

VISHNU CHEMICALS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. Legal Framework

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India ("SEBI"), under Regulations 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), with respect to determination of materiality of related party transactions and to ensure compliance with the applicable provisions of the Listing Regulations.

This policy is to regulate transactions between the Company and its Related Parties by reviewing and approving Material Related Party Transactions bearing in mind the potential or actual conflicts of interest that may arise consequent upon the transaction entered into by the Company and whether the said transactions are consistent with the Company's and its shareholder's interest. The Company has been in compliance with various laws and regulations in this regard so far and ensured that such transactions are in the best interest of the company and shareholders.

The Audit Committee shall review significant related party transactions, submitted to it by Management, approve and / or recommend for Board and / or shareholders' approval thereon. The Audit Committee of the Board of Directors of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

2. Purpose

The Listing Regulations requires that the Company shall formulate a policy on materiality of related party transactions pertaining to related parties, material listed subsidiaries. This policy is framed as per requirement of Clause 23 of the Listing Regulations and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. 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 ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

Related Party means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

4. Policy

(1) All related party transactions shall require prior approval of the audit committee.

"Related party transaction" means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a 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:

- (2) Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-
- (a) the Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - (b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
 - (c) the omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (iii) 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 rupees one crore per transaction.
 - (d) the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
 - (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:
- (3) All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.
- (4) The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:
- (a) transactions entered into between two Government 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.
- Explanation.- For the purpose of clause (a), "Government Company(ies)" means Government Company as defined in sub-section (45) of section 2 of the Companies Act, 2013.
- (5) The provisions of this regulation shall be applicable to all prospective transactions.
- (6) For the purpose of this regulation, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.
- (7) All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

5. Identification of Material Related Party Transactions

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

Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

6. General

Notwithstanding anything contained in this Policy, the Company shall ensure to comply with any additional requirements as may be prescribed under any laws/regulations either existing or arising out of any amendment to such laws/regulations or otherwise and applicable to the Company, from time to time.

7. Disclosure requirements

- i. Material RPTs are to be disclosed in Board's Report along with justification for entering into such RPT.
- ii. Details of all Material RPTs shall be disclosed quarterly to the Stock Exchanges along with the compliance report on corporate governance that may have material conflict with the interests of company at large.
- iii. The Company shall disclose the Policy on its website and also in the Annual Report.