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Unique Doc. Reference : SUBIN-DL94220385275453085225V
Purchased by : BHARAT SANCHAR NIGAM LIMITED
Description of Document : Article 5 General Agreement
Property Description : Not Applicable
Consideration Price (Rs.) : 0
(Zero)
First Party : BHARAT SANCHAR NIGAM LIMITED
Second Party : MAHANAGAR TELEPHONE NIGAM LIMITED
Stamp Duty Paid By : BHARAT SANCHAR NIGAM LIMITED
Stamp Duty Amount(Rs.) : 100
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**MEMORANDUM OF UNDERSTANDING
BETWEEN MTNL and BSNL**

This MEMORANDUM OF UNDERSTANDING (MOU) is made at New Delhi as of
31st Day of August, 2023 between

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Statutory Alert:

1. The authenticity of this Stamp certificate should be verified at 'www.shcilestamp.com' or using e-Stamp Mobile App of Stock Holding. Any discrepancy in the details on this Certificate and as available on the website / Mobile App renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
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BHARAT SANCHAR NIGAM LIMITED BHARAT SANCHAR NIGAM LIMITED BHARAT SANCHAR NIGAM LIMITED BHARAT SANCHAR NIGAM LIMITED BHARAT SANCHAR NIGAM LIMITED

BHARAT SANCHAR NIGAM LIMITED (a wholly owned Government Company) having its Registered and Corporate Office at Bharat Sanchar Bhawan, Harish Chander Mathur Lane, Janpath, New Delhi-110001(hereinafter known as BSNL.),

AND

MAHANAGAR TELEPHONE NIGAM LIMITED, (a Government Company) with its Registered and Corporate Office at, Mahanagar Doorsanchar Sadan, 9, CGO Complex, Lodhi Road New Delhi 110003 (hereinafter known as MTNL),

WHEREAS

BSNL and MTNL are public sector undertakings of Government of India under the aegis of the Department of Telecommunications, Ministry of Communications and IT, are engaged in the business of providing telecom services

BSNL is providing all types of telecom services including Basic telephony services, cellular Mobile Telephony Services, Internet services & National Long Distance services throughout the geographical territory of India except in the metro districts of Delhi and Mumbai.

MTNL is licensed to provide in Delhi and Mumbai for Basic and CMTS services along with certain adjoining urban agglomerations under CMTS license.

Introduction

The existing MoU is reviewed in the light of pending issues and prospective issues related to merger of two entities. Accordingly decided to make an overarching MoU framework within which different business transactions can be handled variously.

Govt. had given in-principle approval for merger in 2019. However, Group of Ministers put on hold the merger in the year 2020.

DoT vide letter no. 20-06/2019-PR dated 31.12.2020 conveyed approval that BSNL will run the mobile network of MTNL as its outsourced agency from 01.01.2021. BSNL issued instructions vide letter dated 30.03.2021 and 27.08.2021 to take over mobile network of MTNL in Delhi & Mumbai from 01.04.2021 & 01.09.2021 respectively.

In 2022, union cabinet approved a mechanism of Committee of Secretaries (CoS) & empowered it to examine the issue of merger between BSNL and MTNL. Meanwhile this MoU expired on 31.03.2023 & is being extended with primary scope of business continuity & implementation of decisions of union cabinet (taken in its meeting on 27th July 2022), till the issue of merger of MTNL & BSNL is settled.

The clauses following hereunder are based on understanding that two entities shall continue to be standalone different distinct corporate entities working in tandem with each other towards reaching stated objective of merger with each other. As on date, the two companies have common management with regular Directors of BSNL having been assigned additional charge of Directors on board of MTNL. Accordingly, the mechanism to address various issues is designed to ensure compliance of concerned directives on related party transactions.

RELATED PARTY TRANSACTIONS- COMPLIANCES & DISCLOSURES

BSNL's bonds (Debt securities) are listed on BSE Ltd. and being a debt listed company, BSNL is under obligation to comply with SEBI (LODR) regulations (as amended from time to time) applicable for debt listed companies.

MTNL's equity shares are listed on BSE & NSE and bonds are listed on BSE. MTNL is required to comply with SEBI (LODR) regulations (as amended from time to time) applicable for equity/debt listed companies.

