

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

Servotech Power Systems Limited engages with Related Parties in the ordinary course of business and on an arm's length basis to leverage scale, size and drive operational synergies to provide value added, innovative products to its consumers while ensuring that transactions with Related Parties are, fully compliant with applicable Regulations.

2. OBJECTIVE OF THE POLICY

The Board of Directors ("the Board") of Servotech Power Systems Limited ("SPSL" or "the Company"), after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions, in line with the requirements of Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Companies Act, 2013 ("Act") read with the Rules framed thereunder and is intended to ensure the governance and reporting of transaction(s) between the Company and its Related Parties.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

3. DEFINITIONS AND APPLICABILITY

"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.

"Audit Committee" means Audit Committee of the Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

"Board" means the Board of Directors of the Company. **"Company"** means Servotech Power Systems Limited.

"Key Managerial Personnel" or **"KMP"** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

"Material Related Party Transaction" means the following:

- a) 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% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other limit in terms of the Listing Regulations in force from time to time.

- b) a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Ordinary Course of Business” means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

“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, 2013 or Regulation 2(1)(zb) of Listing Regulations; or
- ii. (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 thereunder 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 or his relative is a partner;
- iv. a private company in which a director or manager or his relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- vi. anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions 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 sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii. an body corporate 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.
 - (c) An investing company or venture of the Company.

Explanation- for the purpose of this clause, “the investing company or the venture of a company” means a body corporate whose investment in the Company would result in the company becoming an associate company of the body corporate.

(ix) Director or Key Managerial Personnel of the Holding Company or his relative; or

(x) Such other persons as may be prescribed by Central Government.

Further, any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

“Related Party Transactions” means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, specifically including transactions under section 177 and section 188 of the Companies Act, 2013, regardless of whether a price is charged.

“Relative” as per the Companies Act, 2013, 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)

All capitalized terms used in this policy document but not defined herein shall have the meaning ascribed to such term in the Companies Act, 2013 and the Rules framed there under and the Equity Listing Agreement, as amended from time to time.

This policy is applicable to Ajanta Soya Limited. In case the Company is not required to constitute any of the Committee as per the applicable provisions of the Companies Act, 2013 and the Equity Listing agreement, the reference to the Committees in this policy shall be read as the ‘Board of Directors’.

The Audit Committee of the Company shall review all existing related party transactions as a matter of good governance and agree on corrective steps, if required, to ensure that the transactions entered are in the ordinary course of business and are on an arm’s length basis.

4. DEALING WITH RELATED PARTY TRANSACTIONS

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and/or the Board of Directors of the Company in accordance with this policy. In dealing with Related Party Transactions, the Company will follow the following approach:

I. Identification of Related Party Transactions

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company. Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company and referred by the Audit Committee to the Board, if required, for approval in accordance with this Policy.

Each Director, and KMPs is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Audit Committee/ the Board will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

The Company prefers that notice of any RPT is given well in advance, so that the Audit Committee/the Board has adequate time to obtain and review information about the proposed RPT.

The Board/Audit Committee shall determine whether a transaction does, in fact, constitute a RPT requiring compliance with this Policy.

II. Review and Approval of Related Party Transactions

- Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by a resolution by circulation.
- All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transaction(s) proposed to be entered into by the company subject to the following conditions:
 - ✓ The Related Party Transaction proposed to be entered into with the Company must be repetitive in nature and in ordinary course of business and at Arm's Length basis.
 - ✓ The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
 - ✓ Such omnibus approval shall specify:
 - (i) the name(s) of the 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 transaction(s) subject to their value not exceeding Rs.1 crore per transaction.
- ✓ 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.
- ✓ Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- ✓ Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- ✓ Transaction(s), other than transactions referred to under Section 188 of the Companies Act, 2013 entered into between holding company and its wholly owned subsidiary shall not require approval of the Audit Committee.
- ✓ A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.
- ✓ Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.
- ✓ All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has a potential interest in such Related Party Transaction will recuse him or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.
- ✓ Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and rules framed there under and the Listing Agreement.
- ✓ 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.

5. APPROVAL OF BOARD OF DIRECTORS

1. If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board is to consider and approve the Related Party Transaction at a meeting and the considerations set forth in clause 4 II above apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
2. All the Related Party Transactions which are –
 - not in the Ordinary Course of Business or not at Arm`s Length Basis; and
 - all Material Related Party Transactions are to be brought before the Board and the Board shall consider and approve the Related Party Transaction at a meeting. The considerations set forth in clause 4 II above apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
3. Any member of the Board who is interested or has a potential interest in any Related Party Transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such Related Party Transaction.

6. APPROVAL OF SHAREHOLDERS

All Material Related Party Transactions require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

7. NOTWITHSTANDING THE FOREGOING THE FOLLOWING RELATED PARTY TRANSACTIONS SHALL NOT REQUIRE APPROVAL OF AUDIT COMMITTEE OR SHAREHOLDERS

Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee of the Company in accordance with this policy.

Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.

8. MATERIALITY THRESHOLDS

Regulation 23 of Listing Regulations requires the Company to provide clear threshold limits duly approved by the Board of Directors for related party transactions.

Materiality Thresholds for related party transactions:

The RPTs which crosses the Materiality thresholds as mentioned below shall be entered by the Company only with prior approval of shareholders of the Company through resolution, as per applicable provisions of the Act and the Listing Regulations, as may be amended from time to time.

1. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the company for the purpose of Regulation 23 (4) of SEBI (LODR) Regulations, 2015.
2. Any other Related Party Transaction shall be placed before the Shareholders for approval, as per the threshold limits mentioned and in terms of the provisions of Section 188 of the Companies Act, 2013 read with relevant Rules.

9. RPTS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the matter is to be reviewed by the Audit Committee. The Committee is to consider all the relevant facts and circumstances regarding the Related Party Transaction, and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee is also to examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and take any such action it deems appropriate in accordance with the provisions of Companies Act, 2013 and the Listing Regulations.

10. DISCLOSURE(S)

Details of all material transactions with Related Parties shall be disclosed as part of the Report on Corporate Governance, included in the Annual Report of the Company.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide weblink in the Annual Report. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

The Company shall submit within 30 days from the date of publication of its standalone financial results for the half year, disclosures of related party transactions, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

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

11. AMENDMENTS TO THE POLICY

The Audit Committee 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.

This Policy shall be reviewed and reassessed periodically, being once in Three years and appropriately update the Terms of Reference, based on the changes that may be brought about due to any regulatory amendments or otherwise.

Any or all provisions of this policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

This Policy shall come into effect and shall supersede the existing Policy on Related Party Transactions, with effect from April 01, 2019.
