

**POLICY FOR CONSIDERATION AND APPROVAL OF RELATED PARTY  
TRANSACTIONS**

**1. Introduction**

The Board of Directors ("Board") of Midwest Gold Limited ("Company") has adopted the following policy and procedures with regard to Related Party Transactions as defined below. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also provides for materiality of related party transactions.

**1.1 Scope and purpose of the policy**

The Board of the Company has adopted the following policy and procedures with regard to Related Party Transactions. The Audit Committee will review and may amend the policy as and when required subject to approval of the Board.

The objective of this policy is to regulate transactions between the Company and its Related Parties as determined based on the Companies Act, 2013, Listing Agreement and any other laws and regulations as may be applicable to the Company.

**2. Definitions:**

- 2.1 "Act" means the Companies Act, 2013 including any amendment or modification thereof.
- 2.2 "Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated.
- 2.3 "Associate" means a company as defined under section 2(6) of the Companies Act,

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- 2013 and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements".
- 2.4 "Audit Committee" means the Committee of the Board formed under section 177 of the Act and Regulation 18 of SEBI (LODR) Regulations, 2015.
- 2.5 "Body Corporate" means an entity as defined in Section 2(11) of the Companies Act, 2013.
- 2.6 "Company" means the Midwest Gold Limited (Formerly, Nova Granites (India) Limited
- 2.7 "Director" means a person as defined in Section 2(34) of the Companies Act, 2013.
- 2.8 "Employees" shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.
- 2.9 "Key Managerial Personnel or KMP" shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed there under.
- 2.10 "Material Related Party Transactions" shall mean a transaction as defined as material in Regulation 23 of SEBI (LODR) Regulations, 2015 or any other law or regulation including any amendment or modification thereof, as may be applicable.
- 2.11 "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.
- 2.12 "Relative" with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed there under.

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2.13 "Related Party" means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Regulation 2 (1) (zb) of SEBI (LODR) Regulations, 2015 as reproduced below:

**As per Section 2 (76) of the Act, "Related Party", with reference to a company, means—**

- i) A director or his relative;
- ii) A key managerial personnel or his relative;
- iii) A firm, in which a director, manager or his relative is a partner;
- iv) A private company in which a director or manager is a member or director;
- v) A public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
- vi) Anybody 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.
- vii) Any person on whose advice, directions or instructions a director or manager is accustomed to Act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii) Any company which is—
  - (a) a holding, subsidiary or an associate company of such company; or
  - (b) a subsidiary of a holding company to which it is also a subsidiary;
- ix) a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a Company as per Rule 3 of Co`s (Specification of Definitions details) Rules, 2014

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As per Regulation 2(1)(zb) of SEBI (LODR) Regulations, 2015; an entity shall be considered as related to the Company if;

- i) Such entity is related party under Section 2 (76) of the Companies Act 2013;  
or
- ii) Such entity is related party under applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

- i) Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);.

2.14 "Related Party Transactions or RPT" shall mean such transactions as specified under Section 188 of the Act or rules made there under and Clause 49(VII)(A) of the Listing Agreement (including any amendment or modification thereof, as may be applicable) as given below;

**Transactions specified under Section 188 of the Act;**

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or Property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and Related party transactions.
- (g) Underwriting the subscription of any securities or derivatives thereof, of the

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Company:

**As per Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015; a Related Party Transaction** means a transfer of resources, services or obligations between a listed entity and a related party, 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.

- 2.15 SEBI (LODR) Regulations, 2015 means SEBI (Listing Obligations and Disclosure Requirements), 2015 as applicable to the Company including any amendment or modification thereof.
- 2.16 "Subsidiary" means a company as defined in Section 2(87) of the Companies Act, 2013.
- 2.17 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR) Regulations, 2015, Securities Contract Regulation Act or any other applicable law or regulation including any amendment or modification thereof.

### 3. Related party transactions under the policy

- 3.1 Any transfer of resources, services or obligations between the company and a related party, would get covered as a '**Related Party Transaction**', whether or not, there is an element of consideration or price.
- 3.2 Prohibited Related party transactions

Any transaction with a Related Party can be undertaken only if it is in compliance with the law.

### 3.3 Approval Process

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a) The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company;
- b) Such omnibus approval shall specify the following:
  - Name(s) of the Related Party;
  - Nature of the transaction;
  - Period of transaction;
  - Maximum amount of transaction that can be entered into;
  - The indicative base price/current contracted price and the formula for variation in the price, if any and
  - Such other conditions as the Audit Committee may deem fit.
- c) Such transactions under omnibus approval will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction.
- d) In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction only;
- e) The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;
- f) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- g) Notwithstanding the foregoing, the following Related Party Transactions shall not

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require specific approval of the Audit Committee:

- i) Any transaction with wholly owned subsidiaries in the ordinary course of operations.
- ii) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, and in line with the terms of Appointment
- iii) 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 Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

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The following types of transactions require approval from shareholders, subject to the provisions of section 188 of the companies act, 2013:

- Transactions not in the ordinary course of business
- Transactions in the ordinary course of business if not done at an arm's length
- Material Transactions as defined under Regulation 23 of SEBI (LODR) Regulations, 2015

**4. Board's Approval**

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

**5. Shareholders' Approval**

In the case of Material Related Party Transaction or transactions as required under Act or SEBI (LODR) Regulations, 2015, the approval of the shareholders by way of resolution is required irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm length or both and the Related Party shall abstain from voting on such resolutions.

**6. Transactions at arm's length**

The Company adopts generally accepted practices and principles in determining whether the transaction is at "arm's length".



**7. Disclosure**

Details of all material transactions with related parties shall be disclosed, in the Annual Report since the relevant Regulation Under SEBI (LODR) Regulations, 2015 is not applicable to the Company.

**8. Interpretation**

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made there under, SEBI(LODR) Regulations, 2015, Accounting Standards or any other relevant legislation / law applicable to the Company.

In case of any dispute or difference upon the meaning/ interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

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