

Annexure - D

POLICY

On

**MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED
PARTY TRANSACTIONS**

of

CHL LIMITED



1. Introduction

This Policy is prepared and adopted for determination of Materiality of Events/ Information disclosure and also on dealing with Related Party Transaction ("Policy") of CHL Limited ("Company"), in accordance with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred to as the "SEBI (LODR) Regulations, 2015" in this policy) read with the provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act' in this policy) and relevant Rules made there under; as amended from time-to-time. This Policy shall state the disclosure of materiality of Events/ Information to stock exchange and also regulate the transactions between the Company and its Related Parties as per the requirements and its disclosures under the applicable laws, rules and regulations.

2. Purpose & Definition

- I. Listing Regulations requires all listed Companies to formulate a policy on materiality of related party transactions and also dealing with related party transactions to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This policy is framed as per requirement of Regulation 23(1) of SEBI (LODR) Regulations, 2015 and intended to ensure the proper approval and reporting of the related party transactions. Further, Regulation 23(2) of the aforesaid regulations, requires the Audit Committee to define material modification and disclose it as a part of the policy.

II. Definitions

- i. *"Act"* means the Companies Act, 2013, rules framed thereunder and any amendments thereto.
- ii. *"Arm's Length Transaction"* shall be as defined in explanation (b) to Section 188(1) of the Companies Act, 2013, means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- iii. *"Board"* means the Board of Directors of CHL LIMITED.
- iv. *"Committee"* means the Audit committee as defined under the Act and the Listing Regulations.
- v. *"Company or Listed Entity"* means "CHL LIMITED".
- vi. *"Key Managerial Personnel"* in relation to a company, means—
 - (a) the Chief Executive Officer or the managing director or the manager;
 - (b) the company secretary;
 - (c) the whole-time director;
 - (d) the Chief Financial Officer;
 - (e) 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
 - (f) such other officer as may be prescribed;
- vii. *"Material Modification/s"* mean any modification of the existing related party transactions which

amounts to;

a) either change/modification in the aggregate value of transaction for an amount exceeding 25% of the aggregate value or Rs. 50 Lakhs, whichever is higher; or

b) any change in any terms and condition of the transactions resulting the change in its price or consideration of the individual transaction for an amount exceeding 25% of the aggregate value, where the said terms and conditions were disclosed at the time of taking approval; or/ and

c) Extension in duration of Related Party Transaction contract beyond a period of 12 months.

d) Such other criteria as the Audit committee may determine from time-to-time.

- viii. **“Material Related Party Transaction”** 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 thresholds specified in Schedule XII of these regulations.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

Threshold limit under Schedule XII of 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:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

- ix. **“Office or Place of Profit”** shall be as defined in explanation (a) to Section 188 of the Companies Act, 2013. Accordingly, the expression “office or place of profit” means any office or place—

- where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate

holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

x. **“Ordinary Course of Business”** includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. In law, the ordinary course of business covers the usual transactions, customs and practices of a certain business and of a certain firm. Indicative factors for determining term ordinary course of business:

- a) *is normal or otherwise remarkable for your particular business (i.e. features in your system, processes, advertising, staff training, etc.)*
- b) *is frequent and regular*
- c) *involves significant amounts of money*
- d) *is a source of income for your business*
- e) *involves significant allocation of resources*
- f) *is involved in a service or product that is offered to customers*

xi. **“Promoter” means a person—**

(a) who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or

(b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or

(c) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:

Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity

xii. **“Promoter group” includes (as defined under Regulation 2(pp) of SEBI Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018:**

a. *the promoter;*

b. *an immediate relative of the promoter (i.e. any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and*

c. *in case promoter is a body corporate:*

A) a subsidiary or holding company of such body corporate;

B) anybody corporate in which the promoter holds twenty per cent. or more of the equity share capital; and/or anybody corporate which holds twenty per cent. or more of the equity share capital of the promoter;

d. *in case the promoter is an individual:*

- A) anybody corporate in which twenty per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member;
- B) anybody corporate in which a body corporate as provided in (A) above holds twenty per cent. or more, of the equity share capital; and
- C) any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. of the total capital;

e. all persons whose shareholding is aggregated under the heading "shareholding of the promoter group":

xiii. **“Related Party”** under sub-section (76) of Section 2 of the Companies Act, 2013, with reference to a company, means:

- a) a director or his relative;
- b) a key managerial personnel or his relative;
- c) a firm, in which a director, manager or his relative is a partner;
- d) a private company in which a director or manager or his relative is a member or director;
- e) a public company in which a director or manager and holds is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- f) anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- g) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity;

- h) anybody corporate which is—
 - (A) a holding, subsidiary or an associate company of such company;
 - (B) a subsidiary of a holding company to which it is also a subsidiary; or
 - (C) an investing company or the venturer of a company;

Explanation: For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- i) a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

