBI Listing Regulations, shall be made by the Company in the Annual Report and to the Stock Exchanges.
- 4.5.2. This Policy shall be hosted on the Company's website viz. <https://www.bhartihexacom.in/> and web-link of the same shall be provided in the Annual Report.



- 4.5.3. In addition to the statement(s) mentioned in Clause 4.2.1.5 of this Policy, a summarized statement of all transactions with Related Parties entered during the relevant quarter pursuant to the contracts or arrangements already approved by the Audit Committee/ Board of Directors/ Shareholders (as applicable), shall be placed before the Audit Committee and Board of Directors for their information, review & noting, at each quarterly meeting.

5. Ratification of Transactions

- 5.1. In the event any Director, KMP, any other officer or the Company becomes aware of any Related Party Transaction that is in deviation of this Policy and/or has not been approved under this Policy prior to its consummation, such person shall promptly notify the matter to the Company Secretary of the Company who shall ensure that the same is placed before the Audit Committee/ Board of Directors (as applicable) at the earliest but not later than first meeting of the Audit Committee or Board of Directors held after the date of such intimation.
- 5.2. The Audit Committee/ Board of Directors (as applicable), shall consider all the relevant facts & circumstances regarding the said transaction and shall evaluate all the options available to the Company such as ratification, revision, termination etc. of the said Related Party Transaction in terms of the provisions of applicable laws. While reviewing and evaluating the aforesaid transaction, Audit Committee/ Board of Directors (as applicable) shall have the power to modify or waive any procedural requirement of this Policy.
- 5.3. The post facto approval/ ratification granted by the Audit Committee, the Board and/ or shareholders shall not be deemed to violate this policy and the said transaction would not be invalid or unenforceable, subject to compliance of applicable laws.

6. Administration of the Policy

- 6.1. In case any provision of this Policy is contrary to or inconsistent with the provisions of the applicable laws, the latter shall prevail.
- 6.2. This Policy would be subject to revision/amendment in accordance with the applicable laws. Any subsequent amendment, clarification, guidance, circular etc. in relation to the applicable laws shall prevail over this Policy and the Policy shall stand amended accordingly from the effective date as laid down by the relevant authority.
- 6.3. The Board of Directors will review the Policy once in every 2 years.
- 6.4. Any question/ clarification/ suggestion relating to this Policy may be addressed to the Company Secretary at bhartihexacom@bharti.in.



7. Version History

Version.	Date of approval of the Board of Directors	Effective Date
1.0	Initial	
2.0	February 05, 2025	February 05, 2025