

**SOUTH WEST PINNACLE EXPLORATION LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS**

## **INTRODUCTION**

The enactment of the Companies Act 2013 (the “Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and requirements under the Income Tax Act relating to Transfer Pricing both for International and Domestic transactions has resulted into a significant importance on the compliances to be made on the Related Party Transactions. Pursuant to Regulation 23 of Listing Regulations, the Company is required to devise a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. **SOUTH WEST PINNACLE EXPLORATION LIMITED** recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s and its stockholders’ best interests. Therefore, this policy regarding the review and approval of Related Party Transactions (RPTs) has been adopted by the Company’s Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved and/or ratified.

## **OBJECTIVE**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

The Audit Committee (“Audit Committee”), shall review, approve and where permitted ratify Related Party Transactions based on this Policy in terms of the requirements under the above regulatory provisions as applicable.

## **APPLICABILITY**

This Policy shall come into force with effect from applicability of Rules and regulations of SEBI (LODR) Regulations, 2015 and Companies Act, 2013

## **DEFINITIONS**

For the purposes of this policy, the following definitions apply:

- i. ‘Act’ means the Securities and Exchange Board of India Act, 1992 and Companies Act, 2013, as amended from time to time.
- ii. ‘Arm’s Length Transaction’ means a transaction between the Company and its Related Party(ies) that is conducted as if they were unrelated and at a fair value, so that there is no conflict of interest.

- iii. **‘Associate Company’** in relation to another company, means a company in which that other Company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture.

“Significant Influence” means control of at least twenty percent of total share capital, or of business decision under an agreement.

- iv. **‘Audit Committee’** or **‘Committee’** means Committee of Board of Directors of the Company constituted under provisions of the Act and the Listing Regulations.

- v. **‘Director’** means a director on the board of the company.

- vi. **‘Key Managerial Personnel or KMP’** means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

- vii. **‘Material Related Party Transaction’** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- viii. **‘Policy’** means this Related Party Transaction Policy.

- ix. **‘Related Party’** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

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

- x. **‘Related Party Transaction’** means transfer of resources, services or obligations between the Company and its 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.

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

- xi. **“Stock Exchange”** means a recognised stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956

- xii. **‘Subsidiary company’** or **‘subsidiary’** means the company as defined under Section 2(87) of the Companies Act, 2013.

- xiii. **‘Total Share Capital’** means the aggregate of the (a) paid-up equity share capital;

and (b) convertible preference share capital. Words and expressions not defined in this Policy shall have the same meaning as contained in the Act read with the Rules made thereunder, the Listing Regulations or any other applicable laws or regulations.

## **POLICY**

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent/regular/repetitive transactions which are in the normal course of business of the Company the Committee may grant standing pre – approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances the Committee may ratify the transactions in accordance with this Policy.

## **REVIEW AND APPROVALS:**

### **APPROVAL BY THE BOARD**

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects 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 at a meeting 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.

### **APPROVAL OF AUDIT COMMITTEE**

- i. All the Related Party Transactions shall require prior approval of the Audit Committee.
- ii. The Audit Committee may grant omnibus approval for Related Party Transactions subject to the conditions as laid down under the Listing Regulation, as amended from time to time.
- iii. Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction shall abstain from discussion and voting.

**POLICY REVIEW AND AMENDMENT**

- i. This Policy is based on the provisions of the Act and rules framed there under and as per the requirements of the Listing Regulation.
- ii. In case of any changes in the provisions of the Act the Listing Regulation or any other regulation which are inconsistent with the Policy such amended provisions would prevail over the Policy.
- iii. The Company Secretary and Chief Financial Officer jointly/severally authorized to amend this Policy to be consistent with the prevailing provisions of the Act and Listing Regulation, which shall be placed before the Audit Committee and Board for their approval.