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POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS



(This version of Policy is applicable with effect from February 13, 2025)

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POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the “Board”) of AKSH Optifibre Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee. The Board shall mandatorily review this Policy at least once in every 3 years.

2. DEFINITIONS

“**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 or Committee**” means committee of the Board constituted from time to time under the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“**Board**” means board of directors as defined under the Companies Act, 2013.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013.

“**Material Related Party Transaction**”: a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, 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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“**Material Modifications**”: the subsequent modification(s) of Related Party Transaction shall be considered material if:

- a) the impact in consideration exceeds 20% than the original contract or arrangement;
- b) the change in payment terms or any other material commercial term like security, tenure, rate of interest etc. not favorable to the Company;
- c) the impact in quantity exceeds 20% than the original contract or arrangement.;



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“Related Party” means a related party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the Company; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

“Related Party Transaction” means any transaction as defined in Regulation 2(1)(zc) and Section 188(1) of the Companies Act, 2013, between the Company and any Related Party for transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023,

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Further, in terms of Section 188(1) of the Companies Act, 2013, the following Transaction(s) between the Company and any Related Party, shall be Related Party Transactions:–

- a. Sale, purchase or supply of any goods or materials directly or through appointment of agent;
- b. Selling or otherwise disposing of, or buying property of any kind directly or through appointment of agent;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services directly or through appointment of agent;
- e. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- f. Underwriting the subscription of any securities or derivatives thereof, of the Company.

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.



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- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the SEBI
- (d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time: Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.
- (e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors

“Relative” means a relative as defined under Section 2(77) of the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a. Members of a Hindu undivided family;
- b. Husband or wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife;
- g. Daughter;
- h. Daughter’s husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

3. POLICY

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company:

Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Provided further that:

- (a) the Audit Committee of the Company shall define “material modifications”, from time to time and disclose it as part of this Policy;
- (b) a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a Financial Year exceeds ten per cent of the annual consolidated turnover, as per the last Audited Financial Statements of the Company;



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- (c) a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- (d) prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which the listed subsidiary, if any, is a party but the Company, is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of the listed subsidiary as referred to in (d) above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

- (e) remuneration and sitting fees paid by the Company or its subsidiary to its Director, Key Managerial Personnel or Senior Management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the Listing Regulations.

The members of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the conditions as mentioned under “Clause 5” of this Policy.

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

3.1 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions shall be subject to the prior approval of the Audit Committee at a meeting or by a Resolution passed by Circulation. However, according sanction for Related Party Transactions which are not in the ordinary course of business or which are not on arm’s length basis, shall be given at the meeting only. A member of the Committee, who has a potential interest in any Related Party Transaction, will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

3.1.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.



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Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the proposed transaction:

- a. Type, material terms and particulars of the proposed transaction
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise)
- c. Tenure of the proposed transaction (particular tenure shall be specified)
- d. Value of the proposed transaction
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - (i) details of the source of funds in connection with the proposed transaction
 - (ii) where any financial indebtedness is incurred to make or give loans, inter- corporate deposits, advances or investments
 - nature of indebtedness
 - cost of funds; and
 - tenure;
 - (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT
- g. Justification as to why the RPT is in the interest of the listed entity
- h. A copy of the valuation or other external party report, if any such report has been relied upon
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis
- j. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction;
- k. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- l. Any other information that may be relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Unrelated Party.

3.1.2 OMNIBUS APPROVAL BY THE COMMITTEE

The Audit Committee may grant Omnibus Approval for Related Party Transactions proposed to be entered into by the Company or its Subsidiary which are repetitive in nature, subject to the compliance of the conditions specified in the SEBI Listing Regulations, the Companies Act, 2013 and rules made thereunder.



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The omnibus approval shall specify the following:

- a. Name of the related party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Maximum amount of the transactions that can be entered into;
- e. Indicative base price / current contracted price and formula for variation in price, if any;
- f. Such other conditions as the Audit Committee may deem fit

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended.

