

**Independent Auditor's Report on the accounting treatment in the proposed scheme of amalgamation under
Sections 230 to 232 of the Companies Act, 2013, relevant rules thereunder and SEBI Master circular
SEBI/HO/CFD/POD-2/P/CIR/2023/93**

The Board of Directors
TVS Supply Chain Solutions Limited
No.10, Jawahar Road, Chokkikulam,
Madurai – 625 002
Tamil Nadu, India.

1. This Report is issued in accordance with the terms of our service scope letter dated December 15, 2023 and master engagement agreement dated September 11, 2023 with TVS Supply Chain Solutions Limited (hereinafter the "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 Stock Exchange (NSE), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the scheme of amalgamation as mentioned in paragraph 2 below.
2. We, S.R. Batliboi & Associates LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the accounting treatment given in para 12 of the attached Proposed Scheme of amalgamation dated February 5, 2024 (the "Proposed Scheme" or "Proposed Scheme of Amalgamation") between the Company and Mahogany Logistics Services Private Limited, TVS SCS Global Freight Solutions Limited, White Data Systems India Private Limited, SPC International (India) Private Limited and Flexol Packaging (India) Private Limited, 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/CFD/POD-2/P/CIR/2023/93 ('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'). The accounting treatment as prescribed in the proposed scheme has been included in Annexure which has been initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Proposed 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 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 and also provides relevant information to the NCLT.

Auditors 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, our responsibility is to provide reasonable assurance in the form of an opinion on whether the proposed accounting treatment as contained in the Annexure is in compliance with the applicable accounting standards.



6. We audited the financial statements of the Company as of and for the financial year ended March 31, 2023, on which we issued an unmodified audit opinion vide our reports dated July 10, 2023. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Annexure 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.
8. 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.
9. 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 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.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following in relation to the Annexure:
 - a. Obtained and read the draft Scheme and the proposed accounting treatment specified therein.
 - b. Obtained copy of resolution passed by the Board of Directors of the Company dated February 5, 2024 approving the Scheme.
 - c. Examined whether the proposed accounting treatment as per clause 12 of the Scheme is in compliance with the Applicable Accounting Standards.
 - d. Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

11. Based on our examination and according to the information and explanations given to us, read with paragraph 10 above, in our opinion, the proposed accounting as contained in the Annexure, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable accounting standards notified by the Central Government under section 133 of the Act read with relevant rules thereunder and other Generally Accepted Accounting Principles.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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), National Stock Exchange (NSE) and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this report, and does not extend to the Company as a whole. 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.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Bharath N S

Partner

Membership Number: 210934

UDIN: 24210934BKFULN1275

Place of Signature: Chennai

Date: February 5, 2024





Annexure

Amalgamation of First Transferor Company with the Transferee Company:

12.1. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEE COMPANY FOR THE AMALGAMATION OF FIRST TRANSFEROR COMPANY IN TO THE TRANSFEE COMPANY

Notwithstanding anything else contained in the Scheme, the Transferee Company shall account for the amalgamation of First Transferor Company in its books of accounts in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, and the date of such accounting treatment would be in accordance with the applicable Ind AS:

- 12.1.1 The Transferee Company shall identify and recognize all the individual identifiable assets acquired (including intangible asset meeting definition and recognition criteria of Ind AS 38 Intangible Assets and investment in treasury shares) and liabilities assumed of the First Transferor Company at the fair value.
- 12.1.2 The equity shares issued by the Transferee Company to the shareholders of the First Transferor Company, as prescribed in clause 10 of this Scheme, shall be recorded at fair value such that their face value shall be credited to the share capital account and excess of fair value of equity shares over their face value shall be recognised as the securities premium account.
- 12.1.3 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 cancelled. The excess of carrying amount over the face value of the equity shares shall be debited to the Securities Premium Account to the extent of total credit balance in the said account and balance, if any, against retained earnings under the head reserves & surplus.
- 12.1.4 All the inter-company balance appearing in the books of the Transferee Company shall stand cancelled and there shall be no further rights or obligations in that behalf.
- 12.1.5 The difference, if any, being excess or deficit arising pursuant to the Scheme, after giving effect to the above adjustments, shall be adjusted in equity, with an appropriate disclosure in accordance with the requirement of Ind AS.
- 12.1.6 For accounting purposes, the Scheme will be given effect on the date when all substantial conditions specified in Clause 21 of the Scheme for the transfer of assets and liabilities of the First Transferor Company to the Transferee Company is completed.
- 12.1.7 Any matter not dealt with in Clause herein above shall be dealt with in accordance with the Indian Accounting Standards applicable to the Transferee Company.

Amalgamation of Second, Third, Fourth and Fifth Transferor Companies with the Transferee Company:

12.2. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEE COMPANY FOR THE AMALGAMATION OF SECOND TRANSFEROR COMPANY, THIRD TRANSFEROR COMPANY, FOURTH TRANSFEROR COMPANY AND FIFTH TRANSFEROR COMPANY (Second transferor company, third transferor company, fourth transferor company and fifth transferor company, hereinafter collectively referred to as "Wholly Owned Subsidiaries" or "WOS").

TVS Supply Chain Solutions Limited

No 58, Eldams Road, Teynampet, Chennai - 600018, India. Phone: +91 - 44 - 6685 7777

Registered Office: No: 10, Jawahar Road, Chokkikulam, Madurai - 625002, India.

CIN: U63011TN2004PLC054655

Notwithstanding anything else contained in the Scheme, the Transferee Company shall account for the amalgamation of the WOS 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 Companies Act, 2013, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, in its books of accounts such that:

- 12.2.1 The Transferee Company shall record the assets and liabilities, if any, of the WOS vested in it pursuant to this Scheme, at the carrying values as appearing in the consolidated financial statements of the Transferee Company.
- 12.2.2 The identity of the reserves of the WOS shall be preserved and the Transferee Company shall record the reserves of the Transferor Companies in the same form and at the carrying amount as appearing in the consolidated financial statements of the Transferee Company.
- 12.2.3 Pursuant to the amalgamation of the WOS with the Transferee Company, inter-company balances, if any, between the Transferee Company and WOS appearing in the books of the Transferee Company shall stand cancelled.
- 12.2.4 The value of all the investments held by the Transferee Company in the WOS shall stand cancelled pursuant to amalgamation.
- 12.2.5 The surplus/deficit, if any arising after taking the effect of clause 1, clause 2, and clause 4 after adjustment of clause 3 shall be transferred to Capital Reserve in the financial statements of the Transferee Company and should be presented separately from other capital reserves with disclosure of its nature and purpose in the notes.
- 12.2.6 In case of any difference in accounting policy between the WOS 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.
- 12.2.7 Comparative financial information in the financial statements of the Transferee Company shall be restated for the accounting impact of the merger of the WOS, as stated above, as if the merger had occurred from the beginning of the comparative period presented. However, if common control over the WOS and Transferee Companies came into existence after that date, the prior period information shall be restated only from the date of the common control.
- 12.2.8 For accounting purposes, the Scheme will be given effect on the date when all substantial conditions for the transfer of the WOS are completed.
- 12.2.9 Any matter not dealt with hereinabove shall be dealt with in accordance with the requirement of applicable Ind AS.

For TVS Supply Chain Solutions Limited



Authorized Signatory

Name of the Signatory: Mr. Ravi Prakash Bhagavathula – Global Chief Financial Officer

Date: February 05, 2024

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