



OMAX AUTOS LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

(Pursuant to the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended from time to time)

Last amended and approved by the Board on 02.05.2025

PREAMBLE

The Board of Directors (the “Board”) of **Omax Autos Limited**. (the “Company” or “Omax”), has adopted the following policy and procedures with regard to Policy on Materiality of and Dealing with Related Party Transactions as defined below.

Securities and Exchange Board of India has notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“SEBI (LODR) Regulations”). These regulations require every listed Company to have a Policy on materiality of **Related Party Transactions** Dealing with Related Party Transactions.

The Board of Directors (“the Board”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. Considering the requirements of Companies Act 2013 (“Act”) read with Rules notified thereunder and **Regulation 23(1) SEBI (LODR) Regulations** and, there is a need for proper identification, conduct and documentation of the Related Party Transactions (RPT).

In order to ensure transparency in Related Party Transactions and avoidance of conflict of interest with the stakeholders, the Board of Directors, acting upon recommendation of Audit Committee of the Company (“the Committee”), has adopted the following policy and procedure with respect to materiality of and dealing with Related Party Transactions of the Company.

APPLICABILITY

The **amendments** to this policy applies to all Related Party Transactions entered into by the Company and shall be applicable from **02nd May, 2025**.

PURPOSE

This policy is framed as per requirement of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its Shareholders. The Company is required to disclose related party transactions on a consolidated basis for the half year in the financial results and each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

The policy also seeks to ensure that related party transactions are appropriately reported to the regulatory authorities and are also in compliance with other regulatory requirements like the Income Tax Act, 1961, the Accounting Standards, etc.

DEFINITIONS

In this Policy, unless the context otherwise requires,-

- a. "Act" means Companies Act, 2013.
- b. "Arm's length price", pursuant to the Income tax Act, 1961, OECD guidelines, Advance Rulings from tax authorities, judicial pronouncements), and other applicable provisions from time to time, means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions;
- c. "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.
- d. "Associate Company" means any other company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture Company.

Explanation- for the purpose of this clause, "significant influence" means Control of at least twenty per cent of total share capital, or of business decision under an agreement.

- e. "Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of SEBI (LODR) Regulations and Companies Act, 2013.
- f. "Board" means Board of Directors of the Company.
- g. "Company" means **Omax Autos Limited**
- h. "Control" shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a Director or Officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

- i. "Key Managerial Personnel" means managerial personnel as defined under sub section 51 of section 2 of the Companies Act, 2013 and includes:
 - i. Managing Director, or Chief Executive Officer or manager and in their absence, a whole- time director;
 - ii. Company Secretary; and
 - iii. Chief Financial Officer
 - iv. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - v. such other officer as may be prescribed

"Key Managerial Personnel" as per Indian Accounting Standard (Ind AS) 24

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

- j. **“Material Related Party Transactions under LODR Regulations”** means 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 rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the company, 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, **exceeds five percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.***

- k. “Material modification” shall mean and include the following-
1. Any increase in aggregate amount up to which Audit Committee has given its Omnibus approval in respect of all related party transactions taken together;
 2. For all type of Related Party Transactions
 - a. **Any increase of 10% or more in value (where value is fixed), in the amount up to which the Audit Committee has given Omnibus approval in respect of each individual related party, within the overall aggregate maximum limit approved.**
 - b. **Any change in payment terms beyond 90 days of agreed terms or markup margin for deciding the price of product [other than (a) above] which shall have an impact of 10% or more increase from the terms already approved by Audit Committee.**

It is clarified that any change in actual cost because of input cost changes shall not be considered as material modification in cases where pricing is based on cost + markup.

- l. “Policy” means Policy on materiality of and dealing with Related Party Transactions as originally framed or as altered from time to time.
- m. “Related Party” means related party as defined in SEBI (LODR) Regulations, which is as follows:

“Related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

“Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; 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 listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year; shall be deemed to be a related party:"

Related party under **Section 2(76) of the Companies Act, 2013:**

"Related Party" with reference to a company, means

- 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 or his relative is a member or director ;
- v. a public company in which a director and manager is a director and 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 under 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 body corporate 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 ;
 - (C) an investing company or the venturer of the company.

Explanation.—For the purpose of this clause, "the investing company or the ventures of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- ix. Director, other than an independent director, or Key Managerial Person of the holding company or his relative shall be deemed to be related party;
- x. An entity which is related party under the applicable accounting standards.

Relative as per section 2(77) of the Act:

"Relative", 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 in such manner as may be prescribed;

As per Rule 4 of Companies (Specification of definitions details) Rules, 2014-

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:

1. Father:
Provided that the term "Father" includes step-father.
2. Mother:
Provided that the term "Mother" includes step-mother.
3. Son:
Provided that the term "Son" includes step-son.
4. Son's wife.
5. Daughter.
6. Daughter's husband.
7. Brother:
Provided that the term "Brother" includes step-brother.
8. Sister:
Provided that the term "Sister" includes step-sister.

Related Party as per Indian Accounting Standard (Ind AS) 24

A *related party* is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- (a) A person* or a close member of that person's family** is related to a reporting entity if that person:
- i. has control# or joint control# of the reporting entity;
 - ii. has significant influence# over the reporting entity; or
 - iii. is a member of the key management personnel*** of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

* `person` shall mean individual (*Company interpretation*).

** *Close members of the family of a person* are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

- a. that person's children, spouse or domestic partner, brother, sister, father and mother;
- b. children of that person's spouse or domestic partner; and
- c. Dependents of that person or that person's spouse or domestic partner.

