



RELATED PARTY TRANSACTIONS POLICY

Version – 1.3

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Version Details

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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 to 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 words importing one gender includes all genders.
- 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 "Act" shall mean the Companies Act, 2013 and includes any amendment thereof.

4.2 "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.

4.3 "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% of the approved value of transactions or ₹5 crores whichever is higher.

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.

4.4 "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.



4.5 “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 the thresholds of materiality are specified in Schedule XII of the SEBI Listing Regulations.

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.

4.6 “Ordinary Course of Business” if the transactions satisfy any of the following criteria, such transactions will be generally considered as in the Ordinary Course of Business:

- (i) The memorandum of association of the Company should cover such transaction;
- (ii) The transactions are in furtherance of the business objectives of the Company or are important to the business objective of the Company;
- (iii) The transactions are common in that particular industry
- (iv) The revenue generated from the transaction is shown as part of business income
- (v) There are previous instances of the Company having carried out such transaction;

In addition, the Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines).

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 following conditions

- a) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- b) the transaction is not material
- c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- d) the details of ratification shall be disclosed along with the disclosures of related party transactions to the stock exchange as per prescribed format & also be published on the website of the company.

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 ₹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. Additional Requirements for Related Party Transactions where the Parent Company is not the party to the transaction

Any Related Party Transaction exceeding ₹1 crore, whether entered into individually or taken together with previous transactions during a financial year, in which the subsidiary of the Company is a party but the Parent Company is not, shall require prior approval of the Audit Committee of the Company if the value of such transaction exceeds the lower of the following:

- a. 10% of the annual standalone turnover of the subsidiary, based on its last audited financial statements; or
- b. the materiality threshold of the Company as specified in Schedule XII of the SEBI Listing Regulations.

In cases of any Related Party Transaction exceeding ₹1 crore, whether entered into individually or taken together with previous transactions during a financial year, in which the subsidiary of the Company is a party but the Parent Company is not and to which such subsidiary does not have audited financial statements for at least one-year, prior approval of the Audit Committee shall be required if the transaction value exceeds the lower of the following:

- a. 10% of the aggregate value of the paid-up share capital and securities premium account of the subsidiary; or
- b. the materiality threshold prescribed under Schedule XII of the SEBI Listing Regulations. (see Annexure – I).

The aggregate paid-up share capital and securities premium account shall be taken as on a date not older than three months prior to the date of Audit Committee approval.

d. 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.

e. 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 abstain 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.

Provided further that the Omnibus approval granted for material RPTs in an Annual General Meeting (AGM) shall remain valid till the date of next AGM held within prescribed timelines as specified in section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time. However, in case of the Omnibus approval granted for material RPTs granted by the



shareholders in any general meeting other than AGM, such approval shall be valid for one year from the date of such 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 disclosures shall also be hosted on the website of the Company within two working days of the publication.

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.

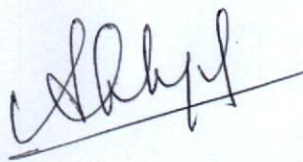
This Policy shall be made available on the Company's website and a weblink thereto shall be provided in the Company's Annual Report.

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).

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Annexure I

Schedule XII – Thresholds for Material Related Party Transactions

Consolidated Turnover of Listed Entity	Threshold for Material Related Party Transaction
Up to ₹20,000 Crore	10% of the annual consolidated turnover
More than ₹20,000 Crore to ₹40,000 Crore	₹2,000 Crore + 5% of turnover above ₹20,000 Crore
More than ₹40,000 Crore	₹3,000 Crore + 2.5% of turnover above ₹40,000 Crore or ₹5,000 Crore, whichever is lower

Notes:

1. The annual consolidated turnover shall be determined based on the last audited financial statements of the listed entity.
2. For computation, thresholds are cumulative for all related party transactions during a financial year.

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