

SURESH & CO.
Chartered Accountants

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Independent Auditor's Report on Restated Consolidated Financial Information of Canarys Automations Limited (formerly known as Canarys Automations Private Limited)

To,
The Board of Directors,
Canarys Automations Limited
(formerly known as Canarys Automations Private Limited)
566 & 567, 2nd Floor,
30th Main, Attimabbe Road,
Banashankari 3rd Stage,
Bengaluru - 560 085

Dear Sirs,

We have examined the attached Restated Consolidated Financial Information of **Canarys Automations Limited** (formerly known as Canarys Automations Private Limited) (hereinafter referred to as "the Company" or "the Issuer"), its subsidiaries (the company and its subsidiaries together referred to as the "Group"), its associates and its joint ventures, comprising the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2023, as at March 31, 2022 and as at March 31, 2021, the Restated Consolidated Statement of Profit and Loss, the Restated Consolidated Cash Flow Statement for the year ended March 31, 2023, March 31, 2022 and March 31, 2021, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 21 August 2023 for the purpose of inclusion in the Draft Red Herring Prospectus and/or Prospectus, prepared by the Company in connection with its proposed Initial Public Offer of equity shares (IPO) on SME platform NSE Limited and prepared in terms of the requirement of :-

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act") read with Companies (Prospectus and Allotment of Securities) Rules, 2014;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 as amended (ICDR Regulations) and related amendments/clarifications from time to time issued by the Securities and Exchange Board of India ("SEBI"); and
- c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI") as amended from time to time (the "Guidance Note").

Management's Responsibility for the Restated Consolidated Financial Information

The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the Draft Red Herring Prospectus and/or Prospectus to be filed with Stock Exchange, Securities and Exchange Board of India, and Registrar of Companies, Mumbai in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company for the year ended on March 31, 2023, March 31, 2022 and March 31, 2021 on the basis of preparation stated in Annexure-D to the Restated Consolidated Financial Information. The Board of Directors of the company's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Board of Directors is also

responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibilities

We have examined such Restated Consolidated Financial Information taking into consideration:

- a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 25 May 2023 in connection with the proposed IPO of equity shares of the Company;
- b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
- c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
- d) The requirements of Section 26 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 Guidance Note in connection with the IPO.

Restated Consolidated Financial Information

These Restated Consolidated Financial Information have been compiled by the management from:

Audited Consolidated Financial Statements of the Group and its associates and joint ventures as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2021, as amended, and other accounting principles generally accepted in India.

We have audited the special purpose consolidated financial information of the Group and its subsidiaries and joint ventures for the year ended March 31, 2023 prepared by the Company in accordance with the Accounting Standards for the limited purpose of complying with the requirement of getting its financial statements audited by an audit firm holding a valid peer review certificate issued by the "Peer Review Board" of the ICAI as required by ICDR Regulations in relation to proposed IPO. We have issued our report dated 21 August 2023 on this special purpose consolidated financial information to the Board of Directors who have approved these in their meeting held on 21 August 2023.

For the purpose of our examination, we have relied on:

- a) Auditor's report issued by us dated 21 August 2023 on the consolidated financial information of the Group as at and for the year ended March 31, 2023; and
- b) The unaudited financial statements furnished to us by the management with respect to the subsidiaries. Our opinion in so far as it relates to the amounts included in the consolidated financial information are based solely on the reports shared by the management.
- c) Auditor's reports issued by Mukunda Shiva & Associates, Chartered Accountants (the auditors of Joint Venture), dated July 28, 2023 and September 02, 2022 for the financial years ended 31st March 2023 and 31st March 2022 respectively.
- d) Auditor's reports issued by the previous auditor, i.e., Hegde & Co., Chartered Accountants (the "Previous Auditors") dated September 08, 2022 and September 06, 2021 for the financial years ended March 31, 2022 and March 31, 2021 respectively.

The audit was conducted by the Company's previous auditor, and accordingly reliance has been placed on the statement of assets and liabilities and statements of profit and loss, the significant accounting

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policies, and other explanatory information and (collectively, the Audited Financial Statement”) examined by them for the said years.

They have also confirmed that the 2022 and 2021 Restated Consolidated Financial Information have been prepared:

- a) after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassification retrospectively, if any, in respective financial period/years to reflect the same accounting treatment as per the changed accounting policy for all reporting periods, if any;
- b) after incorporating adjustments for prior period and other material amounts in the respective financial years/period to which they relate and there are no qualifications which require adjustments;
- c) Extra-ordinary items that needs to be disclosed separately in the accounts has been disclosed wherever required;
- d) There were no qualifications in the Audit Report issued by us for the financial year ended March 31, 2023 and in the Audit Reports issued by previous auditor for the financial years ended March 31, 2022 and 2021 which would require adjustments in this Restated Consolidated Financial Information;
- e) Profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Polices and Notes to Accounts;
- f) Adjustments in Restated Consolidated Financial Information have been made in accordance with the correct accounting policies;
- g) There are changes in accounting policies, which has been adjusted in the Restated Consolidated Financial Information;
- h) There are no revaluation reserves, which need to be disclosed separately in the Restated Financial Information or Restated Financial Consolidated Statement;
- i) The Company has paid dividend since its incorporation.

