

SURESH & CO.
Chartered Accountants

**'SRINIDHI', #43/61, 1st Floor,
Surveyors Street, Basavanagudi,
Bengaluru - 560 004**

**Tele:080-26623610/11
Email: info@sureshandco.com
website:www.sureshandco.com**

To
The Board of Directors
Canarys Automations Limited
(Formerly known as Canarys Automations Private Limited)
No. 566 & 567, 2nd Floor, 30th Main,
Attimabbe Road Banagirinagara,
Banashankari 3rd Stage,
Bengaluru Bangalore 560085 India.

Dear Sir/ Madam,

**Ref: Proposed initial public offering of equity shares of face value of ₹2 each (the "Equity Shares") of
Canarys Automations Limited (Formerly known as Canarys Automations Private Limited) (the "Company"/ "the
"Issuer") comprising a fresh issue of the Equity Shares by the Company (the "Fresh Issue" / "Offer")**

In connection with the proposed offer of equity shares (the "Issue") of **Canarys Automations Limited (Formerly known as Canarys Automations Private Limited)** (the "Company"), the Company is required to obtain a report from the Statutory Auditors, with regard to the Key Performance Indicators ("KPIs") as identified by the Company for the purposes of disclosure in the Red Herring Prospectus([the "Offer Document"/collectively, the "Offer Documents"]), as required by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations").

The accompanying statement containing details of GAAP measures, Non-GAAP Financial measures and Non-Financial measures (part of financial reporting) as described in the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents (herein, referred to as the "KPIs") identified by the Company for the years ended March 31, 2023, 2022 and 2021 as per the requirement of the ICDR Regulations (the "Statement") is prepared by the Management of the Company, which we have initialed for identification purposes only.

(Amount in Rs. Lakhs)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23
Water Resource Management Solutions business			
No. of Projects	10	12	15
No. of Employees	11	14	14
No. of clients	10	19	22
Avg. Revenue per project	114.51	198.87	191.82
Avg. Revenue per Employee	104.10	170.46	205.52
Solution Development business			
No. of Projects	55	68	102
No. of Employees	180*	297*	337*
* Including Professional Consultants	46	65	68
No. of clients	62	74	110
Avg. Revenue per project	25.68	40.48	41.85
Avg. Revenue per Employee	12.10	17.20	15.24
Total Revenue	2,561.72	5,150.89	7,451.93
EBITDA	333.72	706.46	1,347.46
EBITDA(%)	13.03%	13.72%	18.08%
PAT	210.42	455.81	852.51
PAT (%)	8.21%	8.85%	11.44%
Net Worth	1,258.17	1,683.44	2,537.91
Return on Net Worth	16.06%	23.99%	31.54%
Current Ratio	2.071	1.369	1.582
Total No. of countries served	6 to 7	6 to 7	6 to 7
No. of solutions framework developed	3 to 4	3 to 4	3 to 4

Comparison with Listed industry peers for Year ending 2023 are given below:

Compared with the annual reports disclosed on their website:

(Amount in Rs. Lakhs)

Particulars	All E Technologies Limited	Happiest minds Limited.
Total Revenue	9,150	1,45,040
EBITDA	1,596	37,997
EBITDA(%)	17.44%	26.20%
PAT	1,158	23,099
PAT (%)	12.66%	15.93%
Net Worth	10,059	83,882
Debt Service Coverage Ratio	Not available	4.39
Return on Net Worth	11.51%	27.54%
Current Ratio	5.48	1.86
Total No. of countries served*	30+	7
No. of solutions framework developed	IP Led Solutions 6 products	7

*Based on their website

(Amount in Rs. Lakhs)

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Management's Responsibility for the Statement

The preparation of the accompanying Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing, and maintaining adequate internal controls that were operating effectively and testing of such controls for ensuring the accuracy and completeness of information relating to KPIs including such accounting records relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is responsible for:

- a. Identification, definition, completeness, accuracy, relevance, appropriateness and sufficiency of the KPIs included in the Statement;
- b. Providing access to the accounting and other records to the reporting Auditor including information and explanations required for reporting on the KPIs;
- c. Maintenance of the accounting and other records in relation to point (a) and (b) above; and
- d. Compliance with the ICDR Regulations, the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and other regulatory requirements.

Auditor's Responsibility:

Pursuant to the requirements of the ICDR Regulations, it is our responsibility to obtain limited assurance and conclude as to whether (i) the financial details provided in the Statement are in agreement with the audited financial statements and Restated Financial Information (as applicable) as at and for the years ended March 31, 2023, 2022 and 2021 and the underlying books of account maintained by the Company used for the purpose of preparation of the financial statements / Restated Financial Information and (ii) KPIs included in the Statement are mathematically accurate.

