

# **CANARYS AUTOMATIONS LIMITED**

*(formerly known as Canarys Automations Private Limited)*

## **DISCLOSURE OF MATERIALITY POLICY**

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

To have a uniform Disclosure Policy to follow best in class Corporate Governance practices with respect to disclosures, to ensure timely, adequate and accurate disclosure of information on an ongoing basis.

## **II. SCOPE AND APPLICABILITY OF THE POLICY:**

This Disclosure Policy is applicable to all disclosures and communication of Material events or information by the Company, which in the opinion of the Board of Directors of the Company, is material.

The SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 divide the events that need to be disclosed broadly in the following categories:

1. Events specified in *Annexure A* are deemed to be material events and Company shall make disclosure of such events.
2. Events specified in *Annexure B* shall require disclosure based on application of guidelines for materiality.
3. Events specified in *Annexure C* shall require disclosure if the event or information viz major development that is likely to affect business

The terms used here will have the same meaning given to it in this Policy. For other terms not defined herein, the term defined under the Companies Act or SEBI Regulations will be applicable.

## **III. DEFINITIONS:**

1. **‘Board of Directors’** or **‘Committee’** shall mean Board of Directors or Committees of the Company
2. **‘Company’** means Canarys Automations Limited and its subsidiaries.
3. **‘Disclosure’** means Disclosure using means and methods as per this Disclosure Policy.

4. **'Disclosure Policy'** means this Policy.
5. **'Material Events'** or **'Material Information'** means Events or Information as defined under Schedule III Part A and Part B of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.
6. **'Officer'** shall have the same meaning as defined under the Companies Act, 2013 and shall also include promoter of the Company.
7. **'Price Sensitive Information'** has the meaning referred to in the Company's Code of Conduct to Regulate, Monitor and Reporting of Trades by Insiders read with the SEBI(Prohibition of Insider Trading) Regulations, 2015.
8. **Key Managerial Personnel:** shall have the meaning as defined under the Companies Act, 2013.

#### **IV. CRITERIA FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION**

The following criteria are to be considered for determining materiality of events or information.

1. Omission of an event or information which is likely to result in discontinuity or alteration of event or information already available publicly;
2. Omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
3. Omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
  - (1) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
  - (2) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;

(3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity;

4. In case where the criteria specified above are not applicable an event/information may be treated as being material if in the opinion of the Board of Directors of the Company, the event/information is considered material;

**V. PROMPT DISCLOSURE OF MATERIAL EVENTS OR INFORMATION:**

The Company shall furnish Material Events or Information to all stakeholders on a continuous and immediate basis. The Board of directors have authorised Chief Financial Officer and the Company Secretary of the Company (herein after referred to as “Authorized officer(s)”) to determine the materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under this regulation. The authorized officer as mentioned above, shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.

**VI. UNINTENDED OR INADVERTANT DISCLOSURES:**

In the event of an unintended disclosure, inadvertently made, by the spokesperson or an employee of the Company it shall be immediately rebutted or clarified to the target audience as soon as possible to minimize any impact due to such un-intended or inadvertent disclosures.

**VII. CONFLICT WITH OTHER POLICIES:**

Unless a specific policy exists for disclosures, this policy shall prevail. In the event of a conflict with those specific policies, provisions of those specific policies shall prevail.

**VIII. GENERAL:**

This policy adopted by the Board at their meeting held on 11<sup>th</sup> August, 2023. The Board shall have absolute right to amend this policy from time to time. This policy is adopted based on the Regulation 30 and other requirements under SEBI (Listing

Obligations and Disclosure Requirement), Regulations, 2015 as amended from time to time and other existing provisions, laws, rules and regulations. 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.

### Annexure A

**List of Events which shall be disclosed without any application of the guidelines for materiality:**

#	Events requiring Disclosure
1.	<p>Acquisition (s) including agreement to acquire, Scheme of Arrangement (amalgamation/merger/demerger/restructuring) or sale or disposal of any unit(s), division, whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in associate company of the listed entity or any other restructuring.</p> <p>Explanation (1) : For the purpose of this sub para, the word “acquisition” shall mean;</p> <ul style="list-style-type: none"> <li>i. acquiring control, whether directly or indirectly; or</li> <li>ii. Acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that- <ul style="list-style-type: none"> <li>a. The Company holds shares or voting rights aggregating to five percent or more of the shares or voting rights in the said company; or</li> <li>b. There has been a change in holding from the last disclosure made under sub-clause of clause (ii) of the Explanation to this sub-para and such change exceeds 2% of the total shareholding or voting rights in the said company</li> </ul> </li> </ul> <p>Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-</p> <ul style="list-style-type: none"> <li>(i) an agreement to sell or sale of shares or voting rights in a company such</li> </ul>

	<p>that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or</p> <p>(ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.</p> <p>Explanation (3)- For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.</p>
2.	Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
3.	New Rating(s) or Revision in Rating(s)
4.	<p>Outcome of meetings of the Board of Directors. Company shall disclose to the StockExchanges within 30 minutes of the closure of the meeting held to consider the following:</p> <ul style="list-style-type: none"> <li>a. Dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched.</li> <li>b. Any cancellation of dividend with reasons thereof</li> <li>c. The decision on buy-back of securities</li> <li>d. The decision with respect to fund raising proposed to be undertaken</li> <li>e. Increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched</li> <li>f. Reissue of forfeited shares or securities or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to</li> <li>g. Short particulars of any other alterations of capital, including calls</li> <li>h. Financial results</li> <li>i. Decision on voluntary delisting by the Company from stock exchanges</li> </ul> <p>Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.</p>
5.	Agreements (viz shareholder agreements) joint venture agreements, family settlement agreements (to the extent that it impacts management and control of

	the listed entity), agreements/treaties/contracts with media companies which are binding and not in normal course of business, revisions or amendments and terminations thereof
5A	<p>Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:</p> <p>Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.</p> <p>Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.</p>
6.	<p>Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad:</p> <p>For the purpose of this sub-paragraph:</p> <p>(i) ‘Fraud’ shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.</p> <p>(ii) ‘Default’ shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.</p> <p>Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in ‘default’ if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.</p>

	Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.
7.	Change in directors, KMP (MD, CEO, CFO, CS, etc.), senior management, Auditor and Compliance Officer
7A.	Resignation of the auditor of the Company with detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
7B.	<p>Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:</p> <p>The letter of resignation along with detailed reasons for the resignation as given by the said director</p> <p>(ia). Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.</p> <p>ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.</p> <p>iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.</p>
7C.	In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.
7D.	In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).
8.	Appointment or discontinuation of a share transfer agent
9.	Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:



	<p>(i) Decision to initiate resolution of loans/borrowings;</p> <p>(ii) Signing of Inter-Creditors Agreement (ICA) by lenders;</p> <p>(iii) Finalization of Resolution Plan;</p> <p>(iv) Implementation of Resolution Plan;</p> <p>(v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.</p>
10.	One-time settlement with a bank
11.	winding up petition filed by any party/creditors
12.	Issuance of notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Company
13.	Proceedings of Annual and Extra-ordinary general meetings of the Company
14.	Amendments to memorandum and articles of association of listed entity, in brief.
15.	<p>(a) Schedule of Analyst or Institutional Investor meet at least two working days in advance excluding the date of the intimation and the date of the meet and presentation made by the listed entity to analysts or institutional investors. Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.</p> <p>(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:</p> <p>(i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;</p> <p>(ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:</p> <p>The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022</p>
16.	<p>The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:</p> <p>a. Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;</p> <p>b. Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;</p> <p>c. Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable ;</p>

	<p>d. Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;</p> <p>e. List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;</p> <p>f. Appointment/ Replacement of the Resolution Professional;</p> <p>g. Prior or post-facto intimation of the meetings of Committee of Creditors;</p> <p>h. Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;</p> <p>i. Number of resolution plans received by Resolution Professional;</p> <p>j. Filing of resolution plan with the Tribunal;</p> <p>k. Approval of resolution plan by the Tribunal or rejection, if applicable;</p> <p>l. Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:</p> <ul style="list-style-type: none"> <li>(i) Pre and Post net-worth of the company;</li> <li>(ii) Details of assets of the company post CIRP;</li> <li>(iii) Details of securities continuing to be imposed on the companies' assets;</li> <li>(iv) Other material liabilities imposed on the company;</li> <li>(v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities</li> <li>(vi) Details of funds infused in the company, creditors paid-off;</li> <li>(vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;</li> <li>(viii) Impact on the investor – revised P/E, RONW ratios etc.;</li> <li>(ix) Names of the new promoters, key managerial personnel, if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;</li> <li>(x) Brief description of business strategy</li> </ul> <p>m. Any other material information not involving commercial secrets.</p> <p>n. Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;</p> <p>o. Quarterly disclosure of the status of achieving the MPS;</p> <p>p. The details as to the delisting plans, if any approved in the resolution plan.</p>
17.	<p>In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:</p> <ul style="list-style-type: none"> <li>a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;</li> <li>b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.</li> </ul>
18.	<p>Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior</p>

	<p>management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.</p> <p>Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021</p>
19.	<p>Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:</p> <p>(a) search or seizure; or</p> <p>(b) re-opening of accounts under section 130 of the Companies Act, 2013; or</p> <p>(c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:</p> <p>i. name of the authority;</p> <p>ii. nature and details of the action(s) taken, initiated or order(s) passed;</p> <p>iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;</p> <p>iv. details of the violation(s)/contravention(s) committed or alleged to be committed;</p> <p>v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible</p>
20.	<p>Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:</p> <p>(a) suspension;</p> <p>(b) imposition of fine or penalty;</p> <p>(c) settlement of proceedings;</p> <p>(d) debarment;</p> <p>(e) disqualification;</p> <p>(f) closure of operations;</p> <p>(g) sanctions imposed;</p> <p>(h) warning or caution; or</p> <p>(i) any other similar action(s) by whatever name called;</p> <p>along with the following details pertaining to the actions(s) initiated, taken or orders passed:</p> <p>i. name of the authority;</p> <p>ii. nature and details of the action(s) taken, initiated or order(s) passed;</p> <p>iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;</p> <p>iv. details of the violation(s)/contravention(s) committed or alleged to be committed;</p>

	v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.
21.	Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013



## Annexure-B

### List of Events and thresholds for disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities laws:

#	Events requiring Disclosure
1.	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2.	Any of the following events pertaining to the listed entity: (a) arrangements for strategic, technical, manufacturing, or marketing tie-up; or (b) adoption of new line(s) of business; or (c) closure of operation of any unit, division or subsidiary (in entirety or in piecemeal)
3.	Capacity addition to product launch
4.	Awarding, bagging, receiving, amendment or termination of awarded/ bagged orders/contracts not in the normal course of business.
5.	Agreements (viz loan agreement(s) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination (s) thereof
6.	Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts, etc.
7.	Effect(s) arising out of change in the regulatory framework applicable to the Company
8.	Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity
9.	Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.
10.	Options to purchase securities including any ESOP/ESPS Scheme
11.	Giving of guarantees or indemnity or becoming a surety by whatever named called, for any third party

12.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals
13.	Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority



### **Annexure C**

Any other information/event viz major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

Without prejudice to generality of Annexure A, Annexure B and Annexure C, the Company may make disclosures of event/information as specified by SEBI from time to time.

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