

Investment / Call & Demand Loan Policy & Procedures
Version 1.0

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

Effective Date
May 06, 2019

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1. BACKGROUND

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 policy & Procedure for Investment / Call & Demand Loan in place. This policy should be read in such limited context only, as there is no NBFC activities involved.

¹ As on May, 06, 2019.

b) Policy Objective

This policy lays out the general terms and conditions for Investments made by the Company. The policy will provide operational guidelines for all concerned to enable the Company to gainfully deploy the surplus funds available from time to time in short term investments and guidelines for long term strategic investments.

The document provides a guidance note on the broad investment parameters, approval structure and other compliance related matters while transacting in investment products. The policy comes into force effective May 06, 2019.

c) Responsibility & Policy Review

The management of the Investment portfolio is the responsibility of Asset Liability Committee (“Committee”).

The Policy will be reviewed and recommended by the Committee to Board of Directors for approval and adoption. The policy will be reviewed on an annual basis by the Committee, however it will be the responsibility of Committee to update and seek approvals for any changes to the policy in case of any major changes to the business and economic environment. The investments made will be placed before the Board for information at every meeting.

2. KEY FEATURES

The Company operates as an investment holding company of Bharti Airtel Limited (“Airtel”), a Telecom Service Provider. Hence, primarily the investment made by the Company is solely into the equity shares of Airtel and is of long term in nature. However, investable surplus which may occur from time to time can be deployed for short period on such criteria as stipulated below in this policy.

Group Company(ies) means “Companies in the same Group” as defined in CIC Directions as amended from time to time. For clarity, definition of “Companies in the same Group” as on date is as follows:

“Companies in the Group” means an arrangement involving two or more entities related to each other through any of the following relationships, viz., Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter-promotee [as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997] for listed companies, a related party (defined in terms of AS 18) Common brand name, and investment in equity shares of 20% and above).

The investments made by the Company will be classified as Long Term Investment or Short Term Investment at the time of making such investment. Generally all investments will be made by the Company considering the following factors:

- Safety;
- Liquidity; and
- Returns.

- a) **Long Term Investment (LTI):** Investments made with the intention to hold it for more than one year from the date of investment will be classified as LTI. Any decision to invest for long tenor will be supported by a rationale for the same unless otherwise approved by this policy. All long term investments in form of equity, preference shares, bonds, NCDs and secured/unsecured loans will be made in the Group Companies only.
- b) **Short Term Investment (STI) –** All investments made with the intention to hold for a period less than 1 year will be classified as Short Term Investment (STI) at the time of making the investment.

3. INVESTMENT PRODUCTS

Different investment products permitted by this policy are stated below along with the stipulated conditions.

a) Fixed Deposits

Fixed Deposits (FD) can be used for both long term and short term Investments depending upon the requirement. The Company may need to invest in FDs for the following purposes:

- Investment
- Securities
- Issuance of Bank Guarantee/LC/SBLC
- Any other purpose

Following key factors should be considered while taking investment decision in FDs:

- Rate of Interest
- Relationship with the Bank / Financial institution
- Ease of operations: Facility of splitting FD's, electronic banking, minimum paperwork and related formalities etc.
- Rating of the FD / Deposit Program issuing bank shall be minimum AA from any of SEBI approved rating agencies. No FD should be made with Cooperative Bank/ Regional Rural Bank.

Treasury would source FD rates from banks after the amount and the tenor have been decided.

b) Mutual Funds(MFs):

The Company may invest in MFs for managing its short term surpluses arising in day to day fund management in the Liquid Mutual Funds or other equivalent MF Schemes only. All such investments will be classified as STI. All such schemes must be rated minimum AA+ from any of SEBI approved rating agencies.

