

CANARYS AUTOMATIONS LIMITED

(formerly known as Canarys Automations Private Limited)

POLICY ON RELATED PARTY TRANSACTIONS

I. INTRODUCTION

The Board of Directors (the "Board") of Canarys Automations Limited (the "Company") has adopted this policy and procedures with regard to Related Party Transactions (hereinafter referred as "RPT") that the Company may enter into from time to time, in compliance with the requirements of Section 188 of the Companies Act, 2013 (the "Act") read with the Rules framed there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), including any statutory modification(s) or re-enactment thereunder.

Further, as per the Regulation 23(1) of the SEBI LODR requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, the Company has framed this Policy on Related Party Transactions ("Policy").

II. OBJECTIVE:

- i. This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time;
- ii. to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.
- iii. To ensure high standards of Corporate Governance while dealing with related parties.;

III. DEFINITION:

- i. **"Audit Committee" or "Committee"** means the Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013 or SEBI LODR Regulation.

- ii. **"Arm's Length Basis"** means the terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one-off comparable transaction with an unrelated party are at variance, during the validity of contract with related party.

In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.

- iii. **"Board"** means Board of Directors of the Company.
- iv. **"Company"** means Canarys Automations Limited.
- v. **"Key Managerial Personnel" or "KMPs"** means a key managerial personnel as appointed by the Board in accordance with Act.
- vi. **"Material Modification"** any subsequent modification to related party transaction with a related party shall be considered material, if the value of such modification individually or taken together with modifications during a financial year, exceeds 50 (fifty) per cent of the value of transaction which is proposed to be modified.
- vii. **"Material Related Party Transaction"** means a transaction with a related party if the transaction(s) as defined under SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.
- viii. **"Ordinary Course of Business"** means the course of business in which Transactions are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets

transactions, except:

- a. transactions involving transfer/ demerger/ acquisition/ business restructuring transaction of a business or a unit thereof;
 - b. lending/ borrowing/ providing or receiving guarantees to/ from entities other than the entities which are consolidated in the Company's Consolidated Financial Statements;
 - c. investing in equity or instruments convertible in equity of the entities other than the entities which are consolidated in the Company's Consolidated Financial Statements as per approved budget or divesting any such investment for an amount exceeding 10% (ten percent) of the Company's net worth;
 - d. any other items which are required to be reported as 'Exceptional Item' in the Company's annual financial statements
- ix. **"Policy"** means this Related Party Transaction Policy.
- x. **"Related Party"** has the meaning assigned to such term under the Companies Act, 2013, Rules framed thereunder read with the SEBI LODR and applicable Accounting Standard(s) as may be in force from time-to-time.
- xi. **"Related Party Transaction (RPT)"** has the meaning assigned to such term under the Companies Act, 2013, Rules framed thereunder read with the SEBI Listing Regulations and applicable Accounting Standard(s) as may be in force from time-to-time.
- xii. **"Relative"** means relative as defined under Section 2(77) of the Companies Act, 2013 and the rules framed thereunder read with the SEBI LODR Regulations as may be in force from time-to- time.
- xiii. The terms Director and Key Managerial Personnel shall have the same meaning as assigned under the Companies Act, 2013.

- xiv. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereof, Indian Accounting Standards;

IV. POLICY:

Except as otherwise provided in this Policy, all Related Party Transactions shall be reported to the Audit Committee in accordance with this Policy.

1. Identification of Potential Related Party Transactions

- a. The Company shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies in accordance with this Policy, along with their personal/company details including any revisions therein.
- b. The Related Party List shall be updated whenever necessary and shall be reviewed quarterly by the Audit Committee.
- c. The Company Secretary shall collate the information, coordinate and send the Related Party List to the concerned employees viz Managing Director, Chief Executive Office, Whole Time Director, Chief Financial Officer, Functional Heads, Branch Heads, the Finance & Accounts Department and who he/she believes might be in the position to know the possible conduct of RPTs.
- d. Functional departmental heads shall submit to the Company Secretary the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis and in ordinary course of business at prevailing market rate.
- e. Based on this note, the Company Secretary shall appropriately take up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.

- f. Each director/Key Managerial Personnel shall be responsible for providing written notice to the Company Secretary of any potential RPT involving him or her or his or her Relatives, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary shall, in consultation with other members of senior management and with the Audit Committee, as appropriate, determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.
- g. Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he or she shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he or she becomes concerned or interested or at the first meeting of Board held after he or she becomes so concerned or interested.
- h. A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- i. The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of RPT after its commencement or even its completion may be appropriate in some circumstances.

