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CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING IN SECURITIES OF THE COMPANY

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**CODE OF CONDUCT TO REGULATE, MONITOR AND
REPORT TRADING IN SECURITIES OF THE COMPANY**

1. Introduction

This “Code of Conduct to Regulate, Monitor and Report in Trading in Securities of the Company” (“**Code**”) is formulated to regulate, monitor and report trading by the Designated persons and their immediate relatives to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“**Regulations**”). The Code is effective from April 1, 2019 and supersedes the previous ‘AKSH Insider Trading Code’.

2. Definitions

2.1. In this Code, unless the context otherwise requires:

“**Chinese Walls**” means policies, procedures and physical arrangements designed to manage UPSI (defined hereinafter) and prevent inadvertent transmission or misuse thereof.

“**Code**” shall have the meaning ascribed to such term in Article 1 hereof;

“**Company**” means AKSH Optifibre Limited.

“**Compliance Officer**” means the Company Secretary and in his absence any other senior officer of the Company appointed by the Board of Directors from time to time for the purpose of this Code in pursuance of the Regulations.

“**Designated Persons**” means :

- I. All Promoters, Directors and Key Managerial Personnel.
- II. Personal secretaries of Key Managerial Personnel
- III. Employees of the Company comprising the top 3 tiers of the Company i.e. up-to Process Leaders.
- IV. Plant Heads and Employees having designation of Process Leader of material subsidiaries of the company
- V. All the employees not covered above, who are working in Legal & Secretarial Department, Finance & Accounts Department and on the rolls of the Company.
- VI. Any other person including members of the support staff of company such as IT staff and as may be decided by the Managing Director of the Company in consultation with the Compliance Officer from time to time.

“**Generally Available Information**” means information that is accessible to the public on a non-discriminatory basis;

“**Immediate Relative**” means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to Trading in Securities;

“**Insider**” means any person who is:

- I. A connected person as specified in Insider Trading Regulations; or
- II. In possession of or having access to Unpublished Price Sensitive Information; or
- III. Any person who is in receipt of Unpublished Price Sensitive Information for legitimate purpose.

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“**Key Managerial Personnel**” shall mean the person holding any of the positions of Managing Director, Chief Financial Officer and Company Secretary of the Company;

“**Material Financial Relationship**” means a relationship in which one person is a recipient of any kind of payment, such as by way of a loan or gift, during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but excludes relationships in which the payment is based on arm’s length transactions;

“**Regulations**” shall have the meaning ascribed to such term in Article 1 hereof, which term shall include all amendments therein and replacements thereof;

“**SEBI**” means Securities and Exchange Board of India;

“**SEBI Act**” means Securities and Exchange Board of India Act, 1992

“**Securities**” shall have the meaning ascribed to such term in the regulations.

“**Stock Exchange**” means a recognized stock exchange on which the Securities of the Company are listed;

“**Trading**” means and includes subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell or deal in any Securities of the Company, and “**Trade**” shall be construed accordingly;

“**Trading Day**” means a day on which the Stock Exchanges are open for Trading;

“**Trading Window**” means the period during which dealing in Company's Securities can be carried out;

“**Threshold Limit**” means the limit for Trading in Securities in any calendar quarter, as decided by the Board of Directors of the Company from time to time. For the time being, the Threshold Limit for Trading in Securities in a calendar quarter is Rs. 10 lacs.

“**Unpublished Price Sensitive Information**” or “**UPSI**” means any information, relating to the Company or its Securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the Securities and shall, ordinarily including but not restricted to, information relating to the following:-

- i) Financial results;
- ii) Dividends;
- iii) Change in capital structure;
- iv) Mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions; and
- v) Changes in Key Managerial Personnel;

The words and expressions used but not defined herein but defined in the Regulations shall have the meanings ascribed to such terms in Regulations, as amended or replaced from time to time.

3. Responsibilities and Duties of Compliance Officer

3.1. The Compliance Officer shall be responsible under the overall supervision of the Board of Directors of the Company, for the following:

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- i) Compliance of policies, procedures, maintenance of records;
- ii) monitoring adherence to the rules for the preservation of UPSI;
- iii) monitoring of Trades and implementation of the Code;
- iv) maintaining records of the Designated Persons and their immediate relatives and any changes made in the list of Designated Persons and their immediate relatives; and
- v) providing guidance and clarifications sought by Designated Persons regarding the Regulations and the Code.

- 3.2. The Compliance Officer shall report to the Board of Directors and shall provide reports to the Chairperson of the Audit Committee on a quarterly basis in respect of Trading in the Securities by the Designated Persons and their immediate relatives, the trading plans and pre-clearances approved and rejected by the Compliance Officer.
- 3.3. The Compliance Officer shall discharge other functions and duties as prescribed in the Code.