*** *Key management personnel* are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The terms '*control*', '*joint control*' and '*significant influence*' are defined in Ind AS 110, Ind AS 111, *Joint Arrangements*, and Ind AS 28, *Investments in Associates and Joint Ventures*, respectively and are used in this Standard with the meanings specified in those Ind ASs.

- n. "Related Party Transaction" as per SEBI LODR, means a transaction involving a 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:

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 by the listed entity 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.

"Related Party Transaction" as per Indian Accounting Standard (Ind AS) 24 is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

"Related Party Transaction" as per *the Act*, shall mean any contract or arrangement with a related party with respect to –

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party's appointment to any office or place of profit in the company, its subsidiary company or Associate company; and
- underwriting the subscription of any securities or derivatives thereof, of the company

POLICY

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee for its compliance with the policy.

- **Identification of Potential Related Party Transactions**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably require. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

- **Identification of Potential Related Party Transactions of Subsidiary Company**

Each Director and Key Managerial Personnel of the respective Subsidiary Company is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee of the Company may reasonably require. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

- **Prohibitions related to Related Party Transactions**

All Related Party Transactions shall require prior approval of Audit Committee. Further, all Material Related Party Transactions and material modification shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

- Review and Approval of Related Party Transactions

All Related Party Transactions and subsequent material modifications, with respect to transactions where Company is a party, must be reported to the Audit Committee for its prior approval in accordance with this Policy.

Related Party Transactions and subsequent material modifications, with respect to transactions where subsidiary Company is a party and Company is not a party must be reported to the Audit Committee for its prior approval, subject to certain threshold limit mentioned elsewhere in this Policy.

The Committee shall review the transactions and recommend the same for approval of the Board and shareholders, if required, in accordance with this policy.

The approval of Board or Shareholders, as may be required under this Policy is to be taken prior to entering into the material Related Party Transactions and material modification thereof.

(A) Approval of Audit Committee:-

1. All Related Party Transactions and subsequent material modifications with respect to transactions where Company is a party, require prior approval of Audit Committee. Provided that Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.
2. All Related Party Transactions and subsequent material modifications, with respect to transactions where subsidiary Company is a party and Company is not a party shall require prior approval of Audit Committee 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 company;
3. Remuneration and sitting fees paid by the listed entity 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 this regulation
4. 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 such conditions as specified under Regulation 23(2) of the SEBI (LODR) Regulations 2015.

The Audit committee shall be provided with the minimum information for approval of any related party transaction as required under SEBI circular No. SEBI/HO/CFD/CFD-P2/P/CIR/2025/18 dated February 14, 2025.

5. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity or its subsidiary subject to the following conditions, namely

- (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- (c) The omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 their value not exceeding rupees one crore per transaction.

- (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity or its subsidiary pursuant to each of the omnibus approvals given.
- (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.

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will be abstained from discussion and voting on the approval of the Related Party Transaction.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an Independent Director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its

commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and

- Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the Director's, 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 Board/Committee deems relevant.

(B) Approval of Board of Directors:-

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 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.

However, transactions which have been entered into by the Company in its "ordinary course of business" and which are on an "arm's length" basis are exempted.

The Company shall enter into any contract or arrangement with a Related Party subject to the following conditions, namely:

As per the provisions of Section 188 of the Companies Act, 2013 and Rule 15 of the Companies (Meeting of Board and its Powers) Rules 2014, the agenda of the Committee /Board meeting at which the resolution is proposed to be moved shall disclose:

- i. The name of the related party and nature of relationship
- ii. The nature, duration of the contract and particulars of the contract or arrangement along with justification
- iii. The material terms of the contract or arrangement including the value, if any
- iv. Any advance paid or received for the contract or arrangement, if any
- v. The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
- vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- vii. Any other information relevant or important for the Board to take a decision on the proposed transaction
- viii. Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussion on the subject matter of the resolution in relates to such contract or arrangement.

Provided also that the requirement of passing the board resolution shall not be applicable for 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.

(C) Approval of Shareholders:-

All material related party transactions and subsequent material modifications as defined by

Audit Committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of a Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

All related party transactions (other than transactions entered into by the company with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval and the transactions entered into between two wholly-owned subsidiaries of the company, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval) which are not in the Ordinary Course of Business and/or are not at Arms' Length Basis and are exceeding the limits mentioned in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of Shareholders through resolution.

In case of wholly owned subsidiary, the resolution is passed by the holding company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary and the holding company.

The Shareholders of the Company shall be provided with the minimum information for approval of any related party transaction as required under SEBI circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025. Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board or Shareholders:

- i. Any transaction that involves the providing of remuneration and sitting fees to a Director or Key Managerial Personnel 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.
- 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.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its adoption, the matter (other than the approval of material related party transaction including material modification) shall be reviewed by the Committee. The Committee shall consider all of 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 Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

In any case where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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AMENDMENTS TO THE POLICY

The Board of Directors on its own and/or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications etc, on the subject 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.

DISCLOSURE(S)

1. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
2. The Company shall disclose the policy on dealing with Related Party Transactions on its website and also a web link thereto shall be provided in the Annual Report.
3. Particulars of every contract or arrangement with Related Parties under section 188 (1) of the Act are to be included in the Board's Report to the shareholders along with justification for entering into the transaction in the prescribed Form AOC-2.
4. A Register pertaining to Related Party Transactions is maintained by the company in accordance with the Act, which is placed before the Board / annual general meeting as per the requirements of Act.
5. The Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year, and with effect from April 1, 2023, on the date of publication of its standalone and consolidated financial results, the disclosures of related party transactions on a consolidated basis, in the format as specified by the SEBI time to time, to the stock exchanges and publish the same on its website.

Note: This Policy will be communicated to all operational employees and other concerned persons of the Company and placed on the website of the Company at www.omaxauto.com