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**POLICY ON DEALING WITH RELATED PARTY
TRANSACTIONS**

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POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

1. INTRODUCTION

Securities and Exchange Board of India (SEBI) has introduced SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 (“Listing Regulations”), in substitution and complete exclusion of the prevailing Listing Agreement entered into by the Company with the Stock Exchanges, which will be effective from December 02, 2015.

In pursuance of provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 (“Listing Regulations”), Aksh Optifibre Limited (hereinafter the Company) is required to formulate and adopt a policy on dealing with Related Party Transactions.

The related party transactions are regulated by the Companies Act, 2013, the Rules framed thereunder and the Listing Regulations (collectively referred to as “Statutory Provisions”). In case any provisions of this policy are contrary to or inconsistent with the Statutory Provisions, the Statutory Provisions shall prevail.

2. DEFINITIONS

- 2.1. **“Act”** means the Companies Act, 2013 or any statutory modification or re-enactment thereof.
- 2.2. **“Audit Committee”** means the committee of Board of Directors constituted in pursuance of Section 177 of the Act and Regulation 18 of Listing Regulations.
- 2.3. **“Board”** means the Board of Directors of the Company.
- 2.4. **“Key Managerial Personnel”** means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Act.
- 2.5. **“Company Secretary”** means Company Secretary of the Company appointed in pursuance of Section 203 and Rules framed there under of the Act and designated as Key Managerial Person.
- 2.6. **“Material Related Party Transaction”** shall have the meaning as ascribed in Clause 3.2 hereof.
- 2.7. **“Related Party”** means an entity which is a related party under Section 2(76) of the Act or under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of company and holding 20% or more of Shareholding shall be deemed to be related party of the Company.

- 2.8. **“Related Party Transaction”** shall mean a transaction between the Company and a Related Party under Regulation 2(zc) of Listing Regulations and/or Section 188 of the Act read with the Rules, as amended from time to time.
- 2.9. **“Rules”** means the Rules framed under the Act.
- 2.10. **“Specified RPT”** shall have the meaning as ascribed in Clause 3.3.6 hereof.

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3. PROCEDURE

3.1. Identification of Related Parties

On the basis of the disclosures made by Directors and Key Managerial Personnel, the Company shall compile the list of Related Parties. Such list shall be updated based on the disclosures received from the Directors and Key Managerial Personnel from time to time.

3.2. Material Related Party Transaction

A Related Party Transaction shall be considered material (“**Material Related Party Transaction**”) if the transaction or 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.

Notwithstanding the above, a Transaction involving payments to brand usage or royalty will be considered material if transaction individually or taken together with previous transactions during the financial year, exceed 5% of annual consolidated turnover as per last audited financial statement.

3.3. Review and approval of Related Party Transactions

- 3.3.1. All Related Party Transactions shall require prior approval of the Audit Committee. It is clarified that any modification/renewal of an existing Related Party Transaction shall also require approval of Audit Committee in the manner mentioned above.

Provided that as per the provisions of Listing Regulations, the approval of Audit Committee would not be required for transaction(s), between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval. However, the approval of the Audit Committee shall be taken, if required by any other act or any amendment is proposed in Listing Regulations in this regards.

- 3.3.2. The Board shall mandatorily review the RPT policy at least once in every 3 years.

- 3.3.3. The Audit Committee may grant omnibus approval to one or more proposed Related Party Transactions, which are of repetitive nature and where exact volume or price of the transaction cannot be ascertained at the time of approval.

The omnibus approval shall be subject to the following conditions: -

- a. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- b. The maximum value of Related Party Transaction(s), in aggregate, which can be allowed under the omnibus route in a year shall not exceed 10% of the annual consolidated

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turnover of the Company as per the last audited financial statements of the Company. Further, the maximum value per Related Party Transaction which can be allowed under the omnibus route shall not exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- c. 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 transactions subject to the transaction value not exceeding Rs.1 crore per transaction.