4. General Restrictions

- 4.1. No Designated Person (including, his/her Immediate Relatives) should Trade in the Securities of the Company at any time while in possession of, or having access to, any Unpublished Price Sensitive Information
- 4.2. No Designated Person (including, his/her Immediate Relatives) shall communicate, provide, or allow access to any Unpublished Price Sensitive Information, relating to the Company or its Securities, to any person, except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 4.3. Designated Persons are obliged to treat UPSI with due care and they have a duty to safeguard UPSI irrespective of source of receipt of UPSI. Designated Persons shall use UPSI for the specified purpose only and it must not be used for any personal gain.

5. Preservation of UPSI and Chinese Wall Procedures

- 5.1. UPSI should be maintained within the Chinese Walls at all times. In the event any person (who is not a Designated Person) is required to be wall – crossed, i.e., brought over the Chinese Wall in order to obtain access to the UPSI for a specific purpose, prior approval of the Managing Director must be sought. The Managing Director shall consider whether such person being wall – crossed, is being provided UPSI on a need – to – know basis. Further, information shared with such wall – crosser should be limited to the specific transaction or purpose for which their assistance is required.
- 5.2. All persons who have wall – crossed should be notified that he/she would be considered to be a Designated Person under this Code and consequently, required to comply with all applicable provisions of the Code and Regulations, till such information remains UPSI.
- 5.3. UPSI is to be handled on a "need to know" basis. It should be disclosed only to those who need the information to discharge their duty and possession of UPSI by them will not give rise to a conflict of interest or misuse of UPSI.
- 5.4. There shall be limited access to UPSI. Files containing UPSI can be kept secured and computer files containing UPSI should be protected with the help of login, passwords, etc.

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- 5.5. In case transaction(s) involving UPSI, the Managing Director shall identify the Designated Person(s) who shall have access to inside information related to the sensitive transaction(s). While dealing with such sensitive information, these designated Persons shall, to the extent applicable, adhere to the provisions of this Clause 4.

6. Prevention of misuse of UPSI

- 6.1. All Designated Persons and their Immediate Relatives shall be subject to Trading restrictions as stated below.

a) Trading Window

The Designated Persons and their Immediate Relatives shall Trade in the Securities of the Company only in a valid Trading Window i.e. when the Trading Window is not closed. The Trading Window restrictions shall not apply in respect of the following:

- i) Off- market inter-se transfer between insiders who were in possession of the same UPSI without being in breach of provisions of regulation 3 of PIT Regulations pertaining to preservation and sharing of UPSI and both parties had made a conscious and informed trade decision; Provided that such UPSI was not obtained for the purpose of open offer;
- ii) transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 of PIT Regulations and both parties had made a conscious and informed trade decision;
- iii) transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bonafide transaction;
- iv) transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations;
- v) pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the SEBI;
- vi) transactions which are undertaken in accordance with respective regulations made by the Board such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time.

b) Prohibition on Trading in Securities

Designated Persons and their Immediate Relatives shall not Trade in the Securities of the Company when in possession of UPSI and during the Prohibited Period, as defined below.

c) “Prohibited Period” means:

- (i) a period from the end of every financial year till 48 hours after declaration of unaudited/ audited annual financial results,
- (ii) a period from the end of every quarter till 48 hours after declaration of unaudited/ audited quarterly financial results,
- (iii) any period when the Compliance Officer otherwise has reasons to believe that Designated Persons can reasonably be expected to have possession of UPSI; Provided that where such UPSI is proposed

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to be considered at a meeting of the Board of Directors of the Company, such period shall, as far as practicable, commence at least 7 days before such meeting of the Board of Directors.

The Prohibited Period shall be communicated by the Compliance Officer from time to time.

- d) The intimation about the period when the Trading Window is closed shall be given by the Compliance Officer, wherever required, through e-mail, circular and/ or posting on the website of the Company, etc.

7. Pre-clearance of Trades

All Designated Persons including their Immediate Relatives intending to Trade in the Securities of the Company upto the Threshold Limit fixed as aforesaid may do so without any clearance from the Compliance Officer.

While calculating the Threshold Limit, the cumulative value of the Securities traded, whether in one transaction or series of transactions, during a calendar quarter by the Designated Person and his /her Immediate Relatives shall be taken into account.

