

SOUTH WEST PINNACLE EXPLORATION LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

PREAMBLE

The Board of Directors (the “Board”) of South West Pinnacle Exploration Limited (the “ Company”) has adopted the following policy and procedures in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated this policy for determining material subsidiary of the Company.

OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. This policy is intended to augment and work in conjunction with regulatory provisions and other Company policies.

DEFINITIONS

- a) **“Act”** means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- b) **“Board of Directors”** or **“Board”** means the Board of Directors of South West Pinnacle Exploration Limited, as constituted from time to time.
- c) **“Company”** means South West Pinnacle Exploration Limited.
- d) **“Holding Company”** means Holding Company as defined under section 2(46) of the Act.
- e) **“Independent Director”** means an Independent Director as defined in section 2(47) of the Act.
- f) **“Policy”** means this policy on Material Subsidiaries and as may be amended from time to time .
- g) **“Subsidiary/ Subsidiary Company”** means a subsidiary as defined under sec. 2(87) of the Companies Act, 2013 and the rules made thereunder. Where a listed holding Company has a listed subsidiary which is itself a holding Company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

The words and expressions used in this policy unless defined hereunder, shall have the same meaning ascribed to it, as defined under Companies Act, 2013 or the Rules framed thereunder, SEBI

Act, 1992, Securities Contracts (Regulation) Act, 1956, the SEBI (ICDR) regulations or any statutory modifications or re-enactment thereof , as the case may be.

POLICY

A subsidiary shall be considered as **Material** if its –

- Net worth exceeds 20% of the consolidated net worth of the listed Company and its subsidiaries as per the audited balance sheet of the immediately preceding accounting year; or
- Income exceeds 20% of the consolidated income of the listed Company and its subsidiaries as per the audited balance sheet of the immediately preceding accounting year.

A list of such Material subsidiaries and Material Non Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

PROVISION WITH REGARD TO SUBSIDIARY COMPANIES

- 1) The Audit Committee of the company shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
- 2) The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company;
- 3) The management shall periodically bring to the attention of the Board of Directors of the company, a statement of all significant transactions & arrangements entered into by the unlisted subsidiary company;

AMENDMENTS/MODIFICATIONS

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

DISPOSAL OF SHARES OR ASSETS OF MATERIAL SUBSIDIARY COMPANY

The company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in General Meeting except in cases where such disinvestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

Further, sell, disposal & lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year shall require approval of the shareholders by way of passing special resolution , unless the sale/disposal/lease is made under a scheme of arrangement duly approved by Court/Tribunal.

SCOPE AND LIMITATION

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or any other applicable law which makes any of the provisions in this Policy inconsistent with the Companies Act, 2013 or the Listing Regulations or such applicable law, the provisions of the Companies Act, 2013 or the Listing Regulations or such applicable law would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with such changes.