Following key factors should be considered while taking investment decisions in Mutual Funds:

- AUM for the scheme
- Past performance
- Diversification
- Relationship with the fund house
- Rating of the scheme

Investment Limit: At any point of time, maximum investment in a particular scheme of a mutual fund should not exceed 10% of the AUM of that scheme and put together all investment in one mutual fund at any point of time should not exceed 10% of the net worth of the Company.

c) Bonds / Non Convertible Debentures (NCDs) / Commercial Papers (CPs) / Certificates of Deposit:

The Company may also invest in Bonds, NCDs, CDs and CPs of good standing corporates and institutions, subject to the applicable laws including RBI Directions in force at the time of investment. Investment can be made either in primary or secondary market. All investments into any of these products need to be supported with an investment rationale and to meet minimum rating criteria.

Following key factors should be considered while proposing investments:

- **Credit Rating of the Company:** A thorough study of the Offer Document for terms and conditions, information on the Management, Promoter, business plans and financials should be done. This information along with the credit rating of the Company should be a deciding parameter for making an investment. All investments proposed should be in rated bonds with rating of A 1+ (ST) or AA+ (LT) from any of the following rating agencies :
 - (i) CRISIL
 - (ii) India Ratings & Research
 - (iii) ICRA

- **Liquidity:** Secondary market appetite for the product where such products are listed should be examined prior to investment.
- **Yield:** All pricing should be market linked and in case of related parties at arm's length pricing.

All long term investment in Bonds / NCDs should be made only with Group Companies. In case of investment in Bonds / NCDs and CPs of Group Companies', subject to the applicable laws including RBI Directions in force at the time of investment, credit rating and liquidity criteria can be relaxed by the Committee with a clear stated rationale.

d) Inter-corporate loan:

Inter-corporate loans can be made only to Group Companies. All inter-corporate loan transactions need to be supported with an investment rationale. The rate of interest on inter corporate loan should cover adequately for underlying risk and should be on arm's length basis.

e) Equity / Preference Shares

The Company may also invest in equity / preference share capital of Group Companies. All prospective equity investments need to be supported with an investment rationale.

f) GOI dated securities

The Company may also invest Government of India Securities and other investment grade government securities.

g) Other Products

All other products and investments to be made with prior approval from the Committee.

4. Approval Matrix

All the new / prospective investments shall be approved by simple majority in a valid convened meeting or shall be as per the duly approved resolution passed by the Committee / Board in this regard.

5. Reporting

The summary of short term investments and long term investments shall be put at next Committee meeting for noting.

Accounting policies for Investments will be followed as prescribed in the Accounting Standard and Guidance Notes issued by The Institute of Chartered Accountants of India (ICAI) and applicable prudential norms directions as prescribed by RBI.

6. Exception Approval

An Exception Approval not a part of the aforesaid policy in regard to any investment transaction will need the approved by ALCO with notification to Board of Directors.

7. Call/ Demand Loan

Objective: The Company may grant short term loans to associate / group companies subject to provisions of the Companies Act, 2013 and any other regulatory approvals, if any. The policy will provide operational guidelines to all concerned and will enable the company to gainfully deploy the surplus funds from time to time and the same will be implemented with immediate effect.

BTL being an Investment Holding Company, does not have any active lending products. However, the Company may provide short term loans or make short term investments including in the form of inter-corporate deposits to its group / subsidiary companies. Such short term loans / investments shall be provided on arm's length basis as per the terms and conditions that may be agreed upon between the company and the concerned subsidiary / associate / group company.

Tenure: The tenure of such loan will be at the sole discretion of the Company but the same will be clearly stated by the sanctioning authority determined by ALCO. Further, the sanctioning authority shall record the specific reason in writing at the time of sanctioning loan, if the cut-off date for demanding or calling up of such loan goes beyond a period of one year from the date of sanction.

Rate of Interest: Generally no loan will be sanctioned without interest. However in all cases the rate of interest, mode of payment of interest i.e. monthly or quarterly will be clearly recorded by the sanctioning authority. If no interest is stipulated or a moratorium is granted for any period, the sanctioning authority shall record the specific reasons in writing at the time of sanctioning the loan.

Review: The loans will be reviewed half yearly and a summary of the same shall be annually placed to the Board.

Renewal of Loan: Renewal of Loan shall depend upon the performance of the Loan and compliance with the terms of sanction.

Sanctioning Authority: The Board, The Committee or any other person duly authorized by the Board / Committee shall be the Sanctioning Authority.

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