In compliance with regulation 23 of SEBI(LODR) 2015 (as amended from time to time) , BSNL has framed its policy on Related Party Transactions (RTP) as approved by Board of Directors on 11th November, 2021 (**Annexure-1**) and the same is published on BSNL website www.bsnl.co.in

MTNL has framed and published its policy on Related Party Transactions (RTP) effective from 01.04.2014 (**Annexure-II**) on MTNL website www.mtnl.in

This MoU between BSNL and MTNL shall comply with clause no 4,5,7 & 8 of BSNL's RTP policy & clause no. 5 of MTNL's RTP policy and provisions of Companies Act,2013 (as amended) and SEBI (LODR) Regulations 2015 (as amended).

Part-1

Issues between BSNL & MTNL precedent to implementation of decisions of union cabinet regarding their revival.

1. Union cabinet in October 2019, had approved administrative allotment of 4G spectrum to BSNL/MTNL. However, Group of Ministers in its meeting dated 21.12.2020, while deciding to defer the merger of BSNL & MTNL, also decided to allocate 4G spectrum in Delhi & Mumbai to BSNL instead of MTNL.
2. As a part of cabinet decision dated 27.07.2022 and conveyed through clause 2.5 of DoT O.M. dated 02.08.2022, it was decided that *BSNL will provide all telecom services in Delhi and Mumbai through leasing of operational assets or other appropriate model. With operations by BSNL in Delhi/Mumbai, MTNL would be left with land/building assets which it will continue to monetize to discharge its loan liabilities.*
3. Vide clause 2.9 of the DoT letter dated 02.08.2022, it was conveyed that union cabinet had sanctioned Capex of Rs 22,471 crore **through equity infusion in BSNL**. This amount included Rs 1851 crore as Capex requirement projected for Delhi / Mumbai license area presently served by MTNL.
4. As Capex has been sanctioned through equity infusion in BSNL, the corresponding capital assets shall be created in BSNL for the assets deployed in Delhi / Mumbai license area also.

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5. It is the intent of this MoU that the equipment procured by BSNL for deployment in existing network of MTNL as per their capex projections be made available to MTNL for business continuity till settlement of merger issue with consideration on leasing basis between two entities for joint use, and is compliant with regulatory norms and provisions of taxation laws. MTNL shall have access to use of such BSNL equipment, and BSNL will get such equipment's AMC done but day to day operation maintenance including expenditure thereon will be by MTNL. This will include manpower deployment and providing power, space and consumables as required.
6. The broad framework for various activities for implementation of these decisions settlement of issue of merger shall be as follows:

PROCUREMENT

7. Material Procurement.

For material to be procured for deployment in Delhi & Mumbai area, the following process shall be followed.

- 7.1. Tender shall be invited by BSNL by including the quantity required for MTNL area.
- 7.2. Purchase Orders shall be placed accordingly by BSNL.
- 7.3. Consignee location(s)/all store location(s) of MTNL shall be mapped as a consignee location in BSNL for which BSNL & MTNL shall sign an agreement of Right of use & NOC shall be given by MTNL for BSNL to register these premises as its "additional place of business" under GSTIN

of BSNL CN Tx North for Delhi locations, and GSTIN of Maharashtra Circle for Mumbai locations, on GST portal.

- 7.4. After equipment is delivered, installation & commissioning will be done for BSNL as per T&C of its PO, and the assets will be created in the books of BSNL.
- 7.5. The asset so created shall be leased out to MTNL for which an agreement shall be signed between the two entities (**as per Annexure-III**), with due compliance of norms of related party transactions as envisaged in Section 15 of GST act and both entities shall obtain requisite approvals from Audit committee/Board of Directors (as the case may be) as defined under respective RTP policy of BSNL & MTNL and under section 177 & 188 of Companies Act 2013 and regulation 23 of SEBI LODR 2015 (as amended from time to time), on related party transactions
- 7.6. An operational lease agreement shall be signed, with BSNL handling full responsibility of AMC but day to day operation and maintenance of the equipment and expenditure thereof on manpower, power & space will be done by MTNL as per mutual arrangement. Separate agreements shall be signed for POs placed by BSNL for supplies meant for delivery & installation at an existing MTNL location.
- 7.7. For such equipment leased to MTNL, the day to day O&M work may be assigned to MTNL through an agreement with due compliance of related party transactions.
- 7.8. Tax compliant invoicing and accounting declaration will be carried out but settlement of payment shall be done on netting basis.

