

**SOUTH WEST PINNACLE EXPLORATION LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS**

## **Policy on Related Party Transactions**

### **1.00 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 (SWPE)** 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.

### **2.00 Objective:**

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 and Rules made thereunder (“the Act”), Indian Accounting Standard -24 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“Listing Regulations”), as amended or re-enacted from time to time and which relate to the identification of the Related Parties (as defined in Clause 2.06 below) and governance and approval of the Related Party Transactions, (as defined in Clause 2.08 below), wherever required.

**2.0 Definitions:**

- 2.01**     **‘Act’** means the Securities and Exchange Board of India Act, 1992 and Companies Act, 2013, as amended from time to time
- 2.02**     **Arms’ Length Transactions:** The expression “Arm’s Length Transaction” shall mean:
- (a) The transaction carried on between the Company and the Related Party on similar terms and conditions as of an unrelated party, including the price; or/and
  - (b) Such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income-Tax Act, 1961.
- 2.03**     **‘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
- 2.04**     **‘Audit Committee’ or ‘Committee’** means Committee of Board of Directors of the Company constituted under provisions of the Act and the Listing Regulations.
- 2.05**     **Close members:** Close members of the family of a person are the persons specified within meaning of ‘Relative’ under the Act and that person’s domestic partner, children of that person’s domestic partner and dependants of that person’s domestic partner.
- 2.06**     **Director’** means a director on the board of the company
- 2.07**     **Key Managerial Personnel (KMP)** means Key Managerial Personnel as defined under the Act or under the Applicable Accounting Standards:
- (a) Key Managerial Personnel as per sub-section (51) of
- section 2 of the Act: Key Managerial Personnel, in

relation to a company, means –

- (i) the Chief Executive Officer or the Managing Director or the Manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-Time Director;
  - (iv) the Chief Financial Officer;
  - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (vi) such other officer as may be prescribed;
- (b) Key Management Personnel as per Indian Accounting Standard (Ind-AS) 24:

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

## **2.08 Material Transactions:**

Material Related Party Transaction shall mean a transaction to be entered into with and between Related Parties, which individually or taken together with previous transactions during a financial year, exceeds the threshold of:

- 5% of the annual consolidated turnover of the Company as per its last audited financial statements, or such sum or limit as may be prescribed under the Listing Regulations, in case of transactions involving payments made with respect to brand usage or royalty, or
- Rs. 1000 Crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower, or such sum or limit as may be prescribed under the Listing Regulations, in case of any other transaction(s).

## **2.09 ‘Policy’ means this Related Party Transaction Policy.**

**2.10 Related Party: Related Party as per the provisions of the Act and Listing Regulations shall mean:**

- I. a related party as defined under Section 2(76) of the Act; read with applicable rules made thereunder, as amended from time to time
- II. Related Party as defined under the applicable Indian Accounting Standards;
- III. any person or entity forming a part of the Promoter or Promoter Group of the Company;  
any person or entity, holding equity shares of 10% or more in the Company, either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediately preceding financial year.

**2.11 Relative:** “Relative” in respect of the Company’s Directors and Key Managerial Personnel shall mean as specified under the Act, which are as under:

- (i) Members of Hindu Undivided Family
- (ii) Husband and wife
- (iii) Father, including step father
- (iv) Mother, including step mother
- (v) Son, including step son
- (vi) Son’s Wife
- (vii) Daughter
- (viii) Daughter’s husband
- (ix) Brother, including step brother
- (x) Sister, including step sister

**2.12 Related Party Transaction(s):**

- (i) A Related Party Transaction(s) shall mean the transactions, contracts and arrangements prescribed in Section 188 of the Act, as defined under the Listing Regulations and defined under applicable Indian Accounting Standards, and shall include transfer of resources, services or obligations between The Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or b) The Company 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 Company or any of its subsidiaries.

The following transactions shall, inter alia, qualify to be Related Party Transactions:

- (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
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company:

Provided that 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;
- b) the following corporate actions 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.
- c) Retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors. **(Amendment dated 12/12/2024)**

For the purpose of the above, a Related Party Transaction shall include a single transaction or a group of transactions in a contract, with a Related Party.

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

**2.14 Subsidiary company' or 'subsidiary'** means the company as defined under Section 2(87) of the Companies Act, 2013.

**2.15 '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.

### **3.0 Identification of Related Parties:**

3.01 Each Director or Key Managerial Personnel whenever wishes to enter into a Related Party Transaction with entities involving either him/ her or his /her Relative or Close Member, shall disclose his interest to the Company by giving a Notice to the Company along with all the relevant details and documents.

