



THE SCOTTISH ASSAM (INDIA) LTD

Regd. Off: 1, Crooked Lane, Kolkata- 700069

Phone: (033) 2248 7062

CIN: L01132WB1977PLC031175

Email: scottishassamcompliance@gmail.com

Website: www.scottishassam.com

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

Preamble:

The Board of Directors of the Scottish Assam (India) Limited (hereinafter referred to as “the Company”) has formulated this policy on dealing with Related Party Transactions and materiality of Related Party Transactions in accordance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any amendment or modification thereof) and also to comply with the provisions of Section 188 of the Companies Act, 2013.

Objective:

The Company believes that any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures/ or permissions are made/sought as required by law and applicable policies of the Company. As such, this policy provides a framework to regulate transactions between the Company and its related parties and also lays down mechanism for identification, approval, review and reporting of such transactions.

Definitions:

- **“Arm’s length Transactions”** means a transaction between two Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.
- **“Audit Committee”** means Committee of Board of Directors of the Company constituted under provisions of the Listing Regulations and Companies Act, 2013.
- **“Board”** means Board of Directors of the Company.
- **“Company”** means The Scottish Assam (India) Limited.
- **“Key Managerial Personnel”** or **“KMP”** means Key Managerial Personnel as defined under the Companies Act, 2013.
- **“Material Related Party Transactions under Act”** means a transaction as defined under Section 188(1) of the Companies Act, 2013 with a related party, where the aggregate value of the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the Act from time to time.
- **“Material Related Party Transactions under LODR Regulations”** means a transaction covered under Regulation 23 of LODR Regulations, as amended from time to time, with a related party as defined hereunder, and value of such transaction/transactions to be entered into individually or



THE SCOTTISH ASSAM (INDIA) LTD

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 entered in a financial year.

- **“Material Modification”** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/ Board /Shareholders, as the case may be or such modification which would make the transaction less favourable to the Company.
- **“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 its Memorandum & Articles of Association. It also includes all such activities which the Company shall undertake in furtherance of the objects as stated in Memorandum of Association of the Company.
- **“Related Party”** means a related party as defined under Section 2 of the Companies Act, 2013 and under Regulation 2(1)(zb) of the Listing Regulations and/or under the applicable Accounting Standards, as amended from time to time.
- **“Related Party Transaction” (“RPT”)** shall mean such transactions as specified under Section 188 of the Companies Act, 2013 or Rules made thereunder and under Regulation 2(1)(zc) of the Listing Regulations, including any amendment or modification thereof.

Further, unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013/ Listing Regulations as may be amended from time to time and shall have the meaning respectively assigned to them therein.

Identification of Related Parties:

The Compliance Officer shall at all times:

- i) identify the Company’s Related Parties, along with their personal/ company details and compile a list thereof in accordance with Applicable Laws based on such identification as well as the disclosures provided by the Directors and Key Managerial Personnel, the details provided by the CFO or any other person responsible for Accounts & Finance function of the Company and any other information available with the Company.
- ii) identify such managers and such other employees (Designated Employees) who are responsible for entering into contracts/ arrangements/agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
- iii) set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (ii) above.



THE SCOTTISH ASSAM (INDIA) LTD

- iv) update the record of Related Parties whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- v) place before the Audit Committee, the record of Related Parties and the Designated Employees identified for reporting the Related Party Transactions.
- vi) ensure that Senior Management Personnel discloses to the Audit Committee relating to all material, financial and commercial transactions with Related Parties, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

Factors to be considered while granting approval to Related Party Transactions:

The Audit Committee/Board will consider the following factors, among others, to the extent relevant to the RPT while granting the approval-

- Whether the terms of the RPT are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- Whether the RPT would affect the independence of an Independent Director;
- Whether the transaction qualifies to be a transaction in ordinary course of business;
- Whether the transaction is in the interest of the Company;
- Whether the RPT would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the terms and size of the transaction, the purpose and timing of the transaction, the direct or indirect nature of the transaction, Key Managerial Personnel's or other Related Party's interest in the transaction.

Procedure for approval of related party transactions:

(a) Audit Committee Approval-

- The RPT would be approved by only the Independent members of Audit Committee as per Regulation 23(2) of SEBI (LODR) Regulation, 2013.
- All Related Party Transactions and their subsequent material modifications shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Companies Act, 2013 along with Rules made thereunder, or by Secretarial Standards or as per Regulation 23(2) of SEBI (LODR) Regulations, 2013.

In case any member of the Committee is interested in the transaction proposed for approval, the interested member shall abstain from voting and only the dis-interested members shall vote on the resolution.