The audited financial statements referred to above, have been audited by us for the Financial Year 2022-23 on which we issued an unmodified audit opinion vide our report dated 11 August 2023, for the years ended March 31, 2022 and 2021 we have relied upon the unmodified audit reports of their previous Auditors Hegde and Co. dated 6th September 2021 and 8th September, 2022. Our audit of the financial statements for the year ended March 31st 2023 was conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, as amended (the "Act"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

The restated financial information referred to above, have been examined by us on which we have issued our examination report dated 21 August 2023. Our examination of these restated financial information was conducted taking into consideration the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the restated financial information and the requirements of Section 26 of Part I of Chapter III of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Technical Guide. Our work was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

We conducted our examination of the Statement in accordance with the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which require that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent from a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the following procedures in relation to the Statement:

- a. Obtained list of KPIs from the management and compared the specific components of KPIs as mentioned in the Statement to source of KPIs as maintained by management which includes books of account, audited financial statements and restated financial information maintained by the Company as described above;
- b. Recomputed the mathematical accuracy of the KPIs included in the Statement; and
- c. Conducted relevant management inquiries and obtained necessary representation.

We have no responsibility to update this report for events and circumstances occurring after the respective dates of the reports on the financial statements mentioned above.

We have no responsibility for identification, definition, completeness, relevance, appropriateness and sufficiency of the KPIs included in the Statement.

The procedures we have performed do not constitute an audit or review made in accordance with generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information related to KPIs of the Company.

We did not perform procedures on the KPIs of subsidiaries and joint ventures included in the Statement whose KPIs have been furnished to us by the Company's management and our conclusion on the KPIs of the Group, in so far as it relates to the KPIs included in respect of these components, is based solely on the reports furnished by Company's management.

Inherent Limitations

Our work and conclusion shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Company, the Bankers/ Book Running ss Managers or the Syndicate Members in the capacity of investor or in providing investment advice to their clients or the Company.

We, however, state that this is not an assurance as to the future viability of the Company or whether the KPIs have been considered / have a bearing for arriving at the basis for issue price. We further state that our reporting is based on the facts up to the date of the report and we neither give any guarantee nor any assurance that the KPIs reported will continue to perform and/or report in similar manner in future. It should be noted that the KPIs contained in the Statement may not be measures of operating performance or liquidity defined by generally accepted accounting principles. We make no comment about the Company's definition, methodology or presentation of the KPIs in the Statement or its usefulness for any purposes.

The KPIs included in the Statement should not be considered in isolation from, or as a substitute for, analysis of Company's historical financial performance, as reported and presented in the restated financial information of the Company included in the Offer Document. These KPIs (other than GAAP measures) are not defined in Accounting Standards (AS) notified under section 133 of the Act, are not presented in accordance with AS and have limitations. These KPIs may differ from similarly titled information used by certain peer companies, who may calculate such information differently and hence their comparability with the measures used by the Company may be limited. Therefore, such KPIs should not be viewed as substitutes for measures of performance under AS or as indicators of Company's financial position, financial performance or its cash flows.

Conclusion:

Based on the limited procedures performed by us and based on the audit reports issued by the previous auditors, as above, and the information and explanations given to us, nothing has come to our attention that causes us to believe that (i) the financial details provided in the Statement are not in agreement with the audited financial statements and Restated Consolidated Financial Information for the years ended March 31, 2023, 2022 and 2021 and the underlying books of account maintained by the Company used for the purpose of preparation of the Restated Consolidated Financial Information and (ii) KPIs included in the Statement are not mathematically accurate.

Restriction on Use

This report is addressed to, and provided to, the Board of Directors of the Company for the limited purpose to comply with the requirements of ICDR Regulations [and for use of Practitioners of the issuer company and should not be used by any other person or for any other purpose. This report should not be relied upon by existing or prospective investors for their investment purposes and by the bankers/ book running Book Running Lead Manager involved in the Offer for their due diligence purposes. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

The report is issued solely for the limited purpose to comply with Indian [ICDR Regulations] on KPIs. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India (including in the United States of America), and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. This report should not be relied upon by prospective investors outside India (including persons who are Qualified Institutional Buyers as defined under (i) Rule144A or (ii) Regulation S under the United States Securities Act of 1933, as amended) participating in the Offering. We accept no responsibility and deny any liability to any person who seeks to rely on this report and who may seek to make a claim in connection with any offering of securities on the basis that they had acted in reliance on such information under the protections afforded by United States of America law and regulation or any other laws other than laws of India.

for **SURESH & CO.**

Chartered Accountants

Firm's Registration No: 004255S



Udupi Vikram

Partner

Membership No: 227984

Bengaluru

20 September 2023

UDIN: 23227984BGQSMS2874