

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

The Policy for determining Material Subsidiaries of Navkar Corporation Limited has been approved by the Board of Directors of the Company at their meeting held on Wednesday, 15th April, 2015, at 11.00 a.m., at the registered office of the Company situated at 205-206, J.K. Chambers, Sector 17, Vashi, Navi Mumbai-400705

1) INTRODUCTION:

The Board of Directors (the “Board”) of Navkar Corporation Limited (the “Company”) have adopted the following policy and procedure with regard to determination of “Material Subsidiaries” and Disclosures thereof, in line with the requirements of revised Clause 49 (V) (D) of the Listing Agreement on Corporate Governance.

2) PURPOSE :

The purpose of this policy is to determine Material Subsidiaries of the Company and to provide structure for the working of such subsidiaries.

3) OBJECTIVE :

The Objective of this policy is to determine:

- I. The meaning of “**Material Subsidiary**”
- II. Appointment of Director on the Board of Material Subsidiary who shall be the Independent Director on the Board of Holding Company.
- III. Restrictions on disposal of Shares of Material Subsidiaries
- IV. Restrictions on disposal of Assets of Material Subsidiaries

4) KEY DEFINITIONS:

Company:

Company means “Navkar Corporation Limited”

Control:

Control shall include the Right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other matter.

Material Subsidiary:

Is a Subsidiary which satisfies the following criteria:

1) In which Investment of the Company, exceeds 20% of its Consolidated net worth as per the audited Balance Sheet of the previous Financial Year.

Or

2) The Subsidiary Company has generated 20% of the consolidated income of the Company during the Previous Financial Year.

Material Non - Listed Indian Subsidiary:

The “Material Non Listed Indian Subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. Paid up Capital and free reserves) exceeds 20% of the consolidated income or net worth respectively of the Listed holding Company and its Subsidiaries in the immediately preceding Financial year.

Significant Transaction or Arrangement:

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total Assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

Subsidiary:

Subsidiary shall be defined under the Companies Act, 2013 and the Rules made here under. Section 2(87) of the Companies Act, 2013 defines the term “ Subsidiary Company” or “Subsidiary” in relation to any other Company (that is to say the Holding Company), means a Company in which the Holding Company-

- a. Controls the composition of the Board of Directors; or
- b. Exercises or controls more than one – half of the total Share Capital either at its own or together with one or more of its Subsidiary Companies.

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

5) POLICY ON MATERIAL SUBSIDIARIES

- A. At least one Independent Director of the Company shall be a Director on the Board of Material Non – Listed Indian Subsidiary Company.
- B. The Audit Committee of the listed Holding Company shall also review the Financial Statement, in particular the investments made by the unlisted Subsidiary Company.
- C. The Minutes of the Board Meetings of the Unlisted Subsidiary Company shall be placed at the Board Meeting of the Company. The Management shall periodically bring to the attention of the

Board of the Company, a statement of all significant transactions or arrangements entered into by unlisted Subsidiary Company.

6) DISPOSAL OF SHARES OF MATERIAL UNLISTED SUBSIDIARY COMPANY

The Company shall not dispose 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 its subsidiary without passing a Special Resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal.

7) DISPOSAL OF ASSETS OF MATERIAL UNLISTED SUBSIDIARY COMPANY

Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year is subject to the prior approval of the shareholders by way of Special Resolution, unless the sale/disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

8) DISCLOSURES

The Policy framed for determining Material Subsidiary shall be uploaded on the website of the Company i.e. www.navkarcfs.com and also the web-link thereto shall be provided in the Annual Report.