Related Party as per Regulation 2(1)(zb) of Listing Regulation means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

xiv. ***“Related Party Transaction (RPT)”*** shall be as per Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015. Accordingly, a related party transaction is a transaction involving transfer of resources, services, or obligations between

a. *listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or*

b. *listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, regardless of whether a price is charged.*

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract. Provided that the following shall not be a related party transaction:

a. *the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.*

b. *the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:*

i. *payment of dividend.*

ii. *Sub-division or consolidation of securities.*

iii. *Issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities.*

Related Party Transaction (“RPT”) as per Section 188 of the Act means following nature of transaction with related party is considered as Related Party Transaction:

(a) sale, purchase or supply of any goods or materials;

(b) selling or otherwise disposing of, or buying, property of any kind;

(c) leasing of property of any kind;

(d) availing or rendering of any services;

(e) appointment of any agent for purchase or sale of goods, materials, services or property;

(f) such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(g) underwriting the subscription of any securities or derivatives thereof, of the company:

- xv. **“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.
- xvi. **“SEBI (LODR) REGULATIONS, 2015” or “Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amended from time to time.
- xvii. **“Subsidiary Company”** shall be as defined in Section 2(87) of the Companies Act, 2013.
- xviii. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and SEBI (LODR) Regulations 2015, as amended from time-to-time.

3. STRUCTURE OF DEALING WITH RELATED PARTY TRANSACTIONS

The structure of dealing with related party transactions of the Company as below:

- Identification & Monitoring of Related Parties
- Identification of potential Related Party Transactions;
- Approval of Related Party Transactions; and
- Disclosure of Related Party Transactions.

3.1 Identification & Monitoring of Related Parties

3.1.1 Process for Identification of Related Parties

The Company shall identify all Related Parties for the Company on the basis of disclosures received from the Directors/ KMPs/Promoter and Promoter Group as per the definition provided in the Act and Listing Regulations as amended from time-to-time. Disclosure from the Directors/KMPs shall be received by the Company at the beginning of every financial year and as and when the information changes. Disclosure from promoter and promoter group shall be received on annual basis.

At the end of every financial year, the Company shall identify the person(s) apart from promoter or promoter group, who at any time during the proceeding financial year held 20% or 10% as the case may be, of the equity shareholding of the Company.

The names of all Related Parties identified of the Company shall be consolidated, as a Related Party List and this List as amended from time-to-time shall be progressively shared with the Accounts/

Finance team of the Company.

3.1.2 Monitoring of Related Parties

The Directors/ KMP's/ Promoter/ Promoter Group of the Company should promptly communicate to the Company, any subsequent changes in the initial disclosure submitted by them in the beginning of the financial year. The Company shall update the Related Party List based on intimations received from the Directors, KMPs and Promoter and Promoter Group from time-to-time.

3.1.3 Responsibility of Directors and KMP's:

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board or Audit Committee may reasonably request.

3.1.4 Time Line

Such notice of any potential Related Party Transaction shall be given well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

3.2 Identification of Related Party Transactions

3.2.1. Determination of Related Party Transaction

Following transaction(s) entered into with a related party under the provisions of the Act or the Listing Regulations shall be considered as Related Party Transactions:

- Sale, Purchase or Supply of any goods or materials;
- Selling or otherwise disposing of, or buying property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company.
- Any other transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether a price is charged.

Following transactions shall not be considered as related party transactions:

- Issue of specified securities on preferential basis under the SEBI (ICDR) Regulations, 2018;

- Corporate actions which are uniformly applicable/offered to all the shareholders in proportion to their shareholding;
- Payment of dividend;
- Subdivision/ consolidation of securities;
- Rights issue/ bonus issue;
- Buy-back of securities

Following transactions on which provisions of Sub-regulation (2), (3) & (4) of Regulation 23 of SEBI (LODR) Regulation 2015 not apply:

- (a) transactions entered into between two public sector companies;
- (b) 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.
- (c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- (d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- (e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

3.2.2 Nature of Transaction

All the Related Party Transactions and modifications therein shall be reviewed in detail by the Audit Committee. Audit Committee shall determine whether the said transaction is fair and is being carried out on an arm's length basis. Lastly, the Committee shall take note whether the Related Party Transaction would lead to an improper conflict of interest for any Director or Key Managerial Personnel of the Company or any Related Party. The criteria for determination of the same are mentioned below:

(i) Determination of Ordinary Course of Business

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company:

- a) in the normal routine in managing trade or business; or
- b) is permitted by the Memorandum of Association of the Company; or
- c) which fall under the purview of the business objectives, operational activities and/or

- financial activities; or
- d) meets any such other criteria as may be decided by the Board or Audit Committee

(ii) Determination of Arms' length nature of the Related Party Transaction

a) Price Determination

At the time of determining the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- To rely on professional opinion in this regard
- Quotations shall be invited from all the players in the market irrespective of the relationship and price of the contract and/or arrangement shall be decided without any deviation and on uniform basis or by such any other mechanism as may be decided by the Audit Committee and/or by Board from time to time.

b) Selection of arms' length Related Party Transaction

A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and other terms and conditions as may be applicable in case of an unrelated party.