8. SERVICES

For OFC network expansion by BSNL in MTNL area i.e. Delhi & Mumbai, in addition to activities at 7 above, the following process shall be followed:

- 8.1. From procurement to delivery of OFC, the process at 7 above shall be followed.
- 8.2. For laying & installation of OFC BSNL shall place an order on MTNL as a project execution agency, on back to back reimbursement basis.
- 8.3. Asset will be created in the books of BSNL.
- 8.4. OF Cable/ Fibre pair in Delhi/ Mumbai area will be leased to MTNL as per requirement through an operational lease agreement.
- 8.5. Work of maintenance of such OFC network will be awarded to MTNL through an agreement compliant with norms of related party transactions
- 8.6. Tax compliant invoicing and accounting declaration will be carried out by both MTNL & BSNL. Settlement of payment will be done on netting basis.

9. 4 G Project Rollout in Delhi & Mumbai

4G services roll out by BSNL has commenced and orders have been placed for Delhi & Mumbai also. The following process shall be followed:

- 9.1. Wherever tower or any of the existing infrastructure /asset of MTNL are to be utilized for deployment of 4G network element of BSNL , such infrastructure shall be taken on lease by BSNL as per mutually agreed terms on cost basis for which separate operational lease agreement shall be entered as and when required.
- 9.2. The man power required for deployment of 4G network in Delhi & Mumbai area will be identified and earmarked for such work in MTNL or

posted in BSNL placement as-is where-is basis, & be assigned the task of implementation of 4G network.

9.3. The executives assigned to 4G project shall be given functional roles on IT systems / project management systems of BSNL enabling them to effectively discharge their assigned tasks.

9.4. 4G services shall be launched by BSNL in Delhi & Mumbai area under BSNL brand with special plan/promotion for existing customers. Upon rollout of 4G services, the mechanism for handling existing customers of MTNL wireless services shall be determined separately.

Part-2

10. Rates & settlement for joint use of network & infrastructure

Operation of mobile telecom services in Delhi & Mumbai has been taken over by BSNL, following the mandate of Government. Pending merger of two entities, the network (including elements of fixed access network) is being progressively integrated. This has necessitated to determine the principle for allocation of costs between the two entities for BSNL equipment which will be for joint use of MTNL & BSNL. Accordingly the following has been decided:

10.1. *New network equipment* of BSNL to be installed in Delhi & Mumbai area at identified premises of MTNL will be for joint use of both entities. The annual lease charges for such equipment are calculated as given below:

	Assumptions		
a	Cost of equipment (procurement price including I&C). Assets of BSNL deployed in Delhi & Mumbai		100.00
b	% allocated to MTNL use		50%
c	Cost of equipment applicable for lease charges	aXb	50
d	Life of equipment (years): as per remaining period of AMC contract		9.00
e	Period of lease (years)		5.00
f	Residual Value at the end of lease period	c*(1-(e/d))	22.22
g	Interest Rate (annual)		8.00%

h	AMC Rate per annum		4.9%
Calculation of Lease Charges			
i	Capitalized Cost to BSNL		100.00
j	Annual Depreciation for Cost allocated to MTNL	$(c-f)/e$	5.56
k	Interest	$g*c$	4.00
l	AMC	$h*c$	2.45
m	Annual Lease Payment	$j+k+l$	12.01
n	Lease charges as % of cost of equipment of BSNL (a)	m/i	12.01%

Annual Lease charges @ 12% of the cost of equipment (including I&C) shall be charged by BSNL to MTNL.

- 10.2. Network equipment *which is/was deployed in BSNL area*, and is subsequently *re-deployed for exclusive use of MTNL* shall be treated as a **direct sale**. The residual (depreciated) value of such equipment in BSNL's books of accounts will be the reference price, and BSNL shall issue a sales invoice to MTNL accordingly. Accounting instructions already issued on the subject regarding decommissioning & sale shall be followed for compliances as due. AMC of such equipment wherever applicable shall continue with BSNL through the underlying contract between BSNL & its supplier.
- 10.3. Network equipment *available in BSNL inventory* and diverted to MTNL for their use shall also be treated as a direct sale by BSNL to MTNL, and reference price of underlying purchase orders of BSNL shall be referred for issuing sales invoice to MTNL, which shall not be more than weighted average cost of these items in BSNL on the date of transfer.
- 10.4. For *existing assets of BSNL being used by MTNL as common assets*, the AMC & O&M charges shall be charged by BSNL to MTNL and these charges will be worked out on cost incurred by BSNL to its OEM/ contractor and usage of asset by MTNL.