- d. Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each omnibus approval.
- 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.
- f. Omnibus approval shall not be granted by the Audit Committee for the following:
 - i. Related party transactions in respect of selling or disposing off the undertaking of the Company; and
 - ii. Related party transaction(s) with respect to brand usage or royalty payments.

3.3.4. The information in respect of proposed Related Party Transactions along with complete details should be submitted by the concerned departments / divisions of the Company to the Company Secretary well in advance.

3.3.5. The Company Secretary shall review the information and details of the proposed Related Party Transaction and prepare a detailed note. The note so prepared by the Company Secretary shall be circulated to the Audit Committee members for their approval of the concerned Related Party Transaction.

3.3.6. While assessing the proposal, the Audit Committee may seek such information/ supporting documents or get clarifications, as it may consider necessary.

3.3.7. Each Material Related Party Transaction described under Clause 3.2 of this Policy shall also require prior approval of the Board and shareholders of the Company, in accordance with the relevant provisions of the Statutory Provisions, the Act or the Rules, as may be applicable.

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- 3.3.8. In case a Related Party Transaction under the Act is either ‘not on an arm’s length basis’ or ‘not in the ordinary course of business’ (“Specified RPT”), such Related Party Transaction shall also require approval of Board of Directors of the Company. Further, subject to the provisions of the Act and Rules, the following Specified RPTs shall require approval of the shareholders of the Company:
- a. Sale, purchase or supply of any goods or materials, directly or through appointment of agent exceeding ten percent or more of the turnover of the Company as mentioned in clause (a) and clause (e) respectively of Section 188(1) of the Act;
 - b. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent exceeding ten percent or more of the net worth of the Company as mentioned in clause (b) and clause (e) respectively of Section 188(1) of the Act;
 - c. Leasing of property of any kind exceeding ten per cent or more of turnover of the Company as mentioned in clause (c) of Section 188(1) of the Act;
 - d. Availing or rendering of any services, directly or through appointment of agent exceeding ten per cent or more of the turnover of the Company as mentioned in clause (d) and clause (e) respectively of Section 188(1) of the Act;
 - e. Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000 (Rupees two lakh fifty thousand only); as mentioned in clause (f) of Section 188(1) of the Act or
 - f. Contractor arrangement in respect of remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding one percent of net worth of the Company as mentioned in clause (g) of Section 188(1) of the Act.

It is clarified that all Material Related Party Transactions shall require approval of the shareholders as prescribed under Clause 3.3.5 hereof even if such Related Party Transactions are on an arm’s length basis and in the ordinary course of business.

Provided that requirement of passing shareholders resolution as mentioned above shall not be applicable for the 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

- 3.3.9. In the event the Audit Committee decides to put up a Related Party Transaction before the Board, or if the Board suo-moto elects to review any Related Party Transaction or if a Related Party Transaction is required to be approved by the Board of Directors in pursuance of the Act, Rules or Listing Regulations, the process set forth in this clause 3 shall apply mutatis-mutandis for approval of such Related Party Transaction by the Board of Directors, subject to such exceptions as may be necessary or appropriate under the circumstances.
- 3.3.10. Subject to the other provisions of clause 3, brief details of Related Party Transactions entered into by the Company should be placed before the Audit Committee on a quarterly basis.

4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

In case the Audit Committee becomes aware of any Related Party Transaction that has not been approved under the Policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the said Related Party

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Transaction. The Audit Committee may examine the facts and circumstances of the case and take such action as it may deem appropriate.

5. DISCLOSURE OF RELATED PARTY TRANSACTIONS

- 5.1. The particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under Statutory Provisions, from time to time.
- 5.2. The particulars of Related Party Transactions should be entered in the register(s) maintained under the Act, wherever applicable.
- 5.3. The Company shall host this Policy on its website and a web-link thereto shall be provided in the Annual Report of the Company.

6. AMENDMENT

This Policy can be amended, modified or revised from time to time and if there is no bar under the Statutory Provisions, then the same can be abrogated by the Board of Directors of the Company.



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