

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

[Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”), Vishnu Chemicals Limited (Company) has formulated policy for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

3.1. “Act” means the Companies Act, 2013.

3.2. “Regulation 23” means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.3. “Related Party” have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

3.4. “Relative” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

3.5. "Related Party Transaction" have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –

- 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. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof, of the company.

3.6. "Material Related Party Transaction" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the listed company “.

3.7. "Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

3.8. "Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4. MATERIALITY THRESHOLDS

Contracts/ arrangements with a related party shall be considered as "material" if the contracts/ transactions to be entered into individually or taken together with previous transactions during a financial year under such contracts/ arrangements exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum as may be prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and as amended from time to time.

A transactions involving payments made to related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds two percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

5. POLICY

- a. All related party transaction shall be entered on arms' length basis.
- b. In exceptional circumstances, subject to the provisions of Companies Act, 2013 and SEBI LODR Regulations, related party transactions may deviate from the principle of arm's length, after approval from Audit Committee, the Board of Directors and shareholders approval, as the case may be.
- c. All related party transactions shall be in compliance with the provisions of the Companies Act, 2013 read with Listing Regulations and applicable Accounting Standards, as amended from time to time.
- d. The company shall comply with disclosure requirement of the Companies Act, 2013 and Listing Regulations from time to time.
- e. All domestic related party contracts/ arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA and all other applicable provisions of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
- f. All international related party contracts/ arrangements shall comply with International Transfer Pricing Requirement under section 92B and other applicable provisions of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
