

1. Purpose of this Policy:

Taiyo Feed Mill Limited ("Company") is governed, amongst others, by the Companies Act, 2013 and the rules framed thereunder as amended ("Act"), and regulations framed by Securities and Exchange Board of India ("SEBI"). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated every listed company to disclose its related party transactions and to comply with related party transactions ("Policy"). Accordingly, the Company has framed this Policy.

**TAIYO FEED MILL LIMITED**  
**(formerly known as Taiyo Feed Mill Private Limited)**

2. Object of the Policy

The aim of this Policy is to establish (a) the materiality thresholds for transactions with related parties, (b) the procedures for handling transactions between the Company and its related parties, in accordance with the Act, SEBI Listing Regulations and other applicable laws.

**POLICY ON MATERIALITY OF RELATED PARTY**  
**TRANSACTIONS AND ON DEALING WITH RELATED**  
**PARTY TRANSACTIONS**

3. Definitions

- 3.1. Act means the Companies Act, 2013 including any amendments or modification thereof.
- 3.2. Arm's Length Transaction means a transaction between two related parties who is undertaken as if they were unrelated, so that there is no conflict of interest.
- 3.3. Associated Company means a company as defined under Section 2(19) of the Act and as defined by Accounting Standard (AS) 18 – Accounting for Associates in a transaction in Compliance with Financial Statements.
- 3.4. Audit Committee means the committee of the Board formed under Section 177 of the Act and Regulation 13 of the Listing Regulations.



**1. Purpose of this Policy:**

Taiyo Feed Mill Limited (“**Company**”) is governed, amongst others, by the Companies Act, 2013 and the rules framed thereunder, as amended (“**Act**”), and regulations framed by Securities and Exchange Board of India (“**SEBI**”). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated every listed company to formulate a policy on materiality of related party transactions and on dealing with related party transactions (“**Policy**”). Accordingly, the Company has formulated this Policy to *inter alia* regulate all transactions between the Company and its related parties.

**2. Object of the Policy**

The aim of this Policy is to establish (a) the materiality thresholds for transactions with related parties; (b) the procedures for handling transactions between the Company and its related parties, in accordance with the Act, SEBI Listing Regulations, and any other applicable laws and regulations; and (c) to outline the guiding principles and mechanisms to ensure proper approval, disclosure, and reporting of such transactions, ensuring they are conducted in the best interest of the Company and its stakeholders.

**3. Definitions:**

- 3.1. **Act** means the Companies Act, 2013 including any amendment or modification thereof.
- 3.2. **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.
- 3.3. **Associate Company** means a company as defined under Section 2(6) of the Act and as defined by Accounting Standard (AS) 23, —Accounting for Investments in Associates in Consolidated Financial Statements.
- 3.4. **Audit Committee** means the committee of the Board formed under Section 177 of the Act and Regulation 18 of the Listing Regulations.



- 3.5. **Board** means the Board of Directors of the Company as appointed from time to time.
- 3.6. **Body Corporate** means an entity as defined in Section 2(11) of the Act.
- 3.7. **Company** means Taiyo Feed Mill Limited.
- 3.8. **Director** means a person as defined in Section 2(34) of the Act.
- 3.9. **Employees** shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.
- 3.10. **Key Managerial Personnel** as defined in Section 2(51) of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in relation to the Company, means:
- 3.10.1. Chief Executive Officer or the managing director or the manager
- 3.10.2. Company Secretary
- 3.10.3. Whole Time Director
- 3.10.4. Chief Financial Officer and
- 3.10.5. such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- 3.10.6. Such other officer as may be prescribed
- 3.11. **Listing Regulations** or **LODR** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- 3.12. **Material Related Party Transaction:**

The definition of Material Related Party Transactions shall be as per the explanation provided under Regulation 23 of the Listing Regulations, as amended from time to time, including the materiality threshold as may be revised by SEBI from time to time that becomes applicable to the Company.