Part-3

Outer Framework

11. This MoU was signed between BSNL and MTNL in 2013 and renewed in 2018 for further 5 years. This MoU expired on 31.03.2023. Hence, the need for renewal of MoU. Separate Business interactions were covered through this standalone MoU and emanated through this MoU and hold validity variously.

12. These business transactions/ circulars are not co-terminus with this MoU. The list of such circulars issued are as follows:

12.1. 24-74/2016/NWO-BB&IN dated 23.05.2016 in r/o raising of invoice for payment of dues by MTNL to BSNL for using IN platforms of BSNL by MTNL for running their Toll Free services.

12.2. MTNL/CO/Tech & Plg/ Strategic Plan Synergy/2017-18 dated 19.09.2020 in r/o finalization of IOT for National Roaming

Meanwhile this MoU expired on 31.03.2023 which had primary scope of business continuity till the issue of merger of MTNL with BSNL is settled.

13. Operational Synergy For Providing Telecom Services.

13.1. MTNL & BSNL agree that MTNL will continue to offer all its NLD traffic to BSNL except for traffic between Delhi & Mumbai and certain stations of Maharashtra Circle to Mumbai by utilizing the BSNL infrastructure.

13.2. MTNL will continue to avail the network of BSNL only for national roaming service for its subscribers except in Delhi and Mumbai licensed area. Similarly. BSNL will also continue to avail the network of MTNL only for the national roaming services to its subscribers in the licensed areas of Delhi and Mumbai

13.2.1. The tariff/rates for carriage charges / national roaming are regulated vide letter no. MTNL/CO/Tech & Plg/ Strategic Plan Synergy/2017-18 dated 19.09.2020 and the same shall continue to remain applicable

except for IUC rates which shall be governed by applicable TRAI TTOs as amended from time to time.

- 13.2.2. Traffic of MTNL IN services is being handled by BSNL on sharing basis and charging accordingly to MTNL as per letter no. 24-74/016/NWO-BB & IN dated 23.05.2016. The existing arrangement for handling traffic of IN services of MTNL shall continue as per existing agreed tariff subject to further amendments, if any, between both the companies.
- 13.3. MTNL & BSNL have agreed to provide better coverage, innovative products and single window delivery to the Enterprises and Customers. Since telecom is a vital infrastructure requirement for expanding the market and reduction of transactional cost, both MTNL and BSNL will be preferred partner to each other and both MTNL and BSNL will share/avail the telecom infrastructure as first option on mutually agreed terms and conditions.
- 13.4. International Internet Bandwidth- Procurement of International Internet bandwidth on combined basis may result in saving to both the companies in view of higher volume business offered.
- 13.4.1. BSNL is procuring ILD bandwidth for combined requirement of BSNL & MTNL the current arrangement shall be continued.

Part 4.

Other terms & conditions

14. This Agreement is non-exclusive and nothing in this Agreement will be construed to prevent either party from entering into an agreement with any other party or to restrict such party from directly engaging in related activities.
15. However, this MOU is a composite package of all items together and individual items cannot be insisted upon on standalone basis by either party or third party.
16. This MOU will initially be valid for a period of 3 years or till settlement of issue of merger of both the entities, whichever is earlier.
17. Either Party can terminate this MOU with six months prior notice to other Party.

18. Neither of the parties to this memorandum of understanding shall disclose to any third party whomsoever, any provisions or stipulations, hereof, except as and to the extent agreed mutually between the parties that the parties further agree that in course of this memorandum of understanding each party is likely to come in the possession of the confidential information in respect of the other party. The parties agree that each of them shall maintain strict confidentiality of the information so received from the other and agree not to discuss or permit disclosure thereof to any third party and not to use such confidential information for purposes other than agreed hereunder or pursuant hereto.

