

DECCAN GOLD MINES LIMITED
RELATED PARTY TRANSACTION POLICY
(w.e.f. April 1, 2022)

1) PREAMBLE

The Board of Directors ("**Board**") of Deccan Gold Mines Limited ("**Company**"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may recommend amendments to this policy to the Board. The Board may amend this policy from time to time.

This Policy will be applicable to the Company. This Policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2) POLICY OBJECTIVE

This Policy is framed as per requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI (LODR) Regulations**"). Company intends to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its stakeholders.

3) DEFINITIONS

"**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.

"**Audit Committee**" means Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Regulations with the Stock Exchanges and the Companies Act, 2013.

"**Board of Directors**" or "**Board**" means the Board of Directors of Deccan Gold Mines Limited, as constituted from time to time.

“Company” means **“Deccan Gold Mines Limited”**.

“Material Related Party Transaction” means a transaction with a Related Party where the transactions to be entered into individually or taken together with previous transactions a Related Party during a Financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited Financial Statements of the Company, whichever is lower.

Notwithstanding the above, 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 transaction(s) during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited Financial Statements of the Company.

The above definition shall however be subject to change as may be prescribed under SEBI Listing Regulations from time to time.

“Material Modifications” means any modification to an existing related party transaction, approved by the Audit Committee/ Board / Shareholders, as the case may be, exceeding 20% of the existing limits in terms of value of contract(s) / arrangement(s).

The Audit Committee at the time of approving a related party transaction shall determine a level of variation permissible for the particular transaction during the financial year, beyond which it will be construed as a subsequent material modification and shall require a fresh approval of the Audit Committee. However, the following modifications will be deemed to be material modifications which shall require prior approval of the Audit Committee:

- where any modification to an approved related party transaction that results in transaction no longer being at an arms' length transaction; or
- in case of contract or arrangement for purchase, supply or sale of goods or rendering or availing of services, leasing of property of any kind, an upward 20% revision to the original contract/arrangement value, or

- In the case of Inter Corporate Deposits (ICD) or loans, any change in the rate of interest at which the ICD or loan was given or any other similar material change in the term at which it was provided, on case to case basis.

Audit Committee may evaluate and determine on case by case basis if a particular modification is material or not.

“Related Party” in relation to the Company means a party related with the Company as laid down in section 2(76) of the Act and under Regulation 2(1)(zb) of the SEBI (LODR) Regulations as amended from time to time.

“Related Party Transaction” means –

- For the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub- section (1) of Section 188 of the Act;
- For the purpose of Regulation 23, “related party transaction” means a transaction involving a transfer of resources, services or obligations between:
 - i. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
 - ii. a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

The following shall not be a related party transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and
- b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to

their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

The above definition of related party transaction shall stand revised to the extent modifications/amendments are made in the Act or SEBI (LODR) Regulations.

“**Subsidiary**” means a Company as defined under Section 2(87) of the Act.

4) MATERIALITY THRESHOLDS

Regulation 23(1) of the SEBI (LODR) Regulations requires a Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution. The Company has fixed its materiality threshold as transaction(s) exceeding one thousand crores or 10% of the annual consolidated turnover of the Company whichever is lower as per last audited financial statements of the Company as per the provisions of SEBI (LODR) Regulations.

Notwithstanding the above, 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 listed entity as per the last audited financial statements of the listed entity.

5) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a. Identification of related parties

The Board shall provide guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules

framed there under and the SEBI (LODR) Regulations as may be required from time to time.

b. Identification of related party transactions

The Board shall provide guidelines for identification of related party transactions in accordance with Section 188 of the Act and the SEBI (LODR) Regulations. The Board shall also provide guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

c. Procedure for approval of related party transactions

Approval of the Audit Committee

All related party transactions and subsequent material modifications require prior approval of the Audit Committee. Only those members of the audit committee, who are independent directors, shall approve related party transactions.

Approval of Related Party Transaction of Subsidiary(ies):

A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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 consolidated turnover, as per the last audited financial statements of the Company.

With effect from April 01, 2023, the above limit of ten per cent shall be calculated on annual standalone turnover of last audited financial statements of the respective subsidiary company.

Omnibus approval(s):

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a. The audit committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus

approval and that such approval is in the interest of the company;

- c. The omnibus approval shall provide -
- i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - ii) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%) and
 - iii) such other conditions as the Audit Committee may deem fit.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rupees One Crore per transaction.

- d. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given;
- e. Omnibus approval shall be valid for a period of one financial year and shall require fresh approvals after the expiry of one financial year.
- f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee/ Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;

- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - third party comparable, valuation reports, price publications including stock exchange and commodity market quotations
 - management assessment of pricing terms and business justification for the proposed transaction;
- Comparative analysis, if any, of other such transaction entered into by the company.

Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down Clause 5 of the Policy, which are intended to be placed before the shareholders for approval.

Approval of the Shareholders of the Company

All the transactions with related parties meeting the materiality thresholds and subsequent material modifications, laid down in the Policy, shall require prior approval of the shareholders of the Company.

For this purpose, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not:

Regulation 23(5) provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary or between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders' for their approval.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

6) DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties in Form AOC-2 as per the format provided in the Act.

In addition to the above, the Company shall also provide/publish details of all related party transactions in the manner as provided in SEBI (LODR) Regulations.

7) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

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 of 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.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the Board of Directors or Shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.
