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STATEMENT OF SPECIAL TAX BENEFITS

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 Karnataka 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")

Sub: Statement of Special Tax Benefits ('The Statement') available to Canarys Automations Limited ("The Company") and its shareholders under the Direct and Indirect Tax Laws in India.

We hereby report that the enclosed annexure prepared by the management of **Canarys Automations Limited (Formerly known as Canarys Automations Private Limited)**, states the special tax benefits available to the Company and the shareholders of the Company under the Income-Tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "GST Act") presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company's management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of Equity shares ("the Issue") by the Company.

We do not express any opinion or provide any assurance as to whether:

- a) The Company or its shareholders will continue to obtain these benefits in future; or
- b) The conditions prescribed for availing the benefits have been/would be met.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

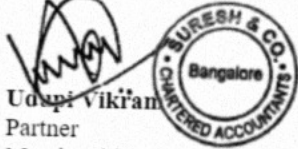
Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein.

We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein. This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Prospectus/ Prospectus or any other issue related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

for **SURESH & CO.**

Chartered Accountants

Firm's Registration No: 00425SS



Uday Vikram

Partner

Membership No: 227984

UDIN: 23227984BGQSR8142

21 August 2023

Bengaluru

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfil.

UNDER THE TAX LAWS**A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY****DIRECT TAX LAWS****Lower corporate tax rate under section 115BAA of the Act:**

As per section 115BAA of the Act, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.168% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2019-20 (i.e. Assessment Year 2020-21).

The Company has adopted the said tax rate with effect from Financial Year 2019-20 (i.e. Assessment Year 2020-21). Such option once exercised shall apply to subsequent assessment years. In such a case, the Company may not be allowed to claim any of the following deductions/exemptions:

- i) Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
- ii) Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
- iii) Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
- iv) Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or subsection (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
- v) Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
- vi) Deduction under section 35CCD (Expenditure on skill development)
- vii) Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M
- viii) No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred from clause i) to vii) above.
- ix) No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred from clause i) to vii) above

Further, it was clarified by CBDT vide Circular No. 29/ 2019 dated 2 October 2019 that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

However, once opted for reduced rate of taxation under the said section, it cannot be subsequently withdrawn.

II. Special tax benefits available to the Shareholders of the Company**1. Dividend taxation:**

With respect to a resident corporate shareholder, deduction under section 80M of the Act is available to the extent of dividend received or distributed by the shareholder, whichever is lower from the shareholder's gross total income computed in accordance with the provisions of the Act.

With respect to non-resident shareholder, the provision of the Agreement for Avoidance of Double Taxation (tax treaty) entered by the Government of India with the country of residence of the non-resident shareholder will be applicable to the extent more beneficial to the non-resident. Accordingly, non-resident shareholder may, subject

to conditions, be subject to tax at a concessional rate for divided income, if any, provided under the relevant tax treaty.

INDIRECT TAX LAWS

Solely in relation to the issue, there are no special indirect tax benefits available to the Company.

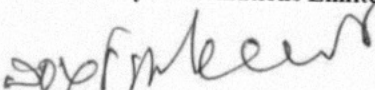
B. SPECIAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS

Solely in relation to the issue, there are no special indirect tax benefits available to the shareholders of the Company.

NOTES:

1. The above is as per the current Tax Laws prevalent as on the date of issuance of this certificate.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.
4. The possible special tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.
5. The tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
6. The stated benefits will be available only to the sole/ first named holder in case the equity shares are held by joint holders.
7. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
8. For the purpose of reporting here, we have not considered the general tax benefits available to the company or shareholders.
9. The above statement covers only certain relevant direct tax law benefits and indirect tax law benefits or benefit.
10. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For Canarys Automations Limited (Formerly known as Canarys Automations Private Limited)


Metikurke Ramaswamy Raman Subbarao
Managing Director
21 August 2023
Bengaluru