

Independent Auditor's Report on the accounting treatment in the Proposed Scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013, relevant rules thereunder and SEBI Master Circular no. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48

To,  
The Board of Directors,  
Svatantra Microfin Private Limited  
Sunshine Tower, Level 20,  
Senapati Bapat Marg,  
Elphinstone Road (W), Mumbai - 400 013,  
Maharashtra, India

Based on the procedures performed by us as referred to in paragraph 11 of Annexure I and according to the information and explanations received and management representations obtained, we, the statutory auditors of Svatantra Microfin Private Limited, (hereinafter referred to as "the Company") inter-alia conclude that nothing has come to our attention that causes us to believe that:

- i. The Company, after the amalgamation (the "Resultant Company") is not capable of payment of interest and/or repayment of principal of its borrowings including listed Non-Convertible Debentures; and
- ii. The proposed accounting treatment specified in clause 14 of the Scheme of Amalgamation between the Company and Svatantra Holdings Private Limited ("First Transferor Company") and Chaitanya India Fin Credit Private Limited ("Second Transferor Company") (the "Draft Scheme" or "Proposed Scheme") is not in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including circulars issued thereunder and is not in terms of the provision of Section 133 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles read with General Circular No 09/2019 issued by the Ministry of Corporate Affairs dated August 21, 2019 ('MCA Circular'). The Scheme has been initiated by us for identification purposes only.

The responsibility for the preparation of the Draft Scheme and compliance with relevant laws and regulations, including applicable Accounting Standards as aforesaid, is that of the Boards of Directors of the companies involved. Our responsibility is to provide limited assurance and conclude whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

This Certificate is to be read with enclosed Annexure I which forms an integral part of this certificate.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 301003E/E300005

per Rutushtra Patell  
Partner  
Membership Number: 123596

UDIN: 24123596BKCIP05362

Place of Signature: Mumbai  
Date: November 14, 2024

Annexure I to the Report

To,  
The Board of Directors,  
Svatantra Microfin Private Limited  
Sunshine Tower, Level 20,  
Senapati Bapat Marg,  
Elphinstone Road (W), Mumbai - 400 013,  
Maharashtra, India

1. This certificate is issued in accordance with the terms of our service scope letter dated October 23, 2024, and master engagement agreement dated October 21, 2024, with Svatantra Microfin Private Limited (the "Company" or the "Transferee Company") pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the Bombay Stock Exchange (BSE), National Company Law Tribunal (hereinafter the "NCLT") and any other regulatory authorities in connection with the scheme of arrangement as mentioned in paragraph 2 below.
2. We, S.R. Batliboi & Co. LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to:
  - a. report whether the Company after the amalgamation (the "Resultant Company") is capable of payment of interest and / or repayment of principal of its borrowings including listed Non-Convertible Debentures and
  - b. examine the accounting treatment given in clause 14 of the attached Scheme of Amalgamation of Company and Svatantra Holdings Private Limited ("First Transferor Company") and Chaitanya India Fin Credit Private Limited ("Second Transferor Company") approved by the Board of Directors in their meeting dated November 6, 2024 (the "Draft Scheme" or "Proposed Scheme"), in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act") and SEBI Master Circular SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 ('SEBI Master Circular'), for compliance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013, relevant rules thereunder and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'), read with General Circular No 09/2019 issued by the Ministry of Corporate Affairs dated August 21, 2019 ("MCA Circular"). The accounting treatment as prescribed in the Proposed Scheme has been included in Annexure II which has been initialled by us for identification purposes only.

**Management's Responsibility**

3. The preparation of the Draft Scheme is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Proposed Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Proposed Scheme has been approved by the Board of Directors.
4. The management of the Company is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and also provides relevant information to the NCLT.

**Auditor's Responsibility**

5. Pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and SEBI Master Circular No. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 dated May 21, 2024 ('SEBI Master Circular'), our responsibility is to provide a limited assurance and conclude as to whether:
  - a. the resultant company is capable of payment of interest and / or repayment of principal of its borrowings including listed Non-Convertible Debentures and

- b. the proposed accounting treatment specified in clause 14 of the Draft Scheme of Amalgamation is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including circulars issued thereunder and in terms of the provisions of section 133 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles read with MCA circular.
6. The Predecessor auditor have audited the standalone financial statements of the Company as of and for the financial year ended March 31, 2024, on which they have issued an unmodified audit opinion vide their report dated May 29, 2024.
7. We have performed a limited review of the unaudited standalone financial results of the Company for the period ended September 30, 2024, prepared by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and issued an unmodified conclusion dated October 28, 2024. Our review of those financial results was conducted in accordance with the Standard on Review Engagements '(SRE)' 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India ("ICAI"). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results is free of material misstatement.
8. We conducted our examination of the Annexure II in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. Our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof for the purpose of this report. Accordingly, we do not express such opinion. Further, our examination did not extend to any aspects of legal or propriety nature of the Proposed Scheme and other compliances thereof. Nothing contained in this report, nor anything said or done in the course of, or in connection with the services that are subject to this report, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.
11. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less extent than for, a reasonable assurance. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, our procedures included the following in relation to the Annexure II:
  - a. Obtained and read the Draft Scheme and the proposed accounting treatment specified therein (clause 14 of Draft Scheme).
  - b. Obtained copy of resolution passed by the Board of Directors of the Company dated November 6, 2024 approving the Proposed Scheme.
  - c. Examined whether the proposed accounting treatment as per Clause 14 of the Proposed Scheme is in compliance with the Applicable Accounting Standards.
  - d. Reviewed the audit reports of the Company, First Transferor Company and Second Transferor Company (together referred to as 'Amalgamating Companies') for the year ended 31 March 2024 and limited review reports for the quarter and Half year ended 30 September 2024 of Company and Second transferor Company and auditor report on interim condensed financial statement of the First Transferor Company for the half year ended 30 September 2024 for any qualification/adverse comment pertaining to the 'going concern' status of the Amalgamating Companies.