3.3 APPROVAL OF RELATED PARTY TRANSACTIONS AND SUBSEQUENT MODIFICATIONS

I. Matrix for approval of related party transactions (RPT):

Nature of Transaction	Audit Committee		Board of Directors		Shareholders	
	Companies Act 2013	SEBI (LODR) Regulation 2015	Companies Act 2013	SEBI (LODR) Regulation 2015	Companies Act 2013	SEBI (LODR) Regulation 2015
Ordinary Course of Business and at arm's length	Prior approval	Prior Approval	Exempted	-	Exempted	Yes, prior approval of the shareholders if material related party transaction including Material Modification therein at any point of time.
Not in Ordinary	Prior	Prior	Yes, prior	-	Yes, prior	Yes, prior

Course of Business or not at arm's length	approval	approval	approval of the Company before entering into any contract or arrangements mentioned under sub-section (1) of Section 188		approval of the shareholders if beyond the limits as specified in Rule 15 of The Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014.	approval of the shareholders if material related party transaction including Material Modification therein at any point of time.
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II. Restriction on Voting rights of related parties

a. As per the Act, no member of the Company shall vote on a resolution to approve the contract or arrangement, if such a member is a related party in context to the contract or arrangement for which the said resolution is being passed.

b. As per Listing Regulations, all entities/persons falling under the definition of related parties shall abstain from voting on a Material Related Party Transaction to approve the same irrespective of whether the entity is a party to the particular transaction or not.

c. As per Listing Regulations, only those members of the Audit Committee, who are Independent Directors, shall approve the related party transactions.

III. As per the Act if the Related party transactions under Section 188 falls under the following limits prior approval of the shareholders by resolution will be required provided the transaction is either not in the ordinary course of business or on arm's length basis.

Limits as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014

S.No.	Nature of related party transaction	Criteria
I	Sale, purchase and supply of any goods or materials, directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
II	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Amounting to 10% or more of net worth of the Company
III	Leasing of property of any kind	Amounting to 10% or more of turnover of the Company
IV	Availing or rendering of any services,	Amounting to 10% or more of the

	directly or through appointment of agent	turnover of the Company
V	Appointment of any office or place of profit in the Company, its subsidiary company or associate company	Monthly remuneration exceeding Rs 2.5 lacs
VI	Remuneration for underwriting the subscription of any securities or derivative	Exceeding 1 % of net worth

Explanation- It is hereby clarified that the limits specified in sub-clauses (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.

- IV. The Audit Committee may give omnibus approval for related party transactions, which are repetitive in nature, subject to compliances with the relevant provisions of the Act and Listing Regulations.
- V. Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.
- VI. The members of the audit committee, who are independent directors, may ratify related party transactions **within three months** from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject compliance with the relevant provisions of the SEBI (LODR) Regulations 2015.
- VII. All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- VIII. The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time. In case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

3.4 Disclosure of Related Party Transactions

- (i) Every material related party transaction and related party transaction which were not at arm's length, shall be disclosed to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- (ii) Adequate disclosure of all material transactions with related parties shall be disclosed quarterly/ half yearly along with the compliance report on corporate governance.

- (iii) Adequate disclosure of all related party material transactions with related parties shall be submitted to the stock exchanges in the format as specified by SEBI from time to time and copy of the same will be posted on the website of the Company.
- (iv) The Company shall disclose the Policy on dealing with Related Party Transactions on its website and also a web link thereto shall be provided in the Annual Report.
- (v) A register of Related Party Transactions shall be maintained as per the Act and placed before the Board and signed by all the Directors present at the Meeting.
- (vi) Related Party relationship and transactions with them shall be disclosed in the Financial Statements as per the requirements of relevant Accounting Standards.
- (vii) Details of related party transactions to be disclosed in the Corporate Governance Report/ Annual Report as required under the provisions of the Act and Listing Regulations.

4. Disclaimers

In case of any discrepancy between this Policy, the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 or any rule or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law/ rule/ regulation/ provision shall prevail over this Policy. Any subsequent amendment/ modification in the SEBI (LODR) Regulations 2015, Act and/ or applicable law in this regard shall automatically apply to this Policy.

5. Review of the Policy

The Policy and its material threshold limits shall be reviewed and approved by the Board of Directors of the Company at least once in every three years, or at a frequently as may be prescribed under the applicable regulations or best practices and updated accordingly.

This policy has been reviewed and approved by the Audit Committee in its meeting held on 09th February 2026 and also approved by the Board of Directors in the Board Meeting held on 09th February 2026.
