

# **CANARYS AUTOMATIONS LIMITED**

*(formerly known as Canarys Automations Private Limited)*

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

## **I. OBJECTIVE OF THE POLICY:**

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries. The Policy is framed in accordance with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

## **II. DEFINITIONS:**

1. **“Act”** means the Companies Act 2013 as may be amended from time to time including the applicable Rules, Regulations framed thereunder and Notifications and Circulars issued thereunder.
2. **“Board of Directors”** or **“Board”** means the Board of Directors of the Company, as constituted from time to time.
3. **“Company”** means Canarys Automations Limited.
4. **“Independent Director”** means a director of the Company, not being a wholtime director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and LODR.
5. **“LODR”** means SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as may be amended from time to time including notifications and circulars issued thereunder.
6. **“Material Subsidiary”** unless otherwise provided, means;
  - i. the income of the subsidiary exceeds ten percent of the consolidated income of the company and its subsidiaries in the immediately preceding accounting year; or
  - ii. net worth of the subsidiary exceeds ten percent of the consolidated net-worth of the company and its subsidiaries in the immediately preceding accounting year.

7. **"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 unlisted subsidiary for the immediately preceding accounting year.
8. **"Subsidiary"** means a subsidiary as defined under the Act and Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in LODR and in the absence therein, as per the Act.

### **III. SCOPE & APPLICABILITY:**

1. The Subsidiary shall be considered as "Material" as defined in clause II(6).
2. In case if a listed holding Company has a listed subsidiary, the policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

### **IV. GOVERNANCE FRAMEWORK OF UNLISTED SUBSIDIARY COMPANIES:**

Pursuant to Regulation 24 of the LODR, the following compliances have to be ensured:

1. At least one Independent director on the Board of Directors of the Company shall be a director on the Board of directors of the unlisted Material Subsidiary, whether incorporated in India or not

Explanation - For the above mentioned clause, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

2. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company on annual basis.
3. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
4. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
5. The management shall present to the Audit Committee annually, the list of subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.

#### **V. DISPOSAL OF MATERIAL SUBSIDIARY:**

The Company, without passing a special resolution in its General Meeting, shall not:-

- i. dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%.
- ii. dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary.
- iii. sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

**VI. REVIEW AND AMENDMENTS:**

This policy adopted by the Board at their meeting held on 11<sup>th</sup> August, 2023. 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. 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. Any change in regulatory provisions, rules, and regulations from time to time, the amended provisions shall prevail upon the corresponding provision of this policy from the effective date of such changes in the provisions.

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