THE SCOTTISH ASSAM (INDIA) LTD

- The Committee may grant an omnibus approval for RPT which are repetitive in nature and subject to such criteria/conditions as mentioned under the Companies Act, 2013 and Rules made thereunder and under Regulation 23(3) of Listing Regulations and such other conditions as it may consider necessary in the interest of the Company. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- The omnibus approval shall mention important relevant information such as names of related parties, nature and period of transaction, maximum amount of transactions that can be entered into and indicative base price or current contracted price along with formula for variation in the price and such other conditions as the Audit committee may deem fit.
- Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:
 - i. Type, material terms and particulars of the proposed transaction;
 - ii. Name of the related party and its relationship with the company, including nature of its concern or interest (financial or otherwise);
 - iii. Tenure of the proposed transaction (particular tenure shall be specified);
 - iv. Value of the proposed transaction;
 - v. The percentage of the company's annual turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction;
 - vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the company:
 - (a) details of the source of funds in connection with the proposed transaction;
 - (b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - (c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - (d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - vii. Justification as to why the RPT is in the interest of the listed entity;
 - viii. A copy of the valuation or other external party report, if any such report has been relied upon;
 - ix. Percentage of the counter-party's annual turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - x. Any other information that may be relevant
 - The basic criteria for providing omnibus approval shall be that the proposed transactions are repetitive in nature and are in the interest of the Company.
 - In case the need for Related Party Transaction cannot be foreseen, audit committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees one crore per transaction.
 - Any member of the Audit Committee having potential interest in any RPT shall recuse himself and abstain from discussing and voting on the approval of the concerned RPT.



THE SCOTTISH ASSAM (INDIA) LTD

- The Audit committee shall review on a quarterly basis, the details of RPT entered into by the Company pursuant to each of the omnibus approvals given. In connection with any review of RPT, the committee has authority to modify or waive any requirement of this policy. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- Such 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 recommend the RPT for approval of Board of Directors/Shareholders as may be required.

(b) Approval of Board of Directors-

- The Board shall approve such RPT as are required to be approved under section 188 of the Companies Act 2013 and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

However, approval of the Board will not be required in case of transactions entered into by the company in its ordinary course of business and at arm's length.

- All material related party transactions and subsequent material modifications shall require approval of Board of Directors of the Company.
- Any member of the Board having potential interest in any RPT shall recuse himself and abstain from discussing and voting on the approval of Related Party Transaction.
- The Company may, if considered necessary, and if required by the Board of Directors or Audit Committee, seek external opinion in order to determine if the Related Party Transaction is in the Ordinary Course of Business and/or is at Arm's Length Price.

(c) Approval of Shareholders-

- All Material RPTs and subsequent material modifications as defined in this Policy require prior approval of the shareholders through a resolution.
- All entities falling under the definition of "related parties" shall not vote to approve such resolution whether the entity is a party to the particular transaction or not.
- Information to be provided to shareholders for consideration of RPTs:

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee;
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified



THE SCOTTISH ASSAM (INDIA) LTD

- under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
 - e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
 - f. Any other information that may be relevant.

Ratification of RPTs-

Ratification by audit committee

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this policy prior to its consummation, the matter shall be reviewed by the 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 transactions within a period of three months from the date of entering into such a 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 system, and shall take any such actions it deems appropriate.

Ratification by the board/shareholders

In a case where the aforesaid transaction has been ratified by the audit committee, the same shall also be required to be ratified by the board in case where the same is not in the ordinary course or at arm's length. Furthermore, if the said transaction is a material related party transaction, then the same will also be required to be placed before the shareholders for their approval.

Following transactions not to be considered as Related Party Transactions:

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board of Directors or Shareholders:

- a. Any transaction that involves the providing of compensation in connection with his or her duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b. Reimbursement made of expenses incurred by a Related Party for business purpose of the Company, or Reimbursement received for expenses incurred by the Company on behalf of a Related Party.
- c. Reimbursement of pre-incorporation expenses incurred by or on behalf of a Related Party.
- d. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.



THE SCOTTISH ASSAM (INDIA) LTD

- e. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval by the Audit Committee.

Disclosures & Reporting-

- Particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013 shall be disclosed in the Director's Report in the prescribed format along with justification for entering into such contracts or arrangements.
- The Company shall disclose the policy on dealing with RPT on its website and a web link thereto shall be provided in the Annual Report of the Company as prescribed in Schedule V of the SEBI (LODR) Regulations, 2015.
- The Company shall disclose materially significant RPT, which might have potential conflict with interest of the Company in the Annual Report.
- The Company shall submit to the Stock Exchanges disclosure of Related Party Transactions in the format as specified by the SEBI from time to time and also publish the same on its website.
- The Company shall disclose transactions with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results.
- The company and its subsidiaries shall in 'Corporate Governance Report' disclose Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.
- The Company shall make such other disclosures as may be required in compliance with the accounting standards on RPT.
- The Company shall keep one or more registers, maintained physically or electronically as specified under Companies Act, 2013 giving separately the particulars of all contracts or arrangements with any related party and shall make the same available for inspection in accordance with the Companies Act, 2013.

Review of Related Party Transactions-

The recurring/periodic related party transactions will be review by audit committee on a quarterly basis. Thereafter, the board at least on an annual basis, shall review and assess on-going relationships with the Related Party to ensure that they are in compliance with the Act and rules made there under, SEBI LODR.

Amendment-

Nothing in this Policy shall override any provisions of Applicable Law made in respect of any matter stated in this Policy. This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the LODR Regulations or as may be otherwise prescribed by the Audit Committee/ Board from time to time. In case, pursuant to any amendment, the terms of this Policy become inconsistent with the provisions, the same will be deemed to reflect the amended provisions till the changes are carried out as mentioned above.