



## **POLICY ON MATERIAL SUBSIDIARIES**

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**Version – 1.2**

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**Document Control**

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1.0	Board of Directors	July 26, 2021
1.1	Board of Directors	November 11, 2023
1.2	Board of Directors	February 06, 2026





## **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 Unlisted Indian Subsidiary of the Company and to provide the governance framework for such subsidiaries.

### **DEFINITIONS**

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

“**Audit Committee**” means a committee constituted by the Board of Directors from time to time under the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, 2015, including any amendments thereto.

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

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

“**Control**” means includes 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.

“**Independent Director**” means an Independent Director referred to in section 149(6) of the Companies Act, 2013, and / or Regulation 16(1)(b) of the SEBI Listing Regulations.

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

“**Material Subsidiary**” means a subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover 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 unlisted subsidiary for the immediately preceding accounting year.





**“Stock Exchange”** means stock exchanges where the specified securities of the Company are listed.

**“Subsidiary”** means a subsidiary as defined under sub-section (87) of Section 2 of the Companies Act, 2013.

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

#### **Governance framework**

- a) At least one Independent Director on the Board of the Company shall be a director on the board of the Unlisted Material Subsidiary, whether incorporated in India or overseas. For this purpose, in terms of the Explanation to Regulation 24(1) of the SEBI Listing Regulations, the terms Material Subsidiary shall mean a subsidiary of the Company whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- b) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- c) 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.
- d) 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.
- e) 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.
- 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 its material subsidiary on an aggregate basis during a financial year, 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. However, this requirement shall not apply where such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.





## 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 also be disclosed on the Company's website and the web link thereto shall be provided in the Board's report.

## REVIEW AND AMENDMENTS

The Board reserves the power to review and amend this Policy from time to time. All provisions of this Policy shall be subject to revision or amendment in accordance with the applicable law and regulations as may be issued by the relevant statutory, governmental or regulatory authorities from time to time. In the event of any amendment, clarification or circular issued by the relevant authorities being inconsistent with the provisions of this Policy, such amendment, clarification or circular shall prevail over the provisions of this Policy.

CERTIFIED TO BE TRUE COPY

