EMPOWERING INVESTORS
A SEBI Initiative

DAULAT SECURITIES LIMITED

Member : National Stock Exchange of India Ltd. (NSE)
The Calcutta Stock Exchange Ltd. (CSE)
Depository Participant : National Securities Depositories Ltd. (NSDL)
CIN No. : L67120WB1992PLC056831

RELATED PARTY TRANSACTION POLICY

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RELATED PARTY TRANSACTION POLICY

1. **Purpose of this Policy:**

Daulat Securities 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, as amended ("Listing Regulations") 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. This Policy regulates all transactions between the Company and its Related Parties.

This Related Party Transaction Policy ("Policy") is designed to provide clear guidelines for identifying, approving, and monitoring transactions between the Company and its related parties. It aims to ensure transparency, fairness, and compliance with applicable laws and regulations, as well as to safeguard the interests of the Company, its stakeholders, and shareholders.

2. **Scope:**

This Policy applies to all directors, officers, employees, and other stakeholders of the Company involved in related party transactions. It covers all transactions entered into between the Company and its related parties, including but not limited to business relationships, financial transactions, contracts, loans, and other arrangements.

3. **Definitions:**

- **Related Party**: As defined by relevant laws, regulations, and accounting standards, a "related party" includes the Company's directors, key management personnel, their family members, subsidiaries, affiliates, joint ventures, and other entities in which the Company holds significant influence or control. A detailed list of related parties is maintained by the Company's legal or compliance department.
- **Related Party Transaction**: Any transaction, arrangement, or relationship between the Company and a related party that involves the transfer of resources, services, or obligations, and includes purchases, sales, leases, loans, guarantees, and other financial arrangements.
- **Arm's length transaction**: It means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- **Material Modifications**: Material modifications in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase by 20% of the relevant contract/ arrangement subject to a maximum of 10% of the annual consolidated turnover of the Company as per the last audited financial statement.

4. **Identification of Related Party Transactions:**

- The Company shall maintain a register of related parties and ensure all transactions with such parties are identified and documented.
- Employees and directors are required to disclose any potential related party relationships or transactions involving themselves or their immediate family members.

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Companies Act, 2013 ('Act'), the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

5. Approval of Related Party Transactions:

Purpose:

The purpose of this section is to define the approval process for Related Party Transactions (RPTs), ensuring that such transactions are conducted in a transparent, fair, and compliant manner. This process is designed to prevent conflicts of interest, safeguard the interests of shareholders, and ensure that the Company complies with legal and regulatory requirements regarding related party dealings.

General Approval Requirement:

All Related Party Transactions must be reviewed and approved by the Board of Directors or a designated committee before they are executed, except in the case of routine transactions that fall within predefined thresholds. Related Party Transactions will be evaluated to ensure they are conducted on terms that are no less favorable than those available to unrelated third parties.

Approval Process:

Initial Identification:

- **Disclosure by Related Parties**: Directors, officers, and employees must immediately disclose to the Company's management any direct or indirect interest in any proposed or ongoing related party transaction.
- **Management Responsibility**: The Company's management is responsible for identifying potential related party transactions, preparing a list of related parties, and ensuring that all such transactions are flagged for review and approval in accordance with this Policy.

Board or Committee Review and Approval:

- **Board Approval:** All related party transactions must be reviewed and approved by the Company's Board of Directors, or by a committee thereof (e.g., Audit Committee), prior to entering into the transaction, except in cases where such transactions fall under predefined, routine, or ordinary course of business (and are subject to specific terms and thresholds established by the Board).
- **Audit Committee**: If delegated by the Board, the Audit Committee shall review and approve related party transactions, with particular focus on ensuring fairness, arm's length terms, and compliance with relevant laws and regulations. The Audit Committee will then report to the Board with its findings and recommendations.
- **Material Transactions**: Transactions that are considered material, either in size or in nature, must be approved by the Board and, where applicable, the shareholders, in accordance with legal requirements.
- **Independent Review**: For transactions involving related parties, the Board or an appointed committee shall assess the fairness and terms of the transaction, ensuring it is on arm's length terms. Where applicable, external independent advisors may be consulted.

Approval Criteria:

The Board or designated committee will assess the following factors before approving any related party transaction:

(a) **Nature of the Relationship**: Understand the nature of the relationship between the Company and the related party, including the related party's influence on the Company's operations and decision-making.

(b) **Financial Terms**: Evaluate the financial terms of the transaction, ensuring that they are comparable to those that would apply to an unrelated third party.

(c) **Materiality**: Assess whether the transaction is material, considering factors such as the size of the transaction in relation to the Company's overall financial position and the potential impact on shareholder value.

(d) **Conflict of Interest**: Ensure that no director or officer with a potential conflict of interest participates in the approval process or votes on the transaction.