In case Trading Window is open and Designated Persons including their Immediate Relatives intending to Trade in the Securities of the Company, in excess of the Threshold Limit, they shall pre-clear the transactions as per the procedure stated hereunder:

- a) Make an application in the prescribed form, as per **Annexure - A**, to the Compliance Officer indicating the estimated number and value of Securities that he/she intends to Trade in and such other details as may be required in this behalf. The application is to be filed alongwith statement of holding in Securities at the time of pre-clearance as per **Annexure – B**.
- b) He/ she shall execute an undertaking in favour of the Company incorporating therein *inter-alia*, the following clauses, as may be applicable:
- i) that he/ she does not have any access to or has not received Unpublished Price Sensitive Information upto the time of signing the undertaking;
 - ii) that in case he/ she has access to or receives Unpublished Price Sensitive Information after the signing of the undertaking but before the execution of the transaction he/ she shall inform the Compliance Officer of the change in his position and that he/ she would completely refrain from Trading in the Securities of the Company till the time such information becomes generally available;
 - iii) that he/ she has not contravened the Code; and
 - iv) that he/ she has made a full and true disclosure in the matter.
- c) Prior to approving any Trades, the Compliance Officer shall have regard to whether the declaration given by the Designated Person, to the effect that he / she is not in possession of any Unpublished Price Sensitive Information, is reasonably capable of being rendered inaccurate.
- d) The Designated Persons including their Immediate Relatives shall execute their transactions in respect of Securities of the Company within 7 (Seven) Trading Days after the pre-clearance is given after which pre-clearance will lapse. Thereafter, a fresh pre-clearance will be needed for the Trades to be executed.
- e) Where a Trade is not executed after obtaining pre-clearance from the Compliance Officer, the concerned Designated Person shall intimate the same alongwith reasons thereof to the Compliance Officer within two Trading Days after the expiry of seven Trading Days from the date of pre-clearance by the Compliance Officer, as per **Annexure C**.

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- f) In case the Compliance Officer or his Immediate Relatives intend to Trade in the Securities of the Company requiring pre-clearance, he shall obtain pre-clearance for the same from the Managing Director of the Company, as per the pre-clearance procedure under this Code.
- g) Such pre-clearance shall not in any way be deemed to be confirmation of compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended or replaced from time to time (the “Takeover Code”), if applicable. The person seeking pre-clearance shall be solely responsible for compliance with the provisions of the Takeover Code, if applicable.
- h) The Designated Persons and their Immediate Relatives shall not enter into a contra Trade during the next six months following a Trade.

For example: If ‘X’ or any of his Immediate Relatives buy Securities of the Company on January 1, 2019, then ‘X’ and his Immediate Relatives shall not sell any Securities of the Company until July 1, 2019 and *vice versa*.

The Compliance Officer may grant relaxation from strict application of such restriction after recording in writing the reasons in this regard; provided that such relaxation does not violate the Regulations. The application for such relaxation should be made as per **Annexure – D**.

Provided that contra trade restrictions shall not be applicable for trades pursuant to exercise of stock options.

In case a contra trade is executed, inadvertently or otherwise, in violation of the aforesaid restriction, the profits from such Trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the SEBI Act.

- i) The Designated Persons including their Immediate Relatives shall not take any positions in derivative transactions in the Securities of the Company at any time.

8. Trading Plans

8.1. A Designated Person who may be perpetually in possession of UPSI and his / her Immediate Relatives shall have an option to formulate a trading plan as per **Annexure – E** and present it to the Compliance Officer for approval and public disclosure pursuant to which Trades may be carried out on their behalf in the Securities of the Company.

8.2. Such trading plan shall:

- a) not entail commencement of Trading in Securities on behalf of the Designated Persons or their Immediate Relatives earlier than 6 months from the public disclosure of the trading plan;
- b) not entail Trading in Securities for the period between the 20th Trading Day prior to the last day of any financial period for which results are required to be announced by the Company and the 2nd Trading Day after the disclosure of such financial results;
- c) entail Trading in Securities for a minimum period of 12 months;
- d) not entail overlap of any period for which another trading plan is already in existence;

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- e) set out either the value of Trades to be effected in the Securities or the number of Securities to be traded along with the nature of the Trade and the intervals at, or dates on which such Trades in the Securities shall be effected; and
- f) not entail Trading in Securities for market abuse.

8.3. The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of the Code or the Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor implementation of the trading plan.

Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.

Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.”

8.4. Upon approval of a trading plan, the Compliance Officer shall notify the plan to the Stock Exchanges.

8.5. The trading plan once approved shall be irrevocable and the Designated Person or his Immediate Relative(s) shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any Trade in the Securities outside the scope of the trading plan;

Provided that the implementation of the trading plan shall not be commenced if any UPSI in possession of the concerned Designated Person at the time of formulation of the plan has not become generally available at the time of commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such UPSI becomes generally available.