IN witness whereof, this MOU is signed by the parties this 31st Day of August ,2023

For BSNL



(जोगिन्दर पाल चौधरी)
(JOGINDER PAL CHOWDHARY)
कम्पनी सचिव एवं महाप्रबंधक (विधि)
COMPANY SECRETARY & GM(LLEGAL)
बल संकाय निगम लि. निम्नलि. कार्यालय, नई दिल्ली
B.S.N.L. Corporate Office, New Delhi

(J.P. CHOWDHARY)
Company Secretary & GM (Legal), BSNL

For MTNL

रतन मनी सुमित
RATAN MANI SUMIT
कम्पनी सचिव / Company Secretary
म.नि.लि. निगम कार्यालय / M.T.N.L., Corporate Office
महानगर दूरसंचार सदन / Mahanagar Dूरसंचार Sadan
ए.सी.जी.ओ. कॉम्प्लेक्स, नई दिल्ली-3 / 9,C.G.O. Complex, Lodhi Road, New Delhi-3

(RATAN MANI SUMIT)
Company Secretary, MTNL

Witness:-



(S.K.-BHARDWAJ)
Sr. (CM & EF) Finance, BSNL



(SULTAN AHMED)
GM (FINANCE), MTNL CO



(SH. N.K. AGARWAL)
Sr GM NWO-CFA, BSNL



(SH. MURĒSH KUMAR)
GM (Tech. & Plg.), MTNL CO



BSNL

Connecting India

Bharat Sanchar Nigam Limited

(A Government of India Enterprise)

CIN No. U74899DL2000GOI107739

Regd. & Corporate Office: Bharat Sanchar Bhawan, H. C. Mathur
Lane, Janpath, New Delhi-1

Website: www.bsnl.co.in

POLICY ON RELATED PARTY TRANSACTIONS

(As approved by the Board of Directors on 11th November, 2021)

Or

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Accordingly, this policy has been framed and adopted by the Board in supersession of the earlier policy on the subject followed under the erstwhile Listing Agreement.

3. Definitions

- a. **Act** means the Companies Act, 2013 including any amendment or modification thereof.
- b. **Arm's Length Transaction** means a transaction between two related parties that is conducted as if they were unrelated.
- c. **Associate Company** a company as defined under section 2(6) of the Act and as defined by Indian Accounting Standard (**Ind AS**) 28 on Accounting for Investments in Associates in Consolidated Financial Statements.
- d. **Audit Committee** means the Committee of the Board constituted by the Board of Directors of the Company under the provisions of SEBI(LODR) 2015 , DPE Guidelines and Companies Act, 2013 as may be amended from time to time.
- e. **Board or Board of Directors** means the collective body of directors of the Company.
- f. **Body Corporate** means an entity as defined under section 2(11) of the Act.
- g. **Company or BSNL** means Bharat Sanchar Nigam Limited.
- h. **Director** means a person as defined under section 2(34) of the Act.
- i. **Employees** shall mean the employees and officers of the Company, including but not limited to Whole-time Directors.
- j. **Key Managerial Personnel**, as defined under section 2(51) of the Act, in relation to the Company, shall mean -
 - i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Company Secretary;
 - iii. Whole-time Director;
 - iv. Chief Financial Officer;
 - v. Such other officer as may be prescribed.
- k. **Listing Regulations** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be modified from time to time.
- l. **Material Related Party Transactions**-- As per Regulation 23 of SEBI (LODR), 2015, 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

defined under Indian Accounting Standard (IND AS)-24.

- p. **“Related Party Transaction”** shall be as per Regulation 2(zc) of SEBI LODR, 2015.
- q. **“Relative”** shall be as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014.
- r. **Subsidiary** means a company as defined in Section 2(87) of the Companies Act, 2013.
- s. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions
- t. Aforesaid definitions and any other term defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contract Regulation Act, SEBI Act or any other applicable law or regulation as may be applicable from time to time.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Functional Directors shall review Related Party Transactions (RPTs) undertaken under their administrative control to ensure that all RPTs are within approved limits.