(e) **Compliance**: Confirm that the transaction complies with all applicable laws, regulations, and accounting standards, including disclosure requirements.

(f) **Risk Assessment**: Evaluate the potential risks associated with the transaction, including reputational risks and the impact on stakeholder relationships.

Thresholds for Routine Transactions:

- **Routine or Ordinary Course of Business**: Transactions that are of a routine nature, such as those entered into in the ordinary course of business on standard terms, may not require specific Board approval if they fall below predefined monetary thresholds and are consistent with normal business practices.
- **Predefined Thresholds**: The Board may establish monetary thresholds (e.g., dollar value) above which all related party transactions require specific approval. Transactions below the threshold may be approved by senior management, but still must be disclosed and reviewed periodically for compliance.

Emergency Situations:

In exceptional or emergency situations, where the Board or Audit Committee is unavailable or it is impractical to convene a meeting, the CEO or CFO may approve a related party transaction on a temporary basis. However, such approvals must be reported to the Board or Audit Committee at the earliest opportunity for ratification.

6. **Disclosure Requirements:**

Once a related party transaction is approved, the Company must ensure appropriate disclosure of the transaction in the following ways:

(g) **Internal Documentation**: The transaction must be fully documented and included in the Company's internal register of related party transactions.

(h) **External Reporting**: The Company must disclose the transaction in its financial statements, annual report, or other regulatory filings, as required by applicable laws or regulations. This includes disclosing the nature of the related party relationship, the terms of the transaction, and the financial impact.

(i) **Shareholder Approval**: If the transaction meets specific criteria for materiality or requires shareholder approval under applicable laws or regulations (e.g., large transactions, changes in control), the Company must seek approval from its shareholders.

7. **Ongoing Monitoring and Review:**

The Company shall regularly monitor and review related party transactions to ensure ongoing compliance with this Policy. Key monitoring activities include:

(a) **Internal Audits**: Regular internal audits of related party transactions will be conducted to assess compliance with the approval process and fairness standards.

(b) **Compliance Officer**: The Company's compliance officer (or equivalent role) will periodically review all related party transactions and report any concerns or non-compliance to the Board.

(c) **Annual Review**: The Policy itself shall be reviewed at least annually to ensure it remains aligned with best practices, legal requirements, and the Company's needs.

8. **Fairness and Transparency:**

All related party transactions shall be conducted on terms that are fair to the Company and its shareholders. These terms must be comparable to those that would apply in a similar transaction with an unrelated third party.

- **Arm's Length Principle:** For all transactions involving related parties, the terms and conditions should be on an arm's length basis. This means that the transaction terms should be comparable to those that would apply in a similar transaction with an unrelated third party. If any transaction is not conducted on arm's length terms, the Company will ensure that appropriate disclosures are made, and the transaction is properly scrutinized for potential conflicts of interest.
- **Independent Valuation or Opinion**: If necessary, the Board or Audit Committee may seek an independent third-party valuation or fairness opinion to ensure that the transaction is conducted at arm's length and reflects fair market value.

9. **Monitoring and Compliance:**

- The Company shall regularly review and monitor related party transactions to ensure compliance with this Policy and applicable legal requirements.
- A compliance officer or internal auditor will be assigned to periodically audit related party transactions and report findings to the Board or the Audit Committee.

10. **Exceptions and Special Circumstances:**

- **Urgency**: In cases where immediate action is required, related party transactions may be approved by the CEO or CFO, provided they are subsequently reported to the Board for ratification at the earliest opportunity.
- **Routine Transactions**: Transactions conducted in the ordinary course of business, under standardized terms and conditions, and falling below predefined thresholds may not require individual approval from the Board, provided they are properly documented and disclosed.

11. **Consequences of Non-Compliance:**

Failure to comply with the related party transaction approval process could result in:

(a) **Cancellation of the Transaction**: If it is determined that a related party transaction was not properly approved, the transaction may be canceled or renegotiated.

(b) **Disciplinary Action**: Individuals involved in non-compliance with this Policy may be subject to disciplinary action, which could include termination of employment, removal from the Board, or other appropriate sanctions.

(c) **Regulatory Penalties**: Non-compliance with applicable laws, regulations, or accounting standards related to related party transactions could expose the Company to legal or regulatory penalties, including fines or reputational damage.

12. **Policy Review:**

This Policy will be reviewed periodically, or at least annually, and amendments will be made if necessary to reflect changes in the regulatory environment, the Company's structure, or its business activities. This Policy will be reviewed or more frequently if required due to changes in laws, regulations, or business practices. Any amendments to the Policy must be approved by the Board of Directors. This structured approach ensures that related party transactions are appropriately scrutinized, comply with legal and regulatory standards, and are fair and transparent to all stakeholders.