Any proposed variations/amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, the Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the immediate next meeting of the Audit Committee or within 3 months, whichever is earlier for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

3.1.3 APPROVAL BY THE BOARD

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 shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

3.1.4 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions and subsequent material modifications as defined in this policy shall require approval of the shareholders through ordinary resolution and the Related Parties shall not vote to approve such resolution, whether the entity is a related party to the particular transaction or not.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- (a) A summary of the information provided by the management of the listed entity to the audit committee as specified in this policy;
- (b) Justification for why the proposed transaction is in the interest of the listed entity;
- (c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under this policy;



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- (d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- (e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- (f) Any other information that may be relevant.

3.1.5 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013 and rules made thereunder, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through ordinary resolution and the Related Parties shall not vote to approve such resolution, whether the entity is a related party to the particular transaction or not.

4. TRANSACTIONS ON WHICH "POINT 3" OF THIS POLICY (i.e. sub- regulation (2), (3) and (4) of the SEBI Listing Regulations) SHALL NOT BE APPLICABLE

- (a) 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.
- (b) Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- (c) Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the Listing Regulations;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking Ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of Related Party Transactions in terms of the provisions of sub-regulation (9) of Regulation 23 of the Listing Regulation.

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.



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Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of Section 188 of the Act, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Without prejudice to anything stated above, it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of that section for recovery of any loss sustained by it as a result of such contract or arrangement.

THRESHOLD LIMITS OF TRANSACTIONS WITH RELATED PARTIES

Transaction Type	Approving Authority	Transactions	Threshold
RPTs in the ordinary course of business and at arm's length and subsequent material modifications thereof.	Audit Committee	All types of Transactions	Not applicable
RPT's not in ordinary course of business or; not at arm's length and subsequent material modifications thereof	Audit Committee and the Board If the RPT's exceed the Threshold Limits, in addition to above, approval of Shareholders by an ordinary resolution	a. Sale, purchase or supply of any goods or material, directly or through appointment of agent; b. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent; c. Leasing of property of any kind; d. Availing or rendering of any services, directly or through appointment of agent; e. Appointment to any office or place of profit in the Company, its subsidiary company or associate company;	a. Amounting to ten percent (10%) or more of the turnover of the Company; b. Amounting to ten percent (10%) or more of the net worth of the Company; c. Amounting to ten percent (10%) or more of the turnover of the Company; d. Amounting to ten percent (10%) or more of the turnover of the Company; e. Monthly remuneration exceeding two and a half lakh rupees (Rs.2,50,000/- p.m.);

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		f. Remuneration for Underwriting the subscription of any securities or derivatives, thereof	f. Exceeding one percent (1%) of the networth of the Company.
Material RPTs and subsequent material modifications thereof	Audit Committee, Board of Directors and Shareholders	a. All types of Transactions excluding brand usage and royalty b. Brand usage and Royalty payments transactions	Individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten (10%) percent of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower. Individually or taken together with previous transactions during a financial year, exceed five (5%) percent of the annual consolidated turnover of the Company as per the last audited financial statement.

5.1 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

- a) Every contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Companies Act 2013 shall be referred in the Board’s Report to the shareholders along with the justification for entering into such contract or arrangements.
- b) Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance to be submitted to stock exchanges.
- c) The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- d) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large in the Corporate Governance Report.
- e) Disclosures in the financial statements as required under Ind AS 24.



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f) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party as required under the Companies Act, 2013.

g) The Company shall in every six months on the date of publication of its standalone and consolidated financial results submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time and publish the same on its website.

6. SCOPE LIMITATION

The Board of Directors, can amend this policy as and when deemed fit, Any or all provisions of this policy would be subject to revision/ amendment in the Act, Rules, Regulations, Notifications, etc., 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.

Further, this policy shall be reviewed by the Board of Directors at least once in every three years and update this policy accordingly.

7. DISSEMINATION OF POLICY

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



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