3.02 Notice of any Related Party Transaction, referred to in Clause 3.01, shall be given well in advance so that the Company has adequate time to obtain additional information or document about the proposed Related Party Transaction, if necessary, which is required to be placed before the Audit Committee to enable it to approve the Related Party Transaction.

3.03 Every Director, Key Managerial Personnel shall also make annual disclosures as under:

- a. List of Relatives and Close Member as defined in Clause 2.06 and 2.02 above, respectively.
- b. List of private companies where the Company's Director is either a director or a member.
- c. List of firms where the Company's director or his relatives are partner.
- d. List of Public companies in which any Swpe's director is also a director and he, along with his/her relatives also holds more than 2% of the shareholdings.
- e. Any other relevant information/disclosure required under the Act, applicable Indian Accounting Standards and Listing Regulations.

3.04 Every Director and Key Managerial Personnel shall also promptly intimate any change in the annual disclosures mentioned in Clause 3.03.

### **4.00 Review and Approval of Related Party Transactions**

#### **4.01 Approval by the Audit Committee:**

4.02 The Company shall not enter into any Related Party Transactions with any Related Party without prior approval of the Audit Committee. Only those Members of the Audit Committee, who are Independent directors, shall approve Related Party Transactions.

4.03 The Notices referred to in Clause 3.01 above received by the Company from the Directors, Key Managerial Personnel or any other employee shall be forwarded to the Company Secretary with a direction to convene a meeting of the Audit Committee.

4.04 The Company Secretary shall convene the meeting of the Audit Committee, as directed, and shall place all the relevant information/documents relating to the proposed Related Party Transaction(s) before the Audit Committee, which inter-alia shall include:

- (a) The name of the Related Party and nature of relationship;
- (b) The nature, duration and particulars of the contract or arrangement; such as business purpose of the transaction, the benefit of the contract or arrangement to the Company/Related Party etc.
- (c) The material terms and conditions of the contract or arrangement including the value, if any;
- (d) Any advance paid or received for the contract or arrangement, if any;
- (e) The manner of determining the pricing and other commercial terms, both included as part of contract and also not considered as part of the contract;
- (f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (h) Any other information relevant or important for the Audit Committee and/or Board of Directors to take a decision on the proposed Related Party Transaction.

4.05 The Audit Committee may appoint an expert preferably a Chartered Accountant conversant with and having relevant experience in the area of Transfer Pricing



Regulations as a Related Party Transaction Auditor (RPT Auditor) who shall peruse and review all the transactions and provide a report whether the Related Party Transactions are in the ordinary course of business and on an arms' length basis. The Company Secretary shall provide all relevant papers and information regarding the transactions to the RPT Auditor.

4.06 The Audit Committee will consider the information/documents related to Related Party Transactions placed before it and also consider the report of the RPT Auditor and either approve or reject the same on merit.

4.07 If any member of the Audit Committee is interested in any Related Party Transaction with a Related Party, such member shall not be present at the Audit Committee Meeting, neither during the discussions on the subject matter nor at the time of voting on the resolution relating to such Related Party Transaction.

4.08 Wherever necessary, the Audit Committee may, after examining all the documents and the Report of the RPT Auditor, if any, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company, subject to the following conditions:

1. The following criteria for granting omnibus approvals are fulfilled:
  - 1.1 The transactions qualify to be in the "Ordinary Course of business" as defined above and satisfy "Arm's length price" condition.
  - 1.2 The transactions are repetitive in nature
2. The Audit Committee has satisfied itself the need for such omnibus approval and that such approval is in the interest of the Company.
3. Such omnibus approval shall specify the name(s) of the Related Party, nature of 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.
4. Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions, subject to their value not exceeding Rs. 1.00 crore per transaction.
5. Audit Committee shall review on a quarterly basis, the details of Related Party

Transactions, entered into by the Company pursuant to any omnibus approval granted.

6. The omnibus approval granted shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

## **5.00 Approval of the Board:**

5.01 The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:

- a. Transactions not in arm's length.
- b. Transactions not in ordinary course of business.
- c. Material transactions defined in Clause 2.04.
- d. Any other transaction(s) which may not qualify to be a Related Party Transaction under the Act but which qualifies to be a Related Party Transaction under Listing Regulations and which require the approval of the shareholders.

5.02 The Board of Directors shall consider the information/documents placed before it and either approve or reject the proposed Related Party Transactions with a Related Party, referred to in Clause 2.07.

5.03 The Board of Directors shall also obtain approval of the shareholders by way of a Resolution for the approval of the Related Party Transactions on transactions with Related Parties which are not in the Ordinary Course of Business mentioned in Clause 2.05 and / or which are not on Arm's Length basis as mentioned in Clause 2.01 or which are Material Transactions as defined in Clause 2.04, provided that the value of such transactions does not exceed the threshold limit prescribed under Section 188 of the Act and the Rules made thereunder.

