

# ADHATA GLOBAL LIMITED

(Formerly known as M V Cotspin Limited)

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## POLICY ON RELATED PARTY TRANSACTIONS

**(Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions)**

### 1. Preamble

1.1 Adhata Global Limited (herein referred to as the “Company”) recognizes that Related Party Transactions (as defined below) can present a risk of actual or potential conflict of interest and may raise questions about whether such transactions are consistent with the Company’s and its stakeholders' best interests.

1.2 This Policy on Related Party Transactions also known as Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (herein referred to as this “Policy”) has been adopted by the Board of Directors of the Company in order to set forth the procedures under which such transactions are to be carried on.

1.3 Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (herein referred to as the “SEBI Listing Regulations”) mandates formulation of a Policy on Materiality of transactions with Related Parties and dealing with Related Party Transactions. As part of its corporate governance practices, the Board of the Company has adopted this Policy with regard to Related Party Transactions.

1.4 The policy shall come into effect from the date of approval of the Board of Directors.

### 2. Purpose of this Policy:

2.1 This Policy is intended to ensure systematic identification, approval and / or reporting of transactions, as applicable, between the Company and any of its Related Parties in the best interest of the Company and its stakeholders.

2.2 All Related Party Transactions/ contracts/ arrangements shall be in compliance with the provisions of the Companies Act, 2013, SEBI Listing Regulations and applicable accounting standards, as amended from time to time.

### 3. Definitions:

3.1 “**Act**” means the Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars thereof.

3.2 “**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.

3.3 **Associate:** —Associate means a company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, —Accounting for Investments in Associates in Consolidated Financial Statements.

3.4 **Audit Committee:** —Audit Committee means the Committee of the Board formed under section 177 of the Act and Regulation 18 of the Listing Regulations.

3.5 **Body Corporate** means an entity as defined in Section 2(11) of the Companies Act, 2013.

3.6 **Company** means Adhata Global Ltd.

3.7 **Director** means a person as defined in Section 2(34) of the Companies Act, 2013.

3.8 **Employees** shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.

3.9 **Key Managerial Personnel** as defined in Section 2(51) of the Companies Act, 2013, in relation to the Company, means –

- i. Chief Executive Officer or the Managing Director or the Manager
- ii. Company Secretary.
- iii. Whole Time Director
- iv. Chief Financial Officer
- v. Such other officer as may be prescribed

3.10 **Listing Regulations** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.11 **Related party** 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 which 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 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 paidup 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; [Except advice, directions or instructions given in a professional capacity

(vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act; [Except advice, directions or instructions given in a professional capacity]

(viii) Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.

(ix) such other person as may be prescribed. or

(ii) such entity is a related party under the applicable accounting standards. The applicable Ind-AS issued by ICAI defines related party as under: —

parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/ or operating decisions.

### 3.12 **Related party Transactions:**

Transactions covered under this policy includes any contract or arrangement with a related party with respect to transactions defined as —Related Party Transaction under Section 188 of the Companies Act, 2013 and Regulation 23 (1) of the Listing Regulations.

(i) As per explanation of Regulation 23 (1) of the Listing Regulations, —Material Related Party Transaction shall mean a transaction with a related party if the transaction (s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

(ii) Contracts entered into by companies, after making necessary compliance under Section 297 of the Companies Act, 1956, which already came into effect before commencement of Section 188 of the Companies Act, 2013, shall not require fresh approval under said Section 188 till expiry of the original term of such contracts. However, if any modification in such contract is made on or after 1st April, 2014, the requirements under section 188 will have to be complied with.

3.13 “**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.

**4. Identification of Related Parties and the Related Party Transactions:**

Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,

- a. at the time of appointment;
- b. periodically – as required by the Company or applicable law
- c. whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

**5. Review and approval of Related Party Transactions:**

Approval of Related Party Transactions

**A. Audit Committee**

- I. All the transactions which are identified as Related Party Transactions and modifications thereof, shall be approved by the Audit Committee in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- II. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm’s length basis, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- III. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria / conditions as mentioned under the Act and the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.
- IV. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and Material modifications thereof, entered into by the Company pursuant to the omnibus approval. Certain procedural aspects concerning review of a Related Party Transaction may be modified or waived by the Committee, at its discretion.

- V. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- VI. A Related Party Transaction 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 consideration, and ratification, if appropriate.
- VII. The Audit Committee shall also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction crosses the thresholds as prescribed under the Listing Regulations.

**B. Board of Directors**

In case any Related Party Transactions are 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 basis, the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

**C. Shareholders**

- I. If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.
- II. The provisions of Regulation 23(2), (3) and (4) of the Listing 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.

- III. 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 Company would seek post facto approval from the Audit Committee, the Board and/or shareholders as per applicable laws/ regulations.

#### **Reporting of Related Party Transactions**

- I. 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.
- II. The details of all transactions with Related Parties shall be submitted, in the prescribed format to the stock exchanges, and requisite disclosures shall be made in other public documents/certificates as legally required, in the manner and as per the timelines set out in the Listing Regulations and the same shall be published on the Company's website.

#### **6. Limitation, Review and Amendment:**

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement ("Applicable Law"), the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy.

The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary (including based on recommendation(s) of the Audit Committee).

#### **7. Disclosure of the Policy:**

This Policy will be uploaded on the website of the Company and a web link thereto shall be provided in the annual report.

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