



DECCAN GOLD MINES LIMITED

(CIN : L51900MH1984PLC034662)

Corporate Office & Correspondence Address

No.1285, 5th Main, 7th Sector, HSR Layout, Bengaluru - 560102. Tel : +91 80 45384000 Fax : +91 80 45384001 Email : info@deccangoldmines.com Website : www.deccangoldmines.com

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF THE BOARD OF DIRECTORS OF DECCAN GOLD MINES LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT BETWEEN (I) DECCAN GOLD MINES LIMITED ("COMPANY 1" OR "DGML") AND AUSTRALIAN INDIAN RESOURCES LIMITED ("COMPANY 2" OR "AIR") AND THEIR RESPECTIVE SHAREHOLDERS, AND (II) DECCAN GOLD MINES LIMITED ("COMPANY 1" OR "DGML") AND THE "PROPOSED SHAREHOLDERS" OF DGML AS ENLISTED IN SCHEDULE I TO THIS SCHEME AT ITS MEETING HELD ON 24TH SEPTEMBER, 2021.

PRESENT:		
1.	Mr Kailasam Sundaram	Chairman of the Committee
2.	Mr Natesan Chinnapan	Member
3.	Mrs Revathi Thiruvengadam	Member

1. Background:

- 1.1. A meeting of the Committee of Independent Directors of Deccan Gold Mines Limited was held on September 24, 2021 to consider and, if thought fit, to recommend to the Board of Directors of the Company, the proposed Composite Scheme of Arrangement ("Scheme") between (I) Deccan Gold Mines Limited ("**Company 1**" or "**DGML**") and Australian Indian Resources Limited ("**Company 2**" or "**AIR**") and their respective shareholders, for re-arrangement of shareholding of Company 2 pursuant to the provisions of Sections 230 to 232 and Section 234 and other applicable provisions of the Companies Act, 2013 for Company 1 and provisions of the Corporation Act, 2001 and other Applicable Laws of Australia as may be applicable to Company 2; and (II) Deccan Gold Mines Limited ("**Company 1**" or "**DGML**") and the "**Proposed Shareholders**" of DGML as enlisted in Schedule I of the Scheme, pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Committee has, in its said meeting, considered the proposed Composite Scheme of Arrangement.
- 1.2. The Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the company are listed on BSE Limited.
- 1.3. The Scheme will be filed with the National Company Law Tribunal, Mumbai Bench ("**NCLT**") under Sections 230 to 232 and Section 234 and other applicable provisions of the Companies Act, 2013 and the rules and regulations issued thereunder.
- 1.4. The Scheme is subject to receipt of approvals of board of directors, shareholders of companies involved and approval of other regulatory authorities as may be required, including those of BSE Limited, Securities and Exchange Board of India and the NCLT.



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1.4 This Report of the Committee of Independent Directors is made to comply with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CFD/ DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI(as amended from time to time via Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, circular no. CFD/DIL3/CIR/2017/105 dated September 21, 2017, circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 and circular no. SEBI/HO/CFD/DIL1/ CIR/P/2020/215 dated November 3, 2020 and the Master circular being circular SEBI/HO/CFD/DIL1/CIR/P/ 2020/249 issued by SEBI on December 22, 2020 ("SEBI Circulars"), after considering the following document which were placed before the Committee:

- a) Draft Composite Scheme of Arrangement.
- b) Draft Certificate from M/s P.R. Agarwal & Awasthi, Chartered Accountants, Statutory Auditor of the Company, confirming the accounting treatment mentioned in the scheme is in compliance with the applicable Ind AS notified under the Companies Act 2013, and other generally accepted accounting principles;
- c) Equity Share Exchange Ratio Report dated September 24, 2021 issued by Mr. Abhinav Aggarwal (IBBI Registration No. IBBI/RV/06/2019/12564), ("**Registered Valuer**") inter-alia, recommending the fair equity share exchange ratios (**hereinafter referred to as "Valuation Report"**) on the Scheme;
- d) Fairness opinion dated September 24, 2021 issued by Sundae Capital Advisors Private Limited, SEBI Registered Category I Merchant Banker (SEBI Registration No. INM000012494) on the fair equity share exchange ratios recommended in the Valuation Report for the purpose of the Scheme;
- e) Audited financial statements of the Company 1 and Company 2 for the year ended March 31, 2021 and June 30, 2021 respectively.

2. Need and Rationale of the Scheme:

The Committee noted the need and rationale of the Scheme of Arrangement as provided in the draft Scheme is as under:

Company 1 is engaged in the business of mineral exploration focused on making discoveries of gold deposits that are suitable for commercial exploitation. In this regard, the Company 1 have been looking out for opportunities for acquisition of gold assets in India and in this regard, the Independent Directors, have evaluated and decided to acquire ownership and control of 735,161 equity shares, directly and indirectly, in "Geomysore Services (India) Private Limited" (herein after referred to as "GMSI") which is also a gold exploration and mining focused company.

The Committee of the Independent Directors of Company 1 are of the view that the arrangement proposed in this Scheme is, in particular, expected to have following benefits:



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- a) Significant equity participation in a gold project with potential to get into revenue stream within the next 2 years benefitting DGML shareholders;
- b) Potential to add further Gold Projects into DGML's portfolio and enhance DGML's fund raising abilities;
- c) Consolidation of the strengths of both the Companies (in terms of Projects and Personnel) and access to strategic partners and fund raising in India and abroad;
- d) Since, there is no outflow of funds, the interest of the creditors of Company 1 and Company 2 is not affected and they are not prejudiced or impacted in any manner.
- e) There is no adverse effect of Scheme on the directors, key managerial personnel, promoters, non-promoter shareholders, vendors and employees of Company 1 and Company 2.
- f) The Scheme would be in the best interest of all the stakeholders.