4.1 Approval of the Audit Committee of the Board

- i). **All the transactions** with the related party require the prior approval of the Audit Committee, in terms of Section 177(4)(iv) of Companies Act and Regulation 23(2) of the SEBI(LODR) 2015. Further, subsequent modification of such transaction also require the approval of the Audit Committee as provided under section 177(4)(iv) of the Act. The Audit committee shall consider the proposal along with requisite details as stipulated under therelevant statutory provisions
- ii). All the related party transactions entered into during each quarter shall be consolidated by the Corporate Accounts Cell and submitted to the Audit Committee for review, as duly approved by the Director (Finance), along with Quarterly/ Annual Accounts.
- iii). All Related Party Transactions shall be subject to the approval of the Audit Committee in accordance with this Policy.
- iv). In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Audit Committee may ratify the transactions in accordance with this Policy, Act or SEBI LODR, 2015.

- a. the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
 - b. The turnover or net worth referred in the above points shall be computed on the basis of the audited financial statement of the preceding financial year.
3. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

4. OMNIBUS APPROVAL

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- (i) The audit committee shall grant the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature
- (ii) The audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- (iii) The Audit Committee shall grant omnibus approval to the transactions which are in the ordinary course of business and the transactions which are on arm's length basis.
- (iv) The omnibus approval shall specify
 - the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into
 - the indicative base price / current contracted price and the formula for variation in the price if any; and
 - such other conditions as the audit committee may deem fit
 - Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
- (v) Audit Committee shall review each of the omnibus approval, at least on quarterly basis, if any.
- (vi) The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval for next financial year.

6. Identification of Related Party Transactions

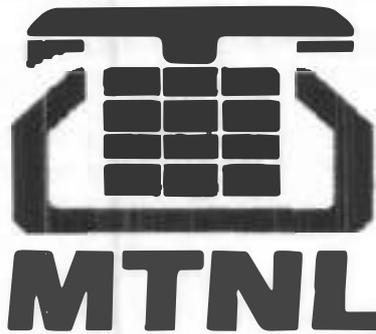
- i. Concerned GM Head of Business Area / Head of Department shall intimate to Corporate Finance and to Company Secretariat Deptt. within ten days of end of each quarter all the transactions with related parties.
- ii. All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their relatives) in other companies, firm or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or

(LODR) 2015.

- d. Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance to be submitted to stock exchanges.
- e. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- f. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large in the Corporate Governance Report.
- g. Disclosures in the financial statements as required under Ind AS 24.
- h. The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- i. Any other disclosures as may be required in accordance with the applicable statutory provisions.

8. EXEMPTION(S) UNDER THE COMPANIES ACT, 2013 AND UNDER SEBI LODR, 2015:

- 1. In terms of provisions of Section 177 of the Companies Act, 2013 and Regulation 23(5) of SEBI (LODR) Regulations, 2015, the requirement of approval of Audit Committee under Point 4.1 of this policy shall not apply to transactions (other than a transaction referred to in section 188 of Companies Act, 2013) entered into between a holding company and its wholly owned subsidiary and 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 respectively.
- 2. In term of Section 188 of Companies Act 2013, Approval of the shareholders of the Company under Point 4.3 (ii) of this policy shall not be applicable for 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.
- 3. As per Ministry of Corporate Affairs Notification dated 5th June, 2015, prior approval of shareholder shall not require in case of:
 - a. A Government Company in respect of contracts or arrangements entered into by it with any other government company.
 - b. A government company, other than a listed company, in respect of contracts or arrangement other than those referred to in clause (a), in case such company obtains approval of the Ministry or Department of the Central government which is



MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

RELATED PARTY TRANSACTION POLICY

(Effective from October 1, 2014)

Singh

“Company Secretary (CS)” means a Company Secretary as defined in Section 2(24) of the Act

“Government Company” means any company in which not less than fifty-one percent of the paid up Share Capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government, and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company

“Key Managerial Personnel” means key managerial personnel as defined under section 2(51) of the Act and includes

- (i) Chairman-cum-Managing Director;
- (ii) Functional Directors;
- (iii) Company Secretary; and
- (iv) Chief Financial Officer
- (v) Any other person appointed as Key Managerial Personnel by Board of Directors of the Company.

“Listing Agreement” means the Equity Listing Agreement with stock exchange

“Managing Director” means managing Director as defined in Section 2(54) of the Act.

“Material Related Party Transaction” means a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

“Ordinary Course of Business (‘OCB’) means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MOA’) of the company as amended from time to time, or
- historical practice with a pattern of frequency, or
- common commercial practice, or
- meets any other parameters / criteria as decided by the Board/ audit Committee.

