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# Related Party Transactions Policy

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## THE SANDESH LIMITED

(CIN: L22121GJ1943PLC000183)

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## RELATED PARTY TRANSACTIONS POLICY

### 1. Purpose of this Policy:

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**the Regulations**”, for short) mandated every listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors (the “**Board**”, for short).

The purpose of formulating the Related Party Transactions Policy (this “**Policy**”, for short) is to identify related party transactions and also the manner of dealing with such transactions. This policy shall be called Related Party Transactions Policy on materiality and dealing with the related party transactions. The Sandesh Limited (the “**Company**”, for short) and its related parties may, in ordinary course of business, enter into related party transactions with each other. The Board of the Company has adopted this Policy to set forth the procedures under which transactions with the related parties shall be reviewed for approval or ratification in accordance with the procedures set forth herein.

This Policy also aims to comply with the extant provisions of the Companies Act, 2013, the Rules framed thereunder and also applicable Regulations. Related Party Transactions may be entered into by the Company in accordance with the provisions of the law and this Policy and it regulates all transactions between the Company and its related parties.

The Regulations also mandates that the Board on recommendation of the Audit Committee of the Board (“**Audit Committee**”, for short) shall review the Policy once in three years. This Policy may be amended from time to time.

### 2. Definitions

- 1) “**Act**” shall mean the Companies Act, 2013 and the Rules made thereunder, as in force and include any amendment thereof, from time to time.
- 2) “**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) “**Material RPT (related party transaction)**” means a related party transaction (RPT) with the thresholds as prescribed under the Regulations, as in force and from time to time.
- 4) “**Material modification**” means any subsequent change to an existing RPT, having variance of 20% of the existing limit or Rs.10 Crores, whichever is lower.

- 5) “**Ordinary course of business**” means all the activities which the Company can undertake as per the extant Memorandum of Association and the Articles of Association and it also includes the usual business transactions, customs and practices undertaken by the Company to conduct the business activities and operations.
- 6) “**Policy**” means this Related Party Transactions Policy.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Regulations, as in force and as amended from time to time.

### **3. Review and approval of Related Party Transactions**

#### **A. Audit Committee**

- 1) Audit Committee shall approve all the transactions which are identified as RPT and subsequent modifications thereof, in the manner specified under the Act and the Regulations.
- 2) The Audit Committee shall consider all relevant aspects while discussing the RPT for approval.
- 3) Directors shall declare and disclose his/her concerns or interests in any company or companies or bodies corporate at the first Board Meeting in every financial year and subsequently whenever there is any change in disclosures.
- 4) The member of Audit Committee shall not participate in the review, discussion, consideration or approval of any RPT with respect to which such member or any of his relative is a related party or the member has a potential interest in any RPT.
- 5) RPT which is (i) not in the ordinary course of business, or (ii) not at arm's length price, shall require approval of the Board or of the shareholders of the Company, as mentioned in this Policy.
- 6) Audit Committee may grant omnibus approval for RPT which are repetitive in nature and subject to such criteria/conditions as mentioned under the Act, the Regulations and such other conditions as it may consider necessary in accordance with this Policy. Omnibus approval shall be valid for a period not exceeding one (01) year and it requires fresh approval after the expiry of one (01) year. Audit Committee shall review, on a quarterly basis, RPT and material modifications thereof, entered into by the Company pursuant to the omnibus approval.
- 7) Audit Committee has authority to waive or amend any procedural requirements of this Policy regarding review of RPT.
- 8) RPT entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.
- 9) Audit Committee shall also pre-approve RPT, where the Company is not a party, but the Company's subsidiary is a party, if the value crosses the thresholds as prescribed under the Regulations.

**B. Board of Directors**

- 1) In case any RPT is referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction, in line with the provisions of the Act and the Regulations.
- 2) After consideration, the Board may approve the transaction or may require modification to the terms of RPT as it deems fit under the circumstances.
- 3) Any member of the Board who has any interest in any RPT will recuse himself and abstain from discussion and voting on the approval of the resolution for approving RPT.

**C. Shareholders**

- 1) If any RPT is (i) a material RPT, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds the defined thresholds prescribed under the Act, then such RPT and any subsequent material modifications thereto, shall require the approval of the shareholders through resolution.
- 2) In such case, no shareholder of the Company who is related party shall vote to approve such resolutions whether the entity is a related party to the particular RPT or not.

**D.** The provisions of Regulation 23(2), 23 (3) and 23 (4) of the Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

**E. Ratification of Related Party Transaction**

- 1) In case the Company becomes aware of any RPT with a related party that has not been approved under this Policy prior to its consummation, the Company will obtain *post facto* approval from the Audit Committee, the Board and/or the shareholders of the Company, as required under the applicable law.
- 2) However, if the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such RPT shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as *post facto* approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy.
- 3) Audit Committee or the Board or the shareholders, as the case may be, will review the said RPT and if the Audit Committee or the Board or the shareholders, is satisfied that the said RPT is not

detrimental to the interest of the Company, Audit Committee or the Board or the shareholders, may ratify such transaction, with or without the modifications.

#### **F. Reporting of Related Party Transactions**

- 1) Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangement.
- 2) The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, in the manner and timelines set-out in the Regulations and the same shall be published on the website of the Company.

#### **4. Exempted Related Party Transactions**

The requirement of seeking approval of the Audit Committee or the Board or the shareholders of the Company shall not apply in respect of exempted RPT as specified under section 188 of the Act and read along with the rules made thereunder, the Regulations and any other applicable laws.

#### **5. Review of the Policy, limitation and amendment**

- 1) This Policy is formulated taking in view extant applicable provisions of the Act, the Rules thereunder and also in terms of the requirements of the Regulations.
- 2) In case of any conflict between the provisions of this Policy and the applicable provisions of the Act or the Regulations or any other statutory enactments, the provisions of such the Act or the Regulations or any other statutory enactments, shall prevail over this Policy.
- 3) Any subsequent amendment or modification in the Act, Regulations and/or applicable laws in this regard shall automatically apply to this Policy.
- 4) In case of any confusion or doubt with respect to any provision of this Policy, the Audit Committee may make a reference to the Board of the Company and in such case, the Audit Committee will follow the decision of the Board of the Company.
- 5) This Policy is subject to any modification, revision, variation, deletion, addition or amendment in accordance with the provisions or guidelines as may be issued or imposed by the Government or SEBI or Stock Exchanges or any other competent authority, from time to time.

#### **6. Disclosure of the Policy**

This Policy will be uploaded on the website of the Company.