

VODAFONE IDEA LIMITED

Policy on Related Party Transactions

Introduction & Purpose

The Board of Directors of the Vodafone Idea Limited (“the Company”), on recommendation of the Audit Committee, has adopted this policy by its resolution dated 31st March, 2015 to regulate transactions of the Company with its related parties (as defined and identified under the Companies Act, 2013 and Rules made thereunder (the “Act”), Indian Accounting Standards (Ind-AS) the SEBI (Listing Obligations and Disclosure Requirements), 2015 (“Listing Regulations”); b) ensure high standards of Corporate Governance while dealing with related parties; and c) ensure optimum compliance with various applicable laws prescribed for related party transactions (“RPT”) in compliance with various applicable laws, including under the Companies Act, 2013 (the “Act”) and the Listing Regulation, prescribed for related party transactions.

Definition

- a) **Related Party:** A Related Party shall have the same meaning as defined under the Act, Ind-As and the Listing Regulations.
- b) **Related Party Transaction (“RPT”):** A Related Party Transaction (RPT) shall have the same meaning as defined under the Act, Ind-As and the Listing Regulations.
- c) **Materiality:** The materiality of any RPT will be ascertained as per the thresholds prescribed under the Act or the Listing Regulations, whichever is lower.

(i) **Materiality threshold under the Act**

A transaction with a related party shall be considered material if it exceeds threshold as prescribed under section 188 of the Act read with Rules made thereunder or any subsequent amendment thereto.

(ii) **Materiality threshold under Listing Regulations**

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds:

- In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- In case of any other transaction(s), if the amount exceeds Rs 1,000 (one thousand) crore or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

- d) **Arm’s Length Basis:** RPT will be treated to be on ‘Arm’s Length Basis’ if the commercial and key terms are comparable and are not materially different with those of similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non- related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish ‘arm’s length

basis'. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.

- e) **Ordinary Course of Business:** RPT will be considered in ordinary course if they are entered in pursuance of the Company's business objectives and necessary for Company's operations or related financial activities, including fixed assets transactions and pursuant to the objects of the Company.
- f) **Material Modification:** A modification to a RPT with a related party shall be considered material, if the value of modification individually or taken together with modifications during a financial year, exceeds 10% of the original transaction as approved by the Audit Committee and/ or the shareholders, whichever is lower.

Further, amendment/ modification to any of the material terms of the contract resulting in novation of the contract, change in tenure of the contract, change in the payment terms and/ or deferment of security/ guarantee shall also be treated as a material modification of the transaction.

Provided that if any future modification or alteration is already approved at the time of approving original transaction by Audit Committee and/ or shareholders, such modification or alteration shall not be treated as material modification.

Policy

- a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
- b) All RPTs and subsequent material modifications shall be placed before the Audit Committee for its prior approval, as required under the provisions of the Act and the Listing Regulations. Provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.
- c) In case of RPTs of its unlisted subsidiary where the Company is not a party, prior approval of the Company's Audit Committee will be required, if the value of such RPTs entered into individually or taken together with previous transactions during a financial year exceeds 10% of subsidiary's annual standalone turnover, as per the last audited financial statements of the subsidiary.
- d) In case of RPTs of its listed subsidiary ("said listed subsidiary") where the Company is not a party, prior approval of the Audit Committee of the Company will not be required if the said listed subsidiary complies with Regulation 23 and Regulation 15(2) of the SEBI Listing Regulations. Further, prior approval of the Audit Committee of the said listed subsidiary will be sufficient for the RPTs of the unlisted subsidiaries of the said listed subsidiary.
- e) Remuneration and sitting fees paid by the Company or its subsidiary to its directors, key managerial personnel, or senior management by the Company or its subsidiary do not require audit committee approval if the individual is not part of the promoter or promoter group and the payment is not material.
- f) Members of Audit committee who are Independent Directors shall have the power to ratify the RPTs within a period of 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 Regulation 23(1) of Listing Regulations.
- 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 Regulation 23(9) of Listing Regulations.
- v. Any other condition as specified by the audit committee.

If the Audit Committee's ratification is not sought, the transaction can be voided by 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 Company against any loss incurred by it.

- g) Subject to the conditions as mentioned in the Listing Regulations, the Audit Committee of the Company may grant omnibus approval for RPTs proposed to be entered into by the Company or its subsidiary which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions *provided that* the value of each such transaction shall not exceed Rs. 1 crore. The Audit Committee shall review on quarterly basis the details of RPTs entered into by the Company or its subsidiary with the approvals granted.
- h) Any RPT which is not in the Ordinary Course of Business of the Company or not at Arm's Length Basis shall be effected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.
- i) All RPT specified in the Act which are not in the Ordinary Course of Business of the Company or not at Arm's Length Basis; and exceed the thresholds laid down in the Act shall be placed before the shareholders for its approval.
- j) The RPTs which cross the Materiality thresholds as defined under the Listing Regulations and subsequent material modifications as defined by the Audit Committee shall be entered by the Company only with prior approval of shareholders of the Company, and no related party shall vote to approve, whether it is a related party to a particular transaction or not.

In case of RPTs which cross the Materiality thresholds and subsequent material modification to such RPTs of its listed subsidiary ("said listed subsidiary") where the Company is not a party, prior approval of the shareholders of the Company will not be required if the said listed subsidiary complies with Regulation 23 and Regulation 15(2) of the SEBI Listing Regulations. Further, prior approval of the shareholders of the said listed subsidiary will be sufficient for the RPTs of the unlisted subsidiaries of the said listed subsidiary.

- k) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.
- l) Any transaction that is specifically excluded from applicability of the related party provisions under the Act and / or Listing Regulations shall not require a separate approval under this policy.

Exceptions

Provisions of Regulations 23(2), 23(3) and 23(4) of the Listing Regulations shall not be required to be complied in the following cases:

- (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) Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

Administrative Measures

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party(ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower / Speak up Policy of the Company.

Interpretation

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

Disclosure

The Policy shall be made available on the website of the Company and a web link thereto shall be provided in the Company's Annual Report.

Review

The Policy shall be reviewed by the Board of Directors atleast once every three years.

First Amendment: 11th February 2025
