

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Introduction:

This policy is in terms of Clause 49 of the Listing Agreement with the Stock Exchange.

The Board of Directors (the “Board”) of Pokarna Limited (the “Company”) has adopted the following policy with regard to determination of Material Subsidiaries as defined below.

This policy shall be reviewed by the Audit Committee (“Committee”) as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be submitted for consideration of the Board.

Effective Date:

This policy will be applicable to the Company effective 1st October 2014.

Identification of Material Subsidiaries:

A subsidiary shall be a ‘Material Subsidiary’, if any of the following conditions are satisfied:

- (a) the investment of the Company in the subsidiary exceeds twenty per cent of the consolidated net worth as per the audited consolidated balance sheet of the previous financial year; or
- (b) the subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year as per the audited consolidated financial statements of the Company.

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