

CANARYS AUTOMATIONS LIMITED

(formerly known as Canarys Automations Private Limited)



DIVIDEND DISTRIBUTION POLICY



I. OBJECTIVES:

Canarys Automations Limited (*formerly known as Canarys Automations Private Limited*) (hereafter referred as “the Company”) aimed at the growth of the company at the same time maximization of shareholders value. The policy endeavors to strike an optimum balance between rewarding shareholders through dividends and ensuring that sufficient profits are retained for growth of the Company and other needs.

The Company would ensure to strike the right balance between the quantum of the dividend paid and amount of profits retained in the business for various purposes. The Company believes that driving growth through the unique business model of the Company is the key to maintaining a balance between creating value for the shareholders and ensuring growth of the Company. Towards this end, the Company would utilize its profits first towards various business requirements like expenditure to meet the expansion, reducing debt, maintaining optimum working capital, funds for inorganic growth opportunities.

This policy sets out the parameters and circumstances that will be considered by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

II. APPLICABILITY:

This policy applies to the distribution of dividend by the Company to shareholders of the Company both Equity and Preference shareholders in accordance with the provisions of the Companies Act, 2013, Memorandum and Articles of Association of the Company and other applicable provisions, regulations, laws from time to time.

III. PARAMETERS:

The final dividends are declared at the Annual General Meeting of the shareholders after the approval of members based on the recommendation made by the Board. The Board may recommend the dividends, at its discretion, to be paid to shareholders at the Annual General meeting.

The Board may declare interim dividends as prescribed under the Companies Act, 2013.

The Board consider following parameters while declaring dividend or recommend the dividend to the shareholders:

1. Internal Factors:

- i. Standalone/net operating profit after tax.
- ii. The need for ploughing back the profit into the business
- iii. Operating cash flow of the Company for the year.
- iv. Liquidity position of the Company.
- v. Resources required for funding investments, acquisitions, capital infusion, mergers and / or new Businesses or any other long term growth plans.
- vi. Cash flow required for meeting tax demands and other contingencies.
- vii. Regulatory (and growth requirement of) Capital Adequacy.
- viii. Regulatory and growth requirement of Solvency / Debt-Equity Ratio.
- ix. Any extra-ordinary or abnormal gains made by the Company.

- x. Supervisory findings of RBI on divergence in asset classification and provisioning for Non-performing Assets.
- xi. Retained earnings and expected return from the business.
- xii. Funds required for merger/acquisitions and towards execution of the Company's strategy;
- xiii. Any other factor not explicitly covered above but which is likely to have a significant impact on the Company.

2. External Factors:

- i. Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model.
- ii. Taxation and other regulatory concern
- iii. Macroeconomic conditions, considering the state of economy in the country, international market conditions affect that affects the business.
- iv. Any changes in the competitive environment requiring significant investment.
- v. Client based risks.
- vi. Competition in the market.
- vii. Any other external matters or risk factors.

IV. UTILIZATION OF RETAINED EARNINGS:

Profits earned by the Company can either be retained in the business and used for various purposes related to working capital, capital expenditure in technology and

Infrastructure, Investments towards execution of the Company's strategy or it can be distributed to the shareholders.

V. APPROVAL PROCESS:

The decision regarding declaration/payment of dividend shall be taken only by the Board at its meeting and not by the Committee of the Board. Final Dividend shall be paid only after approval of the shareholders at an Annual General Meeting . The Board may declare the interim dividend and approval of the shareholders is not required for declaration of interim dividend.

VI. INSTANCES WHERE SHAREHOLDERS MAY NOT EXPECT DIVIDEND:

In some important circumstances which require large investments that would result in diminish the Company's cash reserves or due some uncertain conditions in the business performance in the near future or due to regulatory/contractual restrictions, if any the Board may not recommend a dividend.

VII. AMENDMENT TO THE POLICY:

The policy may be amended by the Board at any time either sou-moto and/or pursuant to amendment in the regulations. The Board reserves its right to alter, modify, add, delete or amend any or all of the provisions of the Policy as it may deem fit or in accordance with the guidelines and regulations of Companies Act, 2013 and applicable Rules made thereunder.

VIII. GENERAL:

This policy adopted by the Board at their meeting held on 11th August, 2023 This policy is adopted based on the 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. If the board proposes to declare dividend on the basis of parameters in addition above clauses or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website. [REDACTED]

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