SPARC ELECTREX LIMITED

CIN: L31100MH1989PLC053467

POLICY ON RELATED PARTY TRANSACTIONS

(Revised on 01st February, 2019; 1st April, 2022 & 23rd June, 2026)

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time

1. SCOPE AND PURPOSE OF THE POLICY

Related Party Transactions may give rise to potential or actual conflicts of interest and may not always be in the best interests of the Company and its shareholders. In view of the requirements relating to approval of Related Party Transactions under the Companies Act, 2013 ("Act"), read with the rules made thereunder, and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, **Sparc Electrex Limited** ("Company") has formulated this Policy to provide guidelines for the identification of Related Parties and for the proper conduct, approval and documentation of Related Party Transactions.

The Policy was originally adopted by the Company in the year 2019. In view of changes in the applicable regulatory framework and to ensure continued alignment with the provisions of the Act, the SEBI Listing Regulations and other applicable laws, the Policy has been reviewed and updated in 2026.

Regulation 23(1) of the SEBI Listing Regulations requires a listed entity to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

Accordingly, the Company has framed this Policy on Related Party Transactions ("Policy"). The Policy has been adopted by the Board of Directors of the Company ("Board") based on the recommendation of the Audit Committee. The Audit Committee shall review and recommend amendments to this Policy, as and when required, for consideration and approval of the Board.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out:

a) the materiality thresholds for Related Party Transactions; and
b) the manner of dealing with transactions between the Company and its Related Parties, in accordance with the Act, the SEBI Listing Regulations and such other applicable laws and regulations, as amended from time to time.

3. DEFINITIONS

"Act" means the Companies Act, 2013, as amended from time to time.

"SEBI Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

"Regulation 23" means Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

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"Arm's Length Transaction" means a transaction between two Related Parties that is conducted as if the parties were unrelated, such that there is no conflict of interest.

"Ordinary Course of Business" means the usual transactions, customs and practices undertaken by the Company in the course of conducting its business operations and activities and includes all such activities which the Company is authorised to undertake under its Memorandum of Association and Articles of Association. The Board and the Audit Committee may lay down principles for determining whether a transaction is in the Ordinary Course of Business, in accordance with applicable statutory requirements, industry practices and guidelines.

"Company" means Sparc Electrex Limited.

"Relative", in relation to a Director or Key Managerial Personnel, means such persons as defined under Section 2(77) of the Act and the rules made thereunder.

"Related Party" shall have the meaning assigned to it under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations, as amended from time to time.

"Related Party Transaction" shall have the meaning assigned to it under Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended from time to time, and shall include a transaction involving transfer of resources, services or obligations between the Company or any of its subsidiaries, on the one hand, and a Related Party of the Company or any of its subsidiaries, on the other hand, or any other transaction covered under the said Regulation, irrespective of whether a price is charged. A transaction with a Related Party shall be construed to include a single transaction or a group of transactions in a contract, including, but not limited to, the following:

a) sale, purchase or supply of any goods or materials;
b) selling or otherwise disposing of, or buying, property of any kind;
c) leasing of property of any kind;
d) availing or rendering of any services;
e) appointment of any agent for the purchase or sale of goods, materials, services or property;
f) appointment to any office or place of profit in the Company; and
g) underwriting the subscription of any securities or derivatives thereof of the Company.

"Material Related Party Transaction" means a transaction with a Related Party if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

In case of a transaction involving payment to a Related Party with respect to brand usage or royalty, the transaction(s) shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Promoter" and **"Promoter Group"** shall have the meaning assigned to them under clauses (za) and (zb), respectively, of sub-regulation (1) of Regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
"Key Managerial Personnel" shall include:
a. Chief Executive Officer;
b. Managing Director;
c. Whole-time Directors;
d. Company Secretary; and
e. Chief Financial Officer.

"Material Modifications", in relation to a Related Party Transaction approved by the Audit Committee or a Material Related Party Transaction approved by the shareholders, as the case may be, means any variation having an impact on the monetary limits already approved by the Audit Committee or the shareholders, as the case may be, exceeding 20% of the approved transaction value.

Any term not defined in this Policy shall have the meaning assigned to it under the Act, the SEBI Listing Regulations or any other applicable law or regulation, as amended from time to time.

4. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires the Company to specify the materiality thresholds for Related Party Transactions. Where a Related Party Transaction exceeds the prescribed materiality threshold, prior approval of the shareholders of the Company shall be obtained through a resolution. Prior approval of the shareholders shall also be obtained for any subsequent Material Modification to such Related Party Transaction already approved by the shareholders.

No Related Party shall vote to approve such resolution, irrespective of whether the entity is a Related Party to the particular transaction or not.

The Company has prescribed the following materiality thresholds for the purposes of Regulation 23 of the SEBI Listing Regulations:

- **Payment to a Related Party with respect to brand usage or royalty**: 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- **Other Related Party Transactions**: Lower of Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per its last audited consolidated financial statements.

The Policy on materiality of Related Party Transactions and the threshold limits shall be reviewed by the Audit Committee and the Board at least once every three years and updated, wherever required.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

Identification of Related Parties

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The Company shall formulate and maintain guidelines for identification and updating of the list of Related Parties in accordance with Section 2(76) of the Act, read with the rules made thereunder, and Regulation 2(1)(zb) of the SEBI Listing Regulations.

Identification of Related Party Transactions

The Company shall formulate and maintain guidelines for identification of Related Party Transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations.

The Company shall also formulate guidelines for determining whether a transaction is in the Ordinary Course of Business and is at Arm's Length. For this purpose, the Company may seek an external expert opinion, wherever considered necessary.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

Approval of the Audit Committee

(A) All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:

   i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
   ii. The maximum value per transaction which can be allowed;
   iii. extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
   iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
   v. transactions which cannot be subject to the omnibus approval by the Audit Committee

b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:- repetitiveness of the transactions (in past or in future); and justification for the need of omnibus approval

c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;

d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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.

e. Provided that where the need for related party transactions 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 1 crore per transaction.

f. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;

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

h. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

i. Any other conditions as the Audit Committee may deem fit

(B) In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year, will be 30% of the annual consolidated turnover of the company as per last its audited financial statements, subject to the transaction(s) exceeding the materiality threshold which require shareholder approval will not be considered for this limit.

b. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 4 of the Policy. Should the value per transaction, through omnibus route, exceed the materiality threshold as defined in the Policy, the same shall be subject to approval of shareholders of the Company.

c. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

   i. Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
   ii. Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
   iii. Name of the related party and its relationship with the company or its subsidiary, including nature of its concern and interest (financial or otherwise);
   iv. Tenure and value of the proposed transaction;
   v. The percentage of the company's annual consolidated turnover, for the immediate preceding financial year, that is represented by the value of the proposed transaction
   vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by company or its subsidiary;

1. details of the source of funds in connection with the proposed transaction;
2. 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;

1. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
2. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT;

vii. Key covenants (non-commercial) as per the draft of the proposed agreement / contract to be entered into for such transaction;

viii. Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;

ix. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:

1. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
2. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
3. management assessment of pricing terms and business justification for the proposed transaction;
4. Comparative analysis, if any, of other such transaction entered into by the company.

d. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered by the company or its subsidiary pursuant to each omnibus approval given.

e. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

i. Transactions which are not at arm's length or not in the ordinary course of business

ii. Transactions which are not repetitive in nature

iii. Transactions exceeding materiality thresholds as laid down in Clause 4 of the Policy

iv. Transactions in respect of selling or disposing of the undertaking of the company

v. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties

vi. Any other transaction the Audit Committee may deem not fit for omnibus approval

Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course In accordance with Section 188 of the Act, all transactions specified under the said Section which are not in the Ordinary Course of Business or are not at Arm's Length shall be placed before the Board for its approval.

In addition to the above, the following Related Party Transactions shall also be placed before the Board for approval:

a. transactions which may be in the Ordinary Course of Business and at Arm's Length but which, in accordance with the policy determined by the Board from time to time, require Board approval based on specified value thresholds and/or other parameters;
b. transactions in respect of which the Audit Committee is unable to determine whether or not they are in the Ordinary Course of Business and/or at Arm's Length and decides to refer the same to the Board for approval;
c. transactions which are in the Ordinary Course of Business and at Arm's Length but which, in the opinion of the Audit Committee, require Board approval; and
d. transactions meeting the materiality thresholds prescribed under Clause 4 of this Policy which are proposed to be placed before the shareholders for approval.