Contracts entered into by companies, after making necessary compliance under Section 297 of the Act, which already came into effect before commencement of Section 188 of the Act shall not require fresh approval

under said Section 188 till expiry of the original term of such contracts. However, if any modification in such a contract is made on or after 1<sup>st</sup> April, 2014, the requirements under Section 188 will have to be complied with.

- 3.13. **Ordinary course of business** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
- 3.14. **Paid-up share capital** shall be construed as “total voting power”, where shares with differential voting rights have been issued.
- 3.15. **Policy** means Related Party Transaction Policy of Taiyo Feed Mill Limited.
- 3.16. **Related Party:** An entity shall be considered as related to the Company if:
- 3.16.1. such entity is a related party under Section 2(76) of the Act which are as follows:
- 3.16.1.1. A Director or his relative;
- 3.16.1.2. A Key Managerial Personnel or his relative;
- 3.16.1.3. A firm, in which a director, manager or his relative is a partner;
- 3.16.1.4. A private company in which a director or manager is a member or director;
- 3.16.1.5. A public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid up share capital;
- 3.16.1.6. Any Body Corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; [Except advice, directions or instructions given in a professional capacity];



- 3.16.1.7. Any person on whose advice, directions or instructions a director or manager is accustomed to act; [Except advice, directions or instructions given in a professional capacity];
- 3.16.1.8. Any body corporate which is a holding, subsidiary, or an Associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- 3.16.1.9. such other person as may be prescribed under the Act or any other applicable law
- or
- 3.16.1.10. such entity is a related party under the applicable accounting standards.
- 3.16.1.11. The applicable Accounting Standards 18 issued by ICAI defines related party as under:

*parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/ or operating decisions*

- 3.17. **Related party Transactions:** Transactions covered under this policy includes any contract or arrangement with a related party with respect to transactions defined as —Related Party Transaction under Section 188 of the Act, Regulation 2(1)(zc) and Regulation 23 of the Listing Regulations.
- 3.18. **Relative**, with reference to any person, means anyone who is related to another, if:
- 3.18.1. they are members of a Hindu Undivided Family;
- 3.18.2. they are husband and wife; or
- 3.18.3. one person is related to the other in such manner as may be prescribed, which is as follows:
- 3.18.3.1. Father (including step-father)
- 3.18.3.2. Mother (including step-mother)



- 3.18.3.3. Son (including step-son)
- 3.18.3.4. Son's wife
- 3.18.3.5. Daughter
- 3.18.3.6. Daughter's husband
- 3.18.3.7. Brother (including step-brother)
- 3.18.3.8. Sister (including step-sister)

3.19. **SEBI** means Securities Exchange Board of India

3.20. **Subsidiary** means a company as defined in Section 2(87) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

#### 4. **KMP Disclosure**

4.1. Every promoter, director, and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall:

- 4.1.1. at the time of appointment;
- 4.1.2. periodically – as required by the Company or applicable law
- 4.1.3. whenever there is any change in the information already submitted

provide requisite information about his / her Relatives and all firms, companies, Body Corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.



## 5. Materiality Thresholds

5.1. The Board of the Company has prescribed the below materiality thresholds for RPTs beyond which approval of the shareholders through a resolution shall be required:

### 5.1.1. As per SEBI LODR

5.1.1.1. Any transaction with a related party, if the total amount of the transaction(s), either individually or combined with previous transactions within the same financial year, exceeds such limits as prescribed under SEBI LODR (amended from time to time).

5.1.1.2. Any transaction involving payments to a related party for brand usage or royalty will be deemed material if the total amount of the transaction(s), whether individually or combined with previous transactions within the same financial year, exceeds such limits as prescribed under SEBI LODR (amended from time to time).

### 5.1.2. As per the Act

5.1.2.1. RPTs falling under Section 188(1) of the Act read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time and exceed limits provided under the said rules.

## 6. Identification of Related Parties and the Related Party Transactions:

### 6.1. Identification of related parties

6.1.1. The Company shall identify related parties as per the definition provided in the Act and SEBI LODR.

6.1.2. The Company shall obtain the list of related parties of its Subsidiary companies as per the definition provided in the Act and SEBI LODR.



