

Interest Rate Model
Version 1.0

Approved by
Board of Directors in their meeting held on May 06, 2019

Effective Date
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1. PREAMBLE

a) Introduction

Bharti Telecom Limited ('BTL' or 'the Company') is an investment holding company. The Company is classified as a Core-Investment Company – Non-Deposit Taking Systemically Important (CIC-ND-SI) by RBI vide its certificate No. N-14.03465 dated January 15, 2019.

BTL is a promoter and an investment holding company of Bharti Airtel Limited ("Airtel"), a leading global telecommunications company with operations in 18 countries across Asia and Africa. Airtel ranks amongst the top 3 mobile service providers globally in terms of subscribers. The shares of Airtel are listed on the stock exchanges viz. NSE and BSE and forms part of both SENSEX and NIFTY index. The market capitalization¹ of Airtel is approx. Rs. 135,000 Crores. Accordingly, the market value of BTL's investment in Airtel on same date is approx. Rs. 67,510 Crores.

Bharti Group and Singtel Group are the major shareholders of BTL holding 98.97% of paid-up of its share capital. Bharti Group is one of India's leading conglomerates with diversified interests in telecom, insurance, real estate, agri and food, in addition to other ventures. Singtel Group, headquartered in Singapore has 140 years of operating experience and is one of the largest listed Singapore companies. The majority stake in Singtel is held by the Government of Singapore.

The sole business of BTL is to hold equity investment in Airtel which is strategic and long term in nature. At present, BTL does not have any NBFC operations also does not have any intent to carry out such activities/operations in future. BTL has obtained the registration as Non-Deposit taking Systemically Important Core Investment Company (CIC ND- SI) because of the requirements set out under the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 (CIC Directions), where a Non-Banking Financial Company which is a Core Investment Company, having total assets of not less than ₹100 crore and which has "raised or holds public funds" is required to obtain registration from RBI. Once borrowings were raised by BTL, it was technically covered under the above directions and thus had to apply for the registration as CIC ND-SI.

Since, the Company, during the currency of it borrowings, shall be governed by the CIC Directions and other applicable regulations/guidelines/circulars issued by RBI, it is technically required to have this model for interest rate in place. This model should be read in such limited context only, as there is no NBFC activities involved.

¹ As on May, 06, 2019.

b) Objective

This interest rate model is adopted as directed by Reserve Bank of India (“RBI”) vide Notification No. DNBS. 204/ CGM(ASR) - 2009 dated January 02, 2009 as amended from time to time.

2. INTEREST RATE

Appropriate internal principles and procedures in determining interest rates and processing and other charges shall be followed in line with the approved company model/ policy from time to time.

The rate of interest arrived shall be based on the weighted average cost of funds, administrative costs, risk premium and profit margin.

3. GRADATION OF RISK

The decision to give a loan and the interest rate applicable to each loan account shall be assessed on a case to case basis, based on multiple parameters such as:

- a. Income Model
- b. Tenor of Loan
- c. Security to be provided
- d. Relationship with the Company
- e. Credit History as revealed from available sources
- f. Quality and quantity of collateral offered over and above the principal security

The Company shall disclose transparently the approach and rationale for different annualized interest rates for different categories of borrowers in the sanction letter, if applicable.

The annualized interest rates segment/product wise is given below:

Name of Segment/Product	Minimum Interest Rate	Maximum Interest Rates
Inter Corporate Loans	Cost of funds	Cost of funds+ 1% margin

The rates of interest are subject to change as the situation warrants and are subject to the discretion of the management on a case to case basis.

If applicable, the Company shall disclose the interest rates and gradation of risks on its website.

If at any point a conflict of interpretation / information between this model/ Policy and any Regulations, Rules, Guidelines, Notifications, Clarifications, Circulars, Master Circulars/

Directions by the Reserve Bank of India (“RBI”) arise then, interpretation of such Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master Directions issued by RBI shall prevail.

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