“Relative” in relation to the Related Party shall have the same meaning assigned to in Section 2(77) of the Act.

“Related Party”, will have the same meaning as defined under Section 2(76) of the Act and /or the Clause 49 of the Listing agreement.

Reference and Reliance may be placed on the clarifications issued by the Ministry of Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related party”.

“Related Party Transaction” means all transactions between the Company on one hand or related party on the other other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act and as per Clause 49 of Listing Agreement. A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“Transaction” shall be construed to include single transaction or a group of transactions in a 

While assessing the proposal put up before the Audit Committee for approval may seek necessary documents/ information from the Management in order to determine if the transaction is in ordinary course of business at Arm's Length or, not, while Clause 49 (VII)(E) of the Equity Listing Agreement provides that the requirement for seeking approval of Audit Committee shall not be applicable to transaction entered into two Government Companies and transaction entered between Holding company and its Wholly Owned Subsidiary/ies whose accounts are consolidated with the company. There is no such exemption currently provided under Section 188 of the Act and Companies (Meetings of Board and its Powers) Rules, 2014. However this exemption is proposed to be inserted as fourth proviso to section 188 as well as in the rules as per the bill passed in Lok Sabha on 17/12/2014 to be in tune with Clause 49 of Listing Agreement

II) APPROVAL OF BOARD OF DIRECTORS OF THE COMPANY

As per the provision of Section 188 of the Act and Rules 15 of the Companies (Meeting of Board and its Power) Rule 2014, all kind of transactions specified under the said Sections and Rules there under which are not in the ordinary course of business and other than those entered into at Arm's Length basis, are placed before the Board for its approval.

III) APPROVAL OF SHAREHOLDERS OF THE COMPANY

All the transactions with Related party meeting the materiality threshold, laid down in Clause 4 of the Policy, are placed before the Shareholders for the approval. For this purpose, all entities falling under the definition of related party shall abstain from voting irrespective of whether the entity is the party to be particular transactions or not.

Clause 49(VII)(E) of the Equity Listing Agreement provides that requirement for seeking Shareholders approval shall not be applicable to transactions when entered into two Government companies and transaction entered between holding company and its wholly subsidiary/ies whose accounts are consolidated with the company. There is no such exemption currently provided under Section 188 of the Act and Companies (Meetings of Board & Its Powers) Rules, 2014. However this exemption is proposed to be inserted as fourth proviso to section 188 as well as in the rules as per the bill passed in Lok Sabha on 17/12/2014 to be in tune with Clause 49 of Listing Agreement.

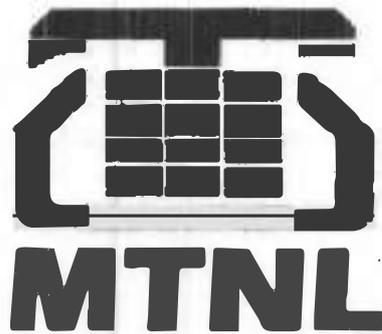
In addition to the above, all kinds of transactions specified under Section 188 of the Act which

- (a) are not in ordinary course of business or not at Arm's length basis; and
- (b) Exceed the thresholds laid down in Companies (Meetings of Board & Its Powers) Rules, 2014 are placed before the Shareholders for its approval by a resolution.

Subject to the exemptions provided in section 188 of the Act.

- (c) The procedure as enunciated in sub sections 2 and 3 as well as penal clauses in subsection 5 of section 188 of the Act as well as Companies (Management of Board and its Powers) Rules, 2014 as amended from time to time are applicable for this policy.





MAHANAGAR TELEPHONE NIGAM LIMITED

(A Govt. of India Enterprise)

RELATED PARTY TRANSACTION POLICY

(Effective from October 1, 2014)

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“Company Secretary (CS)” means a Company Secretary as defined in Section 2(24) of the Act.

“Government Company” means any company in which not less than fifty-one percent of the paid up Share Capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government, and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company

“Key Managerial Personnel” means key managerial personnel as defined under section 2(51) of the Act and includes

- (i) Chairman-cum-Managing Director;
- (ii) Functional Directors;
- (iii) Company Secretary; and
- (iv) Chief Financial Officer
- (v) Any other person appointed as Key Managerial Personnel by Board of Directors of the Company.