Opinion

In accordance with the requirements of Part I of Chapter III of Act including rules made there under, ICDR Regulations, Guidance Note and Engagement Letter, we report that:

- a) The “Restated Consolidated Statement of Assets and Liabilities” as set out in Annexure – A to this report, of the Company as at March 31, 2023, 2022 and 2021 is prepared by the Company and approved by the Board of Directors. These Restated Consolidated Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure – D to this Report.
- b) The “Restated Consolidated Statement of Profit and Loss” as set out in Annexure – B to this report, of the Company for the years ended March 31, 2023, 2022 and 2021 is prepared by the Company and approved by the Board of Directors. These Restated Consolidated Statement of Profit and Loss have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure – D to this Report.

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c) The “Restated Consolidated Cash Flow Statement” as set out in Annexure – C to this report, of the Company for the years ended March 31, 2023, 2022 and 2021 is prepared by the Company and approved by the Board of Directors. These Restated Consolidated Cash Flow Statement, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure – D to this Report.

Audit for the financial years ended on March 31, 2022 and March 31, 2021 was conducted by Hegde & Co., Chartered Accountants, and accordingly reliance has been placed on the financial statement examined by Hegde & Co., Chartered Accountants, for the said years. Financial Reports included for said years are solely based on report submitted by them.

We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the financial years ended March 31, 2023, 2022 and 2021 proposed to be included in the Draft Prospectus / Prospectus (“Offer Document”) for the proposed IPO.

Annexure E - Notes to the Restated Summary Financial Information;

- 1) Statement of Share Capital, Reserves and Surplus – Note 2 & 3
- 2) Statement of Deferred tax Liability (Net) – Note 4
- 3) Statement of Other long-term liabilities – Note 5
- 4) Statement of long-term provisions – Note 6
- 5) Statement of Short-Term Borrowings – Note 7
- 6) Statement of Trade Payables – Note 8
- 7) Statement of Other Current Liabilities – Note 9
- 8) Statement of Short-Term Provisions – Note 10
- 9) Statement of Property, Plant & Equipment and Intangible Assets - Note 11
- 10) Statement of Non-Current Investments – Note 12
- 11) Statement of Long-term loans and advances – Note 13
- 12) Statement of Other non-current assets – Note 14
- 13) Statement of Inventories – Note 15
- 14) Statement of Trade Receivables – Note 16
- 15) Statement of Cash & Cash Equivalent – Note 17
- 16) Statement of Short-Term Loans and Advances – Note 18
- 17) Statement of Other Current Assets – Note 19
- 18) Statement of Revenue from Operations – Note 20
- 19) Statement of Other Income – Note 21
- 20) Statement of Purchases – Note 22
- 21) Statement of Increase/(Decrease) in inventory – Note 23
- 22) Statement of Employee Benefit Expenses – Note 24
- 23) Statement of Finance Cost – Note 25
- 24) Statement of Other Expenses – Note 26
- 25) Statement of Contingent liabilities and capital commitments – Note 27
- 26) Statement of Earnings and expenditure in foreign currency – Note 28
- 27) Statement of Disclosure under MSMED, 2006 – Note 29
- 28) Statement of Payment to auditors – Note 30
- 29) Statement of Related party disclosures under accounting standard (AS-18) – Note 31
- 30) Statement of Earnings per Share (EPS) – Note 32
- 31) Statement of Capitalisation – Note 33
- 32) Statement of Leases – Note 34
- 33) Statement of Impairment of assets – Note 36
- 34) Statement of Retirement Benefit plan – Note 38
- 35) Material Adjustments to the Restated Consolidated Financial Information – Note 39
- 36) Statement of Mandatory accounting ratios – Note 40

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- 37) Statement of Summarised Financial Position – Note 41
- 38) Statement of Segment Report – Note 42
- 39) Statement of Ratio Analysis – Note 43
- 40) Statement of Corporate Social Responsibility (CSR) expenditure – Note 46
- 41) Statement of Additional information as required under Schedule III – Note 47

In our opinion and to the best of information and explanation provided to us, the Restated Consolidated Financial Information of the Company, read with significant accounting policies and notes to accounts as appearing in Annexure – D are prepared after providing appropriate adjustments and regroupings as considered appropriate.

We, SURESH & CO., Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate issued by the “Peer Review Board” of the ICAI. The preparation and presentation of the Restated Consolidated Financial Information referred to above are based on the audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations.

The Restated Consolidated Financial Information referred to above is the responsibility of the management of the Company.

The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

In our opinion, the above financial information contained in Annexure – A to E of this report read with the respective Significant Accounting Policies and Notes to Accounts as set out in Annexure – D are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Companies Act, ICDR Regulations, Engagement Letter and Guidance Note.



Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO-SME for Proposed Issue of Equity Shares of the Company and our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

for **SURESH & CO.**

Chartered Accountants

FRN: 004255S

Peer Review No: 013939

Udupi Vikram

Partner

Membership No.: 227984

Bengaluru

UDIN: 23227984BGQSJQ6396

21 August 2023