



KESAR ENTERPRISES LIMITED

Regd. Off: Oriental House, 7 Jamshedji Tata Road, Churchgate, Mumbai-400 020, India. Website : <http://www.kesarindia.com>
Phone : (+91-22) 22042396 / 22851737 Fax : (+91-22) 22876162 E-mail : headoffice@kesarindia.com
CIN : L24116MH1933PLC001996

POLICY ON RELATED PARTY TRANSACTION:

Pursuant to the **revised Clause 49 VII C of the Listing Agreement**, all listed Companies need to formulate a Policy on materiality of & dealing with Related Party Transactions.

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.

A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

Related Party Transaction under Section 188 of the Companies Act, 2013:

Pursuant to **Section 188** of the Companies Act, 2013, **all Related Party Transactions** (other than Material Related Party Transactions) **which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through special resolution and the Related Parties shall abstain from voting on such resolution(s).**

Any contract or arrangement with respect to the following shall be considered as a 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) appointment of a person to any office or place of profit in the company, its subsidiary company or associate company;
- g) under writing the subscription of any securities or derivatives thereof of the Company

Explanation:

i. Arms' length transaction - Section 188(1)

"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.

ii. Office or Place of Profit - Section 188(1)

Office or Place of Profit means any office or place of profit:

- (i) 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;
- (ii) 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.



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Clause 49VIB of the Listing Agreement:

For the purpose of Clause 49 (VII), an Entity shall be considered as Related to the Company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable Accounting Standards.

Explanation:

Related Party under Section 2(76) of the Act:

With reference to a Company, Related Party means:

- A Director or his relative;
- Key Managerial Personnel or his/ her relative;
- A Firm, in which a Director, Manager or his relative is a Partner;
- A Private Company in which a Director or Manager or his relatives is a member or Director;
- A Public Company in which a Director or Manager is a Director and holds along with his relatives, more than 2% of its paid-up share capital;
- A Body Corporate whose Board, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager, except such advice is given in a professional capacity;
- Any Person on whose advice, directions or instructions a Director or Manager is accustomed to act, except such advice is given in a professional capacity;
- Any company which is:
 - a) A Holding, Subsidiary or an Associate company of such company or
 - b) A Subsidiary of a Holding company to which it is also a Subsidiary
- 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.

Relatives as per - Sec 2 (77)

With reference to any person Related Party means any one person, who is related to another, if:

- they are members of a Hindu Undivided Family;
- they are husband and wife, or
- One person is related to the other if he or she is related to another as under:
Father*, Mother*, Son*, Son's wife, Daughter, Daughter's Husband, Brother* and Sister*
(*including step)

Related Party as per Accounting Standard 18:

- i. Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting Enterprise (this includes Holding Companies, Subsidiaries and fellow Subsidiaries);
- ii. Associates and Joint Ventures of the reporting Enterprise and the investing Party or Venturer in respect of which the reporting Enterprise is an Associate or a Joint Venture;
- iii. Individuals owning, directly or indirectly, an interest in the voting power of the reporting Enterprise that gives them control or significant influence over the enterprise and relatives of any such individual;



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- iv. Key Management Personnel and relatives of such Personnel; and
- v. Enterprises over which any person described in (iii) or (iv) is able to exercise significant influence. This includes Enterprises owned by Directors or major Shareholders of the reporting Enterprise and enterprises that have a member of Key Management in common with the reporting Enterprise.

Clause 49(VII)D of the Listing Agreement:

All Related Party Transactions shall require **prior approval of the Audit Committee**. However, the Audit Committee **may grant omnibus approval** for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- 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 Company and such approval shall be applicable in respect of **transactions which are repetitive in nature**.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify (i) the Name of Related Party, Nature of transaction, Period of transaction, Maximum amount of transaction that can 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 Rs.1 crore per transaction.
- d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval 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

Explanation:

The Company in compliance with Clause 49(VII)D reports all Related Party Transaction to the Audit Committee for their approval following which the same is placed before the Board for their approval.

Clause 49(VII)E of the Listing Agreement:

All Material Related Party Transactions shall require approval of the shareholders through Special Resolution and the Related Parties shall abstain from voting on such resolutions.

Explanation

A Related Party Transaction shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions **during a financial year, exceeds 10% of the annual consolidated turnover of the Company** as per the last audited Financial Statements of the Company.



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Material Related Party Transactions under Companies Act, 2013:

	Transaction or contract or arrangements for	Limits for the time being in force
1.	Sale, purchases or supply of any goods or materials, services or property, directly or through appointment of agent	Lower of amount (i) exceeding 10% of the Annual Turnover of the Company ; or (ii) Rs.100 Crore For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year
2.	Selling or otherwise disposing of, or buying services or property of any kind, directly or through appointment of agent	Lower of amount (i) exceeding 10% of the Net Worth of the Company; or (ii) Rs.100 Crore For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year
3.	Leasing of property of any kind	Lower of amount i. exceeding 10% of the Net Worth of the Company ; or ii. 10% of the Annual Turnover of the Company; or iii. Rs.100 Crore For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a Financial Year
4.	Availing or rendering of any services , directly or through appointment of agent	Lower of amount (i) exceeding 10% of Annual Turnover of the Company; or (ii) Rs.50 Crore For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a Financial Year
5.	For appointment to any Office or Place of Profit in the Company, its Subsidiary or Associate Company	Where monthly remuneration exceeds Rs.2,50,000/- .
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	For amount exceeding 1% of Net Worth of the Company