“Listing Agreement” means the Equity Listing Agreement with stock exchange

“Managing Director” means managing Director as defined in Section 2(54) of the Act.

“Material Related Party Transaction” means a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

“Ordinary Course of Business (‘OCB’) means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MOA’) of the company as amended from time to time, or
- historical practice with a pattern of frequency, or
- common commercial practice, or
- meets any other parameters / criteria as decided by the Board/ audit Committee.

“Relative” in relation to the Related Party shall have the same meaning assigned to in Section 2(77) of the Act.

“Related Party”, will have the same meaning as defined under Section 2(76) of the Act and /or the Clause 49 of the Listing agreement

Reference and Reliance may be placed on the clarifications issued by the Ministry of Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related party”.

“Related Party Transaction” means all transactions between the Company on one hand or related party on the other other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act and as per Clause 49 of Listing Agreement. A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

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Subject to the exemptions provided in section 188 of the Act.

- (c) The procedure as enunciated in sub sections 2 and 3 as well as penal clauses in subsection 5 of section 188 of the Act as well as Companies (Management of Board and its Powers) Rules, 2014 as amended from time to time are applicable for this policy.



Bharat Sanchar Nigam Limited

Subject: Operational Lease Agreement

This Operational Lease Agreement ("Agreement") is entered into on this ___ day of August 2023 ("Effective Date") by and between Mahanagar Telephone Nigam Limited (MTNL) and Bharat Sanchar Nigam Limited (BSNL), collectively referred to as "Parties" and individually as a "Party".

WHEREAS, BSNL owns certain equipment as listed in Annexure A attached hereto ("Equipment"), which it intends to lease to MTNL; and

WHEREAS, MTNL desires to lease the Equipment from BSNL, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Lease of Equipment:

1.1 BSNL agrees to lease the Equipment to MTNL, and MTNL agrees to accept the lease of the Equipment, as described in Annexure A, attached hereto and incorporated by reference (the "Leased Equipment").

1.2 The lease of the Equipment shall be for a period of Five (5) years from the Effective Date, or until the merger of MTNL and BSNL, whichever occurs earlier (the "Lease Period").

Consideration:

2.1 MTNL agrees to pay BSNL an annual lease fee @ 12% of PO value for the Lease Period. The payment shall be made annually in advance.

2.2 The lease fee mentioned in clause 2.1 includes the cost of AMC during the Lease Period, as further described in Clause 3.

Maintenance and Repair:

3.1 During the Lease Period, BSNL shall be responsible for the AMC of the Leased Equipment. However, the primary responsibilities for day-to-day operation and maintenance beyond AMC will be with MTNL.

Indemnification:

4.1 MTNL agrees to indemnify and hold BSNL harmless against any claims, damages, liabilities, losses, or expenses arising out of or related to the use or operation of the Leased Equipment during the Lease Period, except for those caused by the negligence or wilful misconduct of BSNL.

Ownership:

5.1 The ownership of the Leased Equipment shall remain with BSNL throughout the Lease Period and shall revert to BSNL upon the expiration or termination of this Agreement.

5.2 MTNL shall not encumber or create any liens or claims on the Leased Equipment and shall protect it against any third-party claims.

Termination:

6.1 This Agreement may be terminated:

- (a) By mutual agreement of the Parties in writing;
- (b) Upon the merger of MTNL and BSNL;
- (c) In the event of a breach of any material provision of this Agreement by either Party, provided that the breaching Party has failed to cure such breach within [Number of days] days after receiving written notice from the non-breaching Party.

Governing Law and Jurisdiction:

7.1 This Agreement shall be governed by and construed in accordance with the laws of India.

7.2 Any disputes arising out of or in connection with this Agreement shall be subject to the exclusive jurisdiction of the courts located in Delhi.

Entire Agreement:

8.1 This Agreement, along with Annexure A, constitutes the entire agreement between the Parties regarding the subject matter hereof and supersedes all prior negotiations, agreements, or understandings, whether oral or written, relating to the same.

IN WITNESS WHEREOF, the Parties hereto have executed this Operational Lease Agreement as of the date first above written.

For and on behalf of MTNL:

[Authorized Signatory] [Name and Title]

For and on behalf of BSNL:

[Authorized Signatory] [Name and Title]

Annexure A: [List of Leased Equipment]