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RELATED PARTY TRANSACTIONS POLICY

Introduction

CHL Ltd. (the “Company) recognize that certain relationship can present potential or actual conflicts of interest and may raise interest about whether transactions associated with such relationship are consistent with Company’s and its stakeholder’s best interests.

The Company must specifically ensure that certain Related Party Transaction (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, this policy regarding the review and approval of Related Party Transactions has been adopted by the Company’s Board of Directors in order to set forth the procedure under which certain transactions must be reviewed and approved or ratified.

The equity listing agreement with stock exchanges mandates formulation of a policy on transactions with Related Parties and dealing with Related Party Transactions. As part of its corporate governance practices, the Board of Directors (the “Board) of CHL Limited has adopted the following policy and procedure with regard to Related Party Transactions.

Applicability and Effective Date

This policy will be applicable to the Company with effect from 1st October, 2014 to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

Purpose

This Policy is framed based on requirements of listing agreement entered by the Company with the stock exchanges and also to comply with the provisions of Section 188 of the Companies Act, 2013 and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

Definitions

"Act" shall mean the Companies Act, 2013 and the Rules framed hereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Arm's length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

"Associate Company" means any other company, in which the Company has a significant influence, but which
is not a Subsidiary company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause, **"significant influence"** means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"Audit Committee" or **"Committee"** means "Audit Committee" of the Board of Directors of this Company

"Board of Directors" or **"Board"** means the Board of Directors of the Company.

"Company" means CHL LTD

"Key Managerial Personnel" means Key Managerial Personnel of the Company in terms of the Act, 2013 and the Rules made there under.

"Policy" means Related Party Transaction Policy of the Company

"Related Party" means a person or an entity -

(i) which is a related party under Section 2(76) of the Companies Act, 2014; or
(ii) which is a related party under the applicable accounting standards.

Related party under section 2(76) of the Companies Act, 2013 and rules made there under are as follows:

(i) a director or his relative
(ii) a key managerial personnel or his relative
(iii) a firm, in which a Director, Manager of his relative is a partner
(iv) a private company in which a director or manager is a member or director
(v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital.

(vi) Any body corporate who's Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directors or instructions of a director or manager.

(vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act.

Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity.

Any company which is –

(a) a holding, subsidiary or an associates company of such company, or

(b) a subsidiary of a holding company to which it is also a subsidiary.

(viii) Director or Key Managerial Personnel of the holding company or his relative, or

(ix) such other persons as may be prescribed by Central Government.

"Related Party Transaction" means transaction in the nature of contact involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

"Relative", with reference to any person, means anyone who is related to another, if -

(i) they are members of a Hindu Undivided Family;
(ii) they are husband and wife, or
(iii) one person is related to the other person as:
(a) Father (including step-father)
(b) Mother (including step-mother)
(c) Son (including step-son)
(d) Son's wife
(e) Daughter
(f) Daughter's husband
(g) Brother (including step-brother)
(h) Sister (including step-sister)

5. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the committee in accordance with this policy.

5.1 **Identification of Potential Related Party Transactions**

1. CHL LIMITED Group Companies :

   All the Companies in CHL LIMITED Group will be considered as Related Parties.

2. Key Managerial Personnel and connected Related Parties:

   Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the disclosure of Interest.

   The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the holding company(ies) or their relat*ives.*

   The Company will identify the potential transactions with the Related Parties.

5.2 Review and approval of Related Party Transactions

Audit Committee:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in clause 49 of the listing agreement.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

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 shall not require prior approval of the Audit Committee.

Board:

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or its mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the consideration set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Shareholders:

All the material Related Party Transactions shall require approval of shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall obtain from voting on such resolution.

5.3 Material Related Party Transactions

A transaction with a Related Party shall be considered material of the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the Company.

6. Related Party Transactions Not Approved Under This Policy

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Committee shall review the matter. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

7. GENERAL PRINCIPLES

i. It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions.

ii. The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the ame are in the interest of the Company

iii. The Audit Committee shall have the following powers with respect to Related Party Transactions :

-To seek information from any employee.

-To obtain outside legal or other professional advice.

- To Secure attendance of outsiders with relevant expertise , if it considers necessary.

-To investigate any Related Party Transaction.

iv. The CFO of the Company is authorised to issue necessary guidelines/ instructions for implementation of this Policy.

v. The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this policy.

8. Disclosures

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions on is website and web-link shall be provided in the Annual Report.

9. Amendments In Law

Any subsequent amendment / modification in the listing agreement and / or other applicable laws in this regard shall automatically apply to this policy.