3. Salient Features of the Scheme:

3.1 The Composite Scheme of Arrangement seeks a share-exchange arrangement between (I) Deccan Gold Mines Limited ("Company 1" or "DGML") and Australian Indian Resources Limited ("Company 2" or "AIR") and their respective shareholders, and (II) Deccan Gold Mines Limited ("Company 1" or "DGML") and the "Proposed Shareholders" of DGML as enlisted in Schedule I of the Scheme; pursuant to Sections 230 to 232 and Section 234 and other applicable provisions of the Companies Act, 2013 and Applicable Laws of Australia as may be applicable to Company 2. The salient features are:

- 3.1.1 The Appointed Date for the purpose of Scheme means the Effective Date of the Scheme, that is the later of the dates on which the certified copy of the Order(s) of the NCLT sanctioning the Scheme are filed with the Registrar of Companies, Mumbai, by Company 1 and any Governmental Authority of Australia by Company 2, if required or such other date as may be directed / allowed by the Competent Authority.
- 3.1.2 Under Section I of the Scheme, in consideration for transferring the Specified Shares held by Specified Shareholders, as defined under the Scheme, in Company 2 to Company 1, Company 1 shall, without any further application, act, instrument or deed, issue and allot New DGML Equity Shares 1 (as defined in the Scheme) credited as fully paid, to the extent indicated below, to each shareholder of Company 2 whose name is recorded in the register of members and records of the depository as members of Company 2 on the Record Date in the following manner:

"17 (Seventeen) fully paid-up equity shares of the face value of Re. 1/- (Rupee One only) each in Company 1 for every 88 (Eighty-Eight) fully paid-up shares held in Company 2."



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Under Section II of the Scheme, in consideration for transferring the Specified Shares held by Proposed Shareholders, as defined under the Scheme, in Geomysore Services (India) Private Limited ("GMSI") to Company 1, Company 1 shall, without any further application, act, instrument or deed, issue and allot New DGML Equity Shares 2 (as defined in the Scheme) credited as fully paid, to the extent indicated below, to each Proposed Shareholder as given under Schedule I of this Scheme and recorded in the register of members as members of GMSI on the Record Date in the following manner:

"1,650 (One Thousand Six Hundred Fifty) fully paid-up equity share of the face value of Re. 1/- (Rupee One only) each in Company 1 for every 13 (Thirteen) fully paid-up equity shares of the face value of Re. 1/- (Rupee One only) each held in GMSI by the Proposed Shareholders."

- 3.1.3 The equity shares proposed to be issued and allotted shall be got listed on BSE Limited.
- 3.1.4 The shares so allotted shall rank pari-passu in all respects with the then existing equity shares of the Company 1.
- 3.1.5 The Promoter shall continue to remain Promoter even upon effectiveness of the Scheme.
- 3.1.6 The Scheme, in no way, is a Scheme of compromise or arrangement with the creditors of any of the companies and the Scheme is not affecting the rights of the creditors as it is a share-exchange arrangement between Company 1 and shareholders of Company 2 and; between Company 1 and proposed shareholders of Company 1 and there is no outflow of funds.
- 3.1.7 The Scheme is not a Scheme of Corporate Debt Restructuring as envisaged under Section 230(2)(c) of the Act.
- 3.1.8 The Scheme will not adversely affect the rights and interest of any Shareholder of the Company and Creditor in any manner whatsoever.
- 3.1.9 Effectiveness of the Scheme of Arrangement is subject to the following approvals:
 - (i) Approval of Reserve Bank of India;
 - (ii) No Objection of the Draft Scheme of Arrangement from the BSE Limited;
 - (iii) Approval of the Draft Scheme of Arrangement by the Shareholders Company 1 and Company 2 as directed by the National Company Law Tribunal (NCLT), Mumbai Bench or by the Regulatory Authorities of Australia, if required;



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- (iv) Such other sanctions and approvals including sanction of the Central Government and any other Governmental Authority as may be required by Applicable Law in respect of the Scheme;
- (v) the Scheme being approved by the public shareholders of Company 1 through e-voting in terms of para 9(a) of Part I(A) of Annexure I of the SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and para (A) 10 (a) of part I of the SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 and the Scheme shall be acted upon only if votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it;
- (vi) Order of NCLT, Mumbai approving the Scheme.

4. Scheme not detrimental to the shareholders of the Company:

The Scheme will result Company 1 to acquiring 735,161 equity shares in GMSI, which shall lead to consolidation of the strengths of Company 1, Company 2 and GMSI, in terms of both Projects and Personnel.

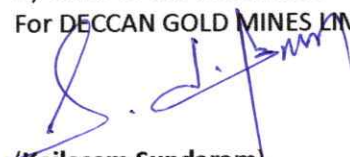
Except the cost of implementation of the Scheme, there are no additional costs involved for the proposed scheme. The Committee is of the opinion that the expected synergies and benefits in pursuance of the proposed scheme would result in potential to get revenue in Company 1 and would offset the impact of costs of implementation of the Scheme.

Except entitlement of equity shares in Company 1 to the shareholders of Company 2 and to the proposed shareholders of the Company 1, there is no other effect on the existing shareholders of the Company 1, therefore, the scheme is not determinantal to the shareholders of Company 1.

5. Recommendation of the Committee of Independent Directors:

In view of the above, the Committee recommends the draft Scheme of Arrangement to the Board of Directors of the Company for their consideration and approval.

By order of the Committee
For DECCAN GOLD MINES LIMITED


(Kailasam Sundaram)
Chairman of the Committee
of Independent Directors
DIN: 07197319

Place: **Bengaluru**
Date: **September 24, 2021**

