

OPTO CIRCUITS (INDIA) LIMITED

POLICY ON RELATED PARTY TRANSACTION

Introduction

The Board of Directors (the “Board”) of Opto Circuits (India) Limited (the “Company”), has adopted the following policy and procedures (“Policy”) with regard to Related Party Transaction(s) (RPTs) as detailed below.

Purpose of the Policy

This policy is framed based on requirements of Listing Agreement entered by the Company with the Stock Exchanges and also to comply with the Provisions of Section 188 of the Companies Act, 2013 and is intended to ensure the governance and reporting of transaction(s) between the Company and its Related Parties.

Definitions

- a) “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.
- b) “Audit Committee” means Audit Committee of the Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.
- c) “Board” means the Board of Directors of the Company.
- d) “Company” means Opto Circuits (India) Limited.
- e) “Key Managerial Personnel” or “KMP” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made there under.
(As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel:
 - (i) Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;
 - (ii) Company Secretary; and
 - (iii) Chief Financial Officer
- f) “Material Related Party Transaction” means 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 Agreement in force from time to time.

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- g) “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.
- h) “Policy” means Related Party Transaction Policy of the Company.
- i) “Related Party” means, a person or an entity: (i) which is a related party under Section 2(76) of the Companies Act, 2013; or (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 there under 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 or holds along with his relatives, more than two per cent. of its paid-up share capital;
 - (vi) any body 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) any company 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.
 - (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.
- j) “Related Party Transaction” means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.
- k) “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)

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- (d) Son's wife
- (e) Daughter
- (f) Daughter's husband Policy
- (g) Brother (including step-brother)
- (h) Sister (including step-sister)

Interpretation Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts, listing agreement, regulations, and rules.

- (i) The Companies Act, 2013 or the rules framed thereon;
- (ii) Listing Agreement with Stock Exchanges;
- (iii) Securities Contracts (Regulation) Act, 1956;
- (iv) Securities and Exchange Board of India Act, 1992;
- (v) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;
- (vi) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (vii) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

Policy

All Related Party Transactions must be reported to the Audit Committee and referred by the Audit Committee to the Board for approval in accordance with this Policy.

Identification of RPTs.

Each Director and "KMP" and other Related Party shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative together with additional information about the RPT that the Board or Audit Committee reasonably request.

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.

Review and approval of RPTs

Audit Committee

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:

- (i) 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.
- (ii) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- (iii) 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.1.00 Crore per transaction.
- (iv) 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.
- (v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. –

Transaction(s) entered into between 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 shall not require prior approval of the Audit Committee.

Notwithstanding the foregoing the following Related Party Transactions shall not require approval of Audit Committee or shareholders:

- (i) 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.

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- (ii) 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.

Board

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides 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 and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be appropriate under the above circumstances.

Shareholders

All the material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Party (ies) with whom the transaction is to be entered shall abstain from voting on such resolution. All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution, if so required under any law, and the Related Parties shall abstain from voting on such resolution.

RPTs not approved under this policy.

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction(s) and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction(s). The Committee may examine the facts and circumstances of the case and take any such actions it deems appropriate.

Disclosures.

Details of all material transactions with Related Parties shall be disclosed to the Stock Exchanges quarterly along with the Compliance Report on Corporate Governance. 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.

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Amendment

Any amendment or modification in the Listing Agreement and any other applicable regulation relating to Related Party Transaction(s) shall automatically be applicable to the Company.
