



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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1. Purpose

This policy is for determining 'material subsidiary' in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations ("Listing Regulations"), as amended from time to time. This policy intends to identify, classify and ensure governance of material subsidiary(ies) on defined parameters as required under the Listing Regulations.

2. Material Subsidiary

A subsidiary of the Company (whether incorporated in India or in any other country) shall be considered a Material Subsidiary, if its income or net worth exceeds twenty percent of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

3. Governance framework

- a. The Board of Directors shall determine and verify whether any subsidiary of the Company is 'Material' as specified in Clause 2 above after the end of each financial year.
- b. At least one Independent Director of the Company shall be a director on the Board of an unlisted material subsidiary.
- c. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- d. The minutes of the Board meetings of the unlisted subsidiary shall be placed at the Board meeting of the Company.
- e. A statement of all such individual transactions and arrangements, entered into by the unlisted subsidiary(ies), that is likely to exceed ten percent of:
 - i. the total revenues; or
 - ii. total expenses; or
 - iii. total assets; or
 - iv. total liabilities,as the case may be, of the unlisted subsidiary for the immediately preceding accounting year, shall be presented for noting by the Board, at its meeting where audited annual accounts are placed for approval.
- f. The Company shall not, without the prior approval of the shareholders in General Meeting, by way of special resolution:
 - i) dispose of the shares held in material subsidiary(ies) which would reduce the company's shareholding (either on its own or together with other subsidiaries) to less than 50%; or

- ii) dispose of the shares held in material subsidiary(ies) which would cease the exercise of control over the subsidiary; or
 - iii) Sell, dispose of and/ or lease assets amounting to more than twenty percent of the assets to the material subsidiary on an aggregate basis during a financial year unless in cases where the disinvestment/ sale /disposal/ lease is made under a scheme of arrangement duly approved by the National Company Law Tribunal.
4. The Board shall instruct and procure from every unlisted subsidiary on periodical basis a statement of significant transactions and arrangements entered into by the unlisted subsidiary.
5. The Audit Committee shall review this Policy and make recommendations to the Board of Directors of the Company to amend this Policy as it may deem appropriate and in accordance with any regulatory changes.
- 6. Disclosure**

This Policy shall be placed on the Company's website and a web link shall be provided in the annual report.

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ENGINEERING ADVANTAGE

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