9. Disclosures and Reporting Requirements

9.1. Initial Disclosure

The Designated Persons shall make following disclosures to the Compliance Officer:

- a) Within 30 days from the date on which this Regulations code came into force, the details of Securities of the Company held by them and their Immediate Relatives, as per **Annexure - F**.
- b) Within 21 days from the date on which the Code come into force, one time disclosure about Educational Qualification, Past Employers, etc., wherever applicable, as per **Annexure – G**.
- c) Within 7 days of his / her appointment as Designated Person:
 - (i) the details of Securities of the Company held by him / her and his / her Immediate Relatives, as per **Annexure - H**
 - (ii) Onetime disclosure about Educational Qualification, Past Employers, etc., wherever applicable, as per **Annexure – G**
- d) The Designated Persons shall provide a one – time declaration containing the details of the names of educational institutions from which the Designated Persons have graduated and names of their past employers, if applicable

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9.2. Continual Disclosure

- a) Every Promoter, Designated Person and Director of the Company shall disclose to the Compliance Officer, the number of Securities of the Company acquired or disposed of, within two Trading Days of such transaction, if the aggregate value of Securities Traded, whether in one transaction or a series of transactions over any calendar quarter, exceeds Rs. 10 lac or such other value as may be specified by SEBI in this regard. Such disclosure shall be made as per **Annexure - I**.
- b) The Designated Persons shall forward to the Compliance Officer,
 - i. Quarterly statement of transactions in Securities of the Company as per **Annexure – J** within a period of 15 (fifteen) days from the end of a calendar quarter. If there is no transaction in a particular quarter, the "Nil" statement is not required to be submitted.
 - ii. An Annual statement of holdings in the Securities of the Company within 30 days of the close of financial year as per **Annexure – K**.
 - iii. The details of Immediate Relatives and persons with whom such Designated Person shares a Material Financial Relationship, within 30 days of close of every financial year and within 15 days of any change in such information as submitted to the Company, as per **Annexure- L**.

10. Penalties/ Punishments

- 10.1. Any Designated Person who trades in securities of the Company or communicates any UPSI in contravention of this Code will be penalized and appropriate action will be taken against him/ her by the Company after giving reasonable opportunity of being heard in the matter. He/ she shall also be subject to disciplinary action by the Company including wage freeze, suspension, recovery, ineligibility for future participation in ESOPs, etc. Any amount collected under this clause shall be remitted to the SEBI for credit to the Investor Protection and Education Fund administered by the Board under the Act.
- 10.2. In case any violation of Regulations is observed, the Compliance Officer (shall inform the Board shall promptly inform the stock exchange(s) where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time.
- 10.3. In addition to the aforesaid penalties/ punishments, the persons violating the Regulations will also be subject to any other action by SEBI as per SEBI Act.

The gap between clearance of financial results by the Audit Committee and Board of Directors meeting for approval of such financial results should be as narrow as possible and preferably on the same day to avoid leakage of UPSI.

The Board of Directors of the Company shall have power to modify or replace this Code in part or full as may be thought fit from time to time in its absolute discretion.

The decision of the Board of Directors with regard to all matters relating to this Code will be final and binding on all concerned.

In case any provisions of this Code are contrary to or inconsistent with the provisions under the Regulations, the provisions of Regulations shall prevail.

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11. Dealing in case of Suspected Leak or Leak of UPSI

11.1. Inquiry for Leakage of UPSI

All UPSI shall be handled on a need to know basis only. In case of any UPSI is proposed to be provided, the person proposing to provide the information shall consult Chief Financial Officer / Company Secretary / Managing Director in advance.

In case any UPSI is leaked or is suspected to be leaked by any insider, Company Secretary shall investigate the matter and collect / gather the evidences and will report to the Chairman of Audit Committee. The Chairman of the Audit Committee will thereafter convene meeting of Audit Committee depending on severity of the matter.

11.2. Process for inquiry

All the matters concerning leak of UPSI or suspected leak of UPSI, will be thoroughly investigated by Company Secretary of the Company. The Company Secretary may at his discretion, consider involving external investigators for the purpose of the investigation. He may ask the concerned insider to remain present for investigation, discussion etc. and for such investigation he may ask for personal bank account statement or such other details or documents as it deems fit.

11.3. Powers of Company Secretary for inquiry

The powers of Company Secretary for inquiry under this clause are as under.

- To investigate the matter
- To ask concerned insider for personal presence, examination, cross examination etc
- To call for personal information/documents from insider
- To file complaint, if required, before police authority / Designated cell under Information Technology Act, 2000
- To retain the documents gathered during investigation
- To report to Audit Committee

11.4. Report to Audit Committee for appropriate action

The Company Secretary will report to the Chairman of the Audit Committee and upon receipt of report by the Chairman, he will convene meeting of the Audit Committee, depending on severity of the matter. The Audit Committee based on such report decide the suitable action including but not limited to withholding of salary / termination of employment / monetary penalty.



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