2. Standards for Review

- a. A RPT reviewed under this Policy will be considered approved or ratified if it is authorised by the Audit Committee or the Board or the shareholders in the

General Meeting, as applicable, in accordance with the standards set-forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

1. the Related Party's interest in the RPT;
2. the amount involved in the RPT;
3. whether the RPT was undertaken in the ordinary course of business of the Company;
4. whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
5. the purpose of and the potential benefits to the Company from the RPT;
6. Whether there are any compelling business reasons for the Company to enter in to the RPT and the nature of alternative transaction, if any;
7. Whether the RPT includes any potential reputational risk issues that may arise as a result of or in connection with the RPT.
8. Whether the Company was notified about the RPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company and required public disclosure, if any;
9. Any other information regarding the RPT or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board/shareholders, as applicable in light of the circumstances of the particular Transaction.

The Audit Committee/Board will review all relevant information available to it about the RPT. The Independent Directors of Audit Committee or the Board, as

applicable, may approve or ratify or recommend to the shareholders, the RPT only if the Audit Committee and/ or the Board, as applicable, determine that, under all of the circumstances, the transaction is fair and reasonable to the Company.

3. Procedures for approval of Related Party Transactions

- i. All RPTs and subsequent modification shall be subject to the prior approval of the Independent Directors of the Audit Committee. The details of the said RPT along with relevant documentary supporting (including justification there for) must be reported by Head of Departments to the Company Secretary and be referred to CFO / Managing Director and on his confirmation placed before the Audit Committee for prior approval in accordance with this Policy. The Company Secretary shall place summary of such RPTs, material facts as received from the above said persons relating to each RPT and recommendations for each such RPT for approval of the Audit Committee.
- ii. The RPTs shall be further subjected to such approvals as may be required from the Board of Directors and Shareholders of the Company, subject to the applicable provisions, exemptions, criteria as may be prescribed under the Companies Act, 2013 and the SEBI LODR from time-to-time.
- iii. If in case prior approval of the Audit Committee or the Board or the shareholders in general meeting, as applicable, for entering into a RPT is not feasible/not obtained, then the RPT shall be ratified by the Audit Committee / the Board / shareholders in the general meeting or by any other means as may be permissible under the Act, if required, within three (3) months of entering into such a RPT.
- iv. In the event the Audit Committee or the Board or the General Meeting determines not to ratify a RPT as stated above which has been already acted upon by the Company, then the Committee or the Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate

discontinuation of such RPT or approve modifications to such RPT to make it acceptable for ratification. The Audit Committee or the Board shall have an authority to modify or waive any procedural requirements of this Policy so long as such modification or waiver is not inconsistent with the provisions of the Act.

- v. Determining whether or not to approve or ratify a RPT, the Audit Committee or the Board or the General Meeting shall take into account, among other factors it deems appropriate, whether the RPT is on "arm's length basis, in the ordinary course of Company's business and if such aspects are absent whether such RPT is within the thresholds as prescribed under the Act.
- vi. In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.
- vii. Provisions of above clause (clause vi) shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.
- viii. No director or Key Managerial Personnel shall participate in any discussion or approval of a RPT for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning such Related Party Transaction to the Audit Committee or the Board as appropriate.
- ix. If the RPTs are in repetitive in nature, the Audit Committee may grant omnibus approval in line with this policy.
- x. The Audit Committee shall satisfy itself the need for such omnibus approval and

that such approval is in the interest of the Company;

- xi. The omnibus approval shall specify:
 - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - b. the indicative base price / current contracted price and the formula for variation in the price, if any;
 - c. Any other information as shall be presented to / to be considered by the Audit Committee as may be prescribed under the Companies Act, 2013 and SEBI LODR Regulations; and
 - d. such other conditions as the Audit Committee may deem fit.
- xii. Thereafter, the Audit Committee, shall review at such intervals, the details of RTPs entered into by the Company pursuant to each of the omnibus approval given.
- xiii. The omnibus approval shall be valid for a period not exceeding one (1) year and shall require fresh approval after the expiry of one (1) year.
- xiv. The threshold limits for approval of RPTs by Audit Committee or the Board or shareholders in General Meeting, shall be as prescribed from time-to-time under the Companies Act, 2013 and the SEBI LODR. Such limits shall stand automatically modified/ amended as and when such limits are amended under the Act or the SEBI LODR and shall accordingly be deemed to be incorporated in this Policy by reference.
- xv. Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy, in case any difficulty or doubt arises in the interpretation of this Policy, the decision of the Chairperson of the Audit Committee shall be final.

V. DISCLOSURES & REGISTERS

- i. The Company shall disclose the RPTs as shall be prescribed under the Act and the SEBI LODR including but not limited to disclosure in the Company's Board's Report to shareholders of the Company and to the Stock Exchanges in accordance with the Act and Rules made there under and the SEBI LODR .
- ii. The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of Directors.
- iii. Every director or Key Managerial Personnel shall, within a period of 30 (thirty) days of this appointment, or relinquishment of his office in other companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other association which are required to be included in the register maintained.

VI. REVIEW AND AMENDMENTS:

This policy adopted by the Board at their meeting held on 11th August, 2023. The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy. 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. The Board of Directors shall review the policy at least once every three years and update accordingly.