6.1.3. The Company shall regularly verify and update the Related Party List and review and confirm (at least once a quarter) in accordance with the Act and SEBI LODR.

6.2. **Identification of related party transactions** As a policy, the Company will identify the RPTs as per the applicable laws, which require consent of the Audit Committee, Board of Directors and shareholders, as the case may be as outlined in clause.

6.3. **Review and approval of Related Party Transactions:**

6.3.1. **Approval of Related Party Transactions -**

6.3.1.1. **Audit Committee Approval**

6.3.1.1.1. All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

6.3.1.1.2. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover, as per the latest audited financial statements of the listed entity.

6.3.1.2. However, with effect from April 01, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.



- 6.3.1.2.1. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length basis, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- 6.3.1.2.2. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria / conditions as mentioned under the Act and the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.
- 6.3.1.2.3. the omnibus approval shall specify:
- 6.3.1.2.4. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
- 6.3.1.2.5. the indicative base price / current contracted price and the formula for variation in the price if any; and
- 6.3.1.2.6. such other conditions as the audit committee may deem fit.
- 6.3.1.2.7. 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 rupees one crore per transaction.
- 6.3.1.2.8. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and Material modifications thereof, entered into by the Company



pursuant to the omnibus approval. Certain procedural aspects concerning review of a Related Party Transaction may be modified or waived by the Committee, at its discretion.

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

6.3.1.2.10. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification, if appropriate.

### **6.3.1.3. Board of Directors Approval**

6.3.1.3.1. In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length basis, the Board will *inter alia* consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.



#### **6.3.1.4. Shareholders Approval**

6.3.1.4.1. If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

6.3.1.4.2. The provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

6.3.1.4.3. In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would seek post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations.

#### **6.3.2. Transactions which do not Require Approval:**

The approval of Related Party Transactions shall not be required for transactions in the ordinary course of business entered into between:



- 6.3.2.1. two Government Companies;
- 6.3.2.2. a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- 6.3.2.3. two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

### **6.3.3. Reporting of Related Party Transactions**

- 6.3.3.1. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- 6.3.3.2. The details of all transactions with Related Parties shall be submitted, in the prescribed format to the stock exchanges, and requisite disclosures shall be made in other public documents/certificates as legally required, in the manner and as per the timelines set out in the Listing Regulations and the same shall be published on the Company's website.

## **7. Limitation, Review and Amendment:**

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement ("Applicable Law"), the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy. The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary (including based on recommendation(s) of the Audit Committee).



**8. Disclosure of the Policy:**

- 8.1. The Board's Report will include details of contracts or arrangements or transactions that are (i) not at arm's length basis and (ii) material, based on the thresholds defined under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, whether at arm's length or in the ordinary course of business, and (iii) a justification for entering into such transactions as per the Companies Act, 2013 and related rules.
- 8.2. The Company will disclose related party transactions along with the financial results for the half year, on a standalone or consolidated basis, in the format specified by SEBI, and publish these disclosures on its website <https://www.taiyogroup.in/>.
- 8.3. The Company will also provide details of all material related party transactions (as specified in Clause 4 of the Policy) on a quarterly basis to the stock exchanges along with the Compliance Report on Corporate Governance.
- 8.4. As required under Regulation 62(1A)(g) of the SEBI Listing Regulations, this Policy will be hosted on the Company's website.

**9. VIOLATION**

If any related party transaction comes to the notice of company which has not been approved in accordance with this policy, then it shall be dealt by Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.



**10. WEBSITE**

As per Regulation 46 (2)(h) of the Listing Regulation, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report.

**FOR AND ON BEHALF OF**

**TAIYO FEED MILL LIMITED**

**(formerly known as Taiyo Feed Mill Private Limited)**



**RAMASAMY PRABAKAR**  
**MANAGING DIRECTOR**  
**DIN: 01739511**

