



RELATED PARTY TRANSACTIONS POLICY

Version – 1.3

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RELATED PARTY TRANSACTIONS POLICY

1. INTRODUCTION

Tarsons Products Limited (hereinafter referred to as “Tarsons” or “Company”) has formulated this “Related Party Transaction Policy” (the “Policy”) in accordance with the provisions of Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (hereinafter referred to as “Listing Regulations”) and the Companies Act, 2013 (“the Act”), as amended from time to time.

2. OBJECTIVE

This Policy shall regulate transactions between the Company and its Related Parties in accordance with the applicable laws and regulations governing the Company. It shall also establish a mechanism for identification, approval, review and reporting of such transactions.

3. INTERPRETATION CLAUSE

- i. Any words used in this Policy but not defined herein shall have the same meaning prescribed in the Act, the Securities and Exchange Board of India Act, 1992, or rules and regulations made thereunder including the Listing Regulations, the applicable accounting standards or any other relevant legislation/ law applicable to the Company as amended from time to time.
- ii. The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.
- iii. In case of any dispute or difference upon the meaning/ interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/ provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

4. DEFINITIONS

4.1 “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.

4.2 “Material Modification” means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee/Board/Shareholders, which has the effect of variation in the approved value of the transaction, by 20% or 5 crores whichever is higher as sanctioned by Audit Committee/Board/Shareholders, as the case may be.

Provided that, a modification mandated pursuant to change in law, or pursuant to and in accordance with the terms of the approved transaction/contract, or resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.), or is of a nature which is purely technical and does not result in substantive change or alteration of rights, interests, and obligations of any of the parties, or is uniformly affected for similar transactions with unrelated parties shall not be regarded as material modification.

4.3 “Material Related Party Transaction under the Act” means transactions as provided in Section 188 of the Act entered into with a related party as defined under Section 2 (76) of the Act that is not

in the ordinary course of business or not on an arm's length basis and exceeds the threshold as specified in Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2015.

4.4 "Material Related Party Transaction under Listing Agreement" means a transaction covered under Regulation 23 of SEBI Listing Regulations with a related party as defined hereunder and value of such transaction/transactions 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. Further, transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

Provided that, 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 Company.

4.5 "Ordinary Course of Business" with reference to a transaction with a Related Party means a transaction which is:

- i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
- ii) meets any other parameters/ criteria as decided by the Board/ Audit Committee, from time to time.

5. POLICY

All Related Party Transactions must be identified and reported to the Audit Committee, and also to Directors and shareholders, wherever necessary, for their prior approval, in accordance with the Companies Act, 2013 and the SEBI Listing Regulations. The said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the Listing Regulations.

Review and approval of Related Party Transactions shall also be dealt with in accordance with this Policy.

6. PROCEDURE FOR APPROVALS OF RELATED PARTY TRANSACTIONS

a. Identification of Related Party Transactions

All Related Party Transactions and subsequent Material Modifications shall be identified and brought to the notice of the Audit Committee of the Company.

All Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest

and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

b. Approval of Audit Committee

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the listed entity. However, 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. Provided that only those members of Audit Committee who are Independent Directors, shall approve Related Party Transactions.

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 specified in Regulation 23(2) of Listing Regulations.

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

The Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiaries subject to the following conditions:

- i. 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;
- 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 the following:
 - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - b. the indicative base price / current contracted price and the formula for variation in the price if any and
 - c. 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 Rs.1 crore per transaction.

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

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiaries pursuant to each of the omnibus approval given. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

c. Approval of Board of Directors

All the Related Party Transactions which are either not in the ordinary course of business or not on Arm's Length Basis shall require prior approval of the Board of Directors.

The Board of Directors shall review, approve and recommend to shareholders all Material Related Party Transactions, as per Listing Regulation, and such transactions under Section 188 of the Act which require the approval of the shareholders of the Company.

d. Approval of Shareholders

All Material Related Party Transactions and subsequent Material Modifications, as defined above, shall be approved by the Shareholders through a resolution and the concerned related party(ies) shall abstained from voting on such resolution whether the entity is a related party to the particular transaction or not.

Provided that the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. DISCLOSURE AND REPORTING

The Company shall submit to Stock Exchanges details of Related Party Transactions in the format as specified by the SEBI from time to time on half yearly basis, or such other timeline as may be prescribed in the SEBI LODR Regulations. The disclosure shall also be hosted on the website of the Company.

In addition, the Director's Report shall contain details of Related Party Transactions as required under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations or such other transactions as may be statutorily required.

This Policy shall be made available on the Company's website and a weblink thereto shall be provided in the Company's Annual Report.

8. AMENDMENTS

The Board, in consultation with Audit Committee, shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Provided that the Board shall review this Policy at least once in every three years.

Any or all provisions of this Policy would be subject to revision or 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, that are not being consistent with the provisions laid down in this Policy, 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 specified in such amendment(s) or clarification(s).

Version Details

Sr. No.	Version	Approval Date
1.	Version 1.0	26 th July, 2021
2.	Version 1.1	12 th February, 2023
3.	Version 1.2	7 th November, 2024
4.	Version 1.3	14 th February, 2025