5.04 The Board of Directors shall, for the purpose of Clause 5.03, decide whether the approval of the Related Party Transactions by the shareholders shall be sought at the General Meeting or through Postal Ballot in accordance with the Act and Rules thereunder.

5.05 If the approval of the shareholders is proposed to be sought at the General

Meeting, the Board of Directors shall fix the date of such General Meeting and shall also approve the Notice of the same. The Explanatory Statement to be attached to such Notice shall inter alia include the following particulars name:

5.05(a) Name of the Related Party;

5.05(b) Name of the director or key managerial personnel who is related, if any;

5.05(c) Nature of relationship;

5.05(d) Nature, material terms, monetary value and particulars of the contract or arrangement;

5.05(e) Any other information relevant or important for the shareholders to make an informed decision.

5.06 In case approval is proposed to be sought through Postal Ballot, the Board of Directors shall approve the Notice and Explanatory Statement (including therein the particulars mentioned in (a) to (e) of Clause 5.05) of the same and the Resolution proposed to be passed by the shareholders.

5.07 If any director is interested in any Related Party Transaction with the Related Party, he/she shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Related Party Transaction.

## **6.0 Approval by the Shareholders:**

6.01 No transaction, contract or arrangement referred to in Clause 5.03 shall be carried out/entered into with a Related Party, without the prior approval of the shareholders by way of a Resolution.

6.02 The Notice and Explanatory Statement for approval of the Related Party Transactions by the shareholders at a General Meeting or through a Postal Ballot:

- i. Shall be sent to the shareholders at least 21 (twenty-one days) in advance, and;

- ii. Shareholders shall be given option to cast their votes through e-voting.

6.03 All entities falling under the definition of Related Parties shall abstain from voting on such Resolution relating to any transaction, contract or arrangement which is proposed to be entered into by the Company, with such Related Party., irrespective of whether the entity is a party to the particular transaction or not.

## **7.00 Ratification of Exceptional Cases:**

7.01. Any transaction, contract or arrangement entered into by a Director or any other employee with the Company, without obtaining the consent of the Audit Committee or Board of Directors or approval by a Resolution of the General Meeting, wherever applicable, can in genuine cases be ratified by the members of the Audit Committee *who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier*, and/or the Board of Directors or the shareholders, as the case

may be, at a General Meeting, as permitted in the Act, provided that such Director or any other employee who had authorised such transactions agrees to indemnify the Company against any loss incurred by the Company.

7.02 Approval for such exceptional Related Party Transactions shall be granted by the Audit Committee and/or Board of Directors, as the case may be on merit and approval of the shareholders by way of Resolution shall also be obtained, wherever required.

7.03 If the approval sought from the Audit Committee, Board of Directors and the shareholders under Clause 5.02, is not granted, the transaction, contract or arrangement shall stand cancelled with immediate effect and the Director or the concerned employee shall be liable to indemnify the losses, if any, caused to the Company on account of the said Related Party Transaction.

7.04 For the purpose of indemnification of loss, as referred to in Clause 5.03, it will be open for the Company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of the Act, for recovery of such loss.

## **8.0 General Exemption:**

8.01 There is no approval required for transactions entered into between the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders of the Company for approval.

8.02 Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

## **9.0 Disclosures:**

9.01 The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.

9.02 Every transaction, contract or arrangement entered into with Related Parties shall be referred to in the Report of the Board of Directors to the shareholders along with the justification for entering into such transaction, contract or arrangement.

9.03 Details of all Material Transactions, as defined in Clause 2.04, with Related Parties shall be disclosed to the Stock Exchanges where the securities of the Company are listed, on quarterly basis along with the compliance report on corporate governance pursuant to Listing Regulations.

9.04 Disclosure regarding Related Party relationship and transactions to be made in the Financial Statements as required under the relevant/applicable Indian Accounting Standards and /or Listing Regulations.

9.05 Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee and disclosure provided that the same is not material in terms of the provisions of the Act and the Listing Regulations. **(New amendment dated 12/12/2024)**

## **10.0 Miscellaneous:**

10.01 This Policy, as amended up to date, shall come into force w.e.f. date of its adoption and may be revised by the Board, if it so deems fit.

10.02 If any provision of this Policy contravenes any provision of the Act, Applicable Accounting Standards and Listing Regulations, that provision of this Policy shall always be deemed to have been amended since inception in line with the applicable provisions of the Act, Applicable Accounting Standards and Listing Regulations.