



POLICY ON MATERIAL SUBSIDIARIES

Version – 1.1¹

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POLICY ON MATERIAL SUBSIDIARIES

INTRODUCTION

Tarsons Products Limited (hereinafter referred to as “Tarsons” or “Company”) has formulated the policy for determination of “Material Subsidiaries”(hereinafter referred to as “Policy”) in accordance with Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), which requires every listed company to formulate a policy for determining a “material” subsidiary and Regulation 46(2)(h) of the SEBI Listing Regulations which requires each listed company to publish this policy on company’s website.

OBJECTIVE OF THE POLICY

The Policy has been formulated to determine the Material Subsidiary and Material Non-listed Indian Subsidiary of the Company and to provide the governance framework for such subsidiaries.

DEFINITIONS

“**Act**” means the Companies Act, 2013.

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations, 2015 and the Companies Act, 2013, from time to time.

“**Board**” means the Board of Directors of the Company.

“**Company**” means Tarsons Products Limited.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Independent Director**” means an Independent Director referred to in section 149(6) of the Companies Act, 2013, and / or Regulation 16(b) of the SEBI Listing Regulations.

“**Management**” means the Senior Management and Key Managerial Personnel of the Company.

“**Material Subsidiary**” mean a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**Significant Transaction or Arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

“**Stock Exchange**” means a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956, as amended.

“**Unlisted Subsidiary**” means subsidiary whose securities are not listed on any recognized Stock Exchange(s).

POLICY & PROCEDURE

- a) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.

- b) The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the Company.
- c) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all Significant Transactions or Arrangements entered into by the unlisted subsidiary.
- d) The management shall present to the Audit Committee periodically, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
- e) At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Save as otherwise, for the purpose of this point (e), the term “Material Subsidiary” as per the provisions of Regulation 24(1) of Listing Regulations shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- f) The Company’s material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a Company Secretary in Practice, in such form as may be specified.
- g) The Company shall not without the prior approval of the Shareholders by way of Special Resolution:
 - Dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal/Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
 - Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal/Company Law Board or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

DISCLOSURES

The Company shall disclose in its Board’s report, details of this Policy as required under the Act and SEBI Listing Regulations. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Board’s report.

REVIEW AND AMENDMENTS

The Board reserves the power to review and amend this Code from time to time. All provisions of this Code would be subject to revision or amendment in accordance with the applicable law as may be issued by relevant statutory, governmental or regulatory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.