- e. Obtained the Credit Ratings of the Amalgamating Companies and observed the category of ratings.
- f. Obtained and verified the repayment period, frequency of payment of interest and terms of the borrowings including non-convertible debentures from the underlying agreements.
- g. Obtained management's assessment and the Asset Liability Management ('ALM') report as at 30 September 2024 of the Resultant Company relating to the ability of the repayment of principal and payment of interest of its borrowings including listed Non-Convertible Debentures, as and when it falls due, during the tenure of borrowings including listed Non-Convertible Debentures. We have relied on management's assessment and not performed any further procedures in this regard.
- h. Performed necessary inquiries with the management and obtained necessary representations from the management.

Restriction on Use

12. This report has been issued at the request of the Company and is addressed to and provided to the Board of Directors pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the Bombay Stock Exchange (BSE) and National Company Law Tribunal (NCLT) and any other regulatory authority in connection with the Proposed Scheme and should not be used for any other person or purpose or distributed to anyone or referred to in any document. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 301003E/E300005

per Rutushtra Patell  
Partner  
Membership Number: 123596

UDIN: 24123596BKCIP05362

Place of Signature: Mumbai  
Date: November 14, 2024

Annexure II to the Report

Extract of the Proposed Scheme of Amalgamation

14. ACCOUNTING TREATMENT

Upon the Scheme becoming effective and in accordance with the applicable Indian Accounting Standards (Ind AS), the Transferee Company shall account for Amalgamation of the Transferor Companies in accordance with the 'Pooling of Interest Method' of accounting as laid down in Appendix C of Indian Accounting Standard ("Ind AS") 103 (Business Combinations of entities under common control) notified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, in its books of accounts underlying the separate financial statements such that:

- 14.1. All the assets and liabilities recorded in the books of the Transferor Companies shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their respective carrying values as appearing in the books underlying the separate financial statements of the Transferor Companies.
- 14.2. The identity of the reserves of the Transferor Companies shall be preserved and the Transferee Company shall record reserves of the Transferor Companies in the same form and at the carrying amounts as appearing in the separate financial statements of the Transferor Companies.
- 14.3. Inter-corporate deposit, loans and advances, receivables and payables between the Transferor Companies & Transferee Company and between the First Transferor Company & Second Transferor Company shall stand cancelled and there shall be no further obligation outstanding in this behalf.
- 14.4. The shares held by the Transferee Company in the Second Transferor Company shall stand cancelled. There shall be no further obligation in respect of the cancelled shares.
- 14.5. The investment in equity shares of the Transferee Company held by the First Transferor Company shall stand cancelled and corresponding adjustment shall be made against the Share Capital to the extent of face value of equity shares so cancelled.
- 14.6. The consideration discharged by the Transferee Company to the shareholders of the First Transferor Company, as prescribed in Clause 12 of this Scheme, shall be recognised at nominal/face value and credited to the Equity Share Capital of the Transferee Company.
- 14.7. The surplus, if any, arising after taking the effect of Clause 14.1 to 14.6 shall be transferred to Capital Reserve Account in the financial statements of the Transferee Company. The deficit, if any, arising after taking the effect of Clause 14.1 to 14.6 and adjustment of previously existing credit balance in capital reserve, if any, shall be debited to the Retained Earnings in the financial statements of the Transferee Company to the extent of the balance available in the said account. If there is further deficit, the amount will be debited to the Amalgamation Adjustment Deficit Account and its nature shall be akin to debit balance in the Statement of Profit and Loss. The balance of this account shall be presented as part of reserves and a note explaining the nature shall be given in the financial statements of the Transferee Company.
- 14.8. In case of any difference in accounting policies between the Transferor Companies and the Transferee Company, the accounting policies followed by the Transferee Company will prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies.
- 14.9. The comparative financial information in the financial statements of the Transferee Company shall be restated for the accounting impact of the merger of the Transferor Companies, as stated above, as if the merger had occurred from the beginning of the comparative period presented.

14.10. Any matter not dealt with hereinabove shall be dealt with in accordance with the Ind AS applicable to the Transferee Company.

For Svatantra Microfin Private Limited

Vrushali Mahajan  
Chief Financial Officer