Approval of the Shareholders of the Company

All Material Related Party Transactions and subsequent Material Modifications thereto shall be placed before the shareholders for prior approval in accordance with the SEBI Listing Regulations.

No Related Party shall vote to approve such shareholders' resolution, irrespective of whether the entity is a Related Party to the particular transaction or not.

In addition, all transactions specified under Section 188 of the Act which:

a) are not at Arm's Length or are not in the Ordinary Course of Business; and
b) exceed the thresholds prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014,

shall be placed before the shareholders for approval.

Exemptions relating to subsidiaries and specified transactions

However, the requirement of prior approval of the shareholders of the Company under Regulation 23 of the SEBI Listing Regulations shall not apply in the following cases, subject to fulfilment of the conditions prescribed under applicable law:

a) **Transactions involving a listed subsidiary:** Where the listed subsidiary of the Company is a party to the Related Party Transaction, but the Company is not a party to such transaction, and Regulation 23 and Regulation 15(2) of the SEBI Listing Regulations are applicable to such listed subsidiary, prior approval of the shareholders of the Company shall not be required. In respect of Related Party Transactions of an unlisted subsidiary of such listed subsidiary, the prior approval of the shareholders of the listed subsidiary shall suffice.
b) **Transactions between the Company and its wholly owned subsidiary:** Where the Company, being the listed holding company, enters into a Related Party Transaction with its wholly owned subsidiary, the requirements specified under Regulation 23(4) of the SEBI Listing Regulations shall not apply, provided that the accounts of such wholly owned subsidiary are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.

c) **Transactions between two wholly owned subsidiaries:** Where a Related Party Transaction is entered into between two wholly owned subsidiaries of the Company, the requirements specified under Regulation 23(4) of the SEBI Listing Regulations shall not apply, provided that the accounts of such subsidiaries are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.

d) **Resolution plans under the Insolvency and Bankruptcy Code:** The requirements relating to shareholder approval for Material Related Party Transactions shall not apply to transactions forming part of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to disclosure of the event to the recognised stock exchange within one day of approval of the resolution plan.

e) **Statutory payments:** Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges between an entity and the Central Government or any State Government or any combination thereof shall be dealt with in accordance with the applicable exemption under the SEBI Listing Regulations.

f) **Public sector company transactions:** Transactions entered into between a public sector company and the Central Government or any State Government or any combination thereof shall be dealt with in accordance with the applicable exemption under the SEBI Listing Regulations.

The above exemptions shall be subject to the conditions and limitations prescribed under the SEBI Listing Regulations and other applicable laws, as amended from time to time.

6. DISCLOSURES

The Company shall disclose, in the Board's Report, the transactions prescribed under Section 188(1) of the Act with Related Parties which are not in the Ordinary Course of Business or are not at Arm's Length, together with the justification for entering into such transactions.

The Company shall make disclosures of Related Party Transactions to the stock exchanges on which its securities are listed, in the format specified by SEBI and/or the stock exchanges from time to time and within the prescribed statutory timelines. The Company shall simultaneously upload such disclosures on its website.

The Company shall place before the Audit Committee all information as may be specified by SEBI from time to time while seeking prior approval of Related Party Transactions.

The Company shall include in the explanatory statement to the notice sent to shareholders seeking their approval for proposed Related Party Transactions all information as may be specified by SEBI from time to time.

7. 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 at the immediate next meeting of the Audit Committee, whichever is earlier, subject to the conditions specified under the SEBI Listing Regulations.

Failure to obtain ratification from the Audit Committee shall render the Related Party Transaction voidable at the option of the Audit Committee. Where the transaction is with a Related Party to any Director or is authorised by any Director, the Director(s) concerned shall indemnify the Company against any loss incurred by the Company.

8. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically. The Audit Committee shall make appropriate recommendations to the Board for updating the Policy in accordance with changes in applicable laws, regulations or other requirements.

The Policy shall be reviewed by the Board at least once every three years and updated accordingly, or earlier if required due to any change in applicable laws, regulations, circulars, notifications or other regulatory requirements.

9. COMPLIANCE RESPONSIBILITY

The responsibility for compliance with this Policy shall rest with the Finance Head and the Company Secretary of the Company. They shall have the authority to seek such information, documents and/or clarifications from the management as may be necessary for ensuring compliance with this Policy.

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