VENKATESH & CO
Chartered Accountants

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
Mercantile Ventures Limited
88, Mount Road Guindy, Chennai, Chennai, Tamil Nadu,
India, 600032

1. This Report is issued in accordance with the terms of our service scope letter dated 02nd April, 2025 and master engagement agreement dated 03rd April, 2025 with the Mercantile Ventures Limited (hereinafter the "Company" or "Transferee Company") pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the BSE Limited (BSE), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the scheme of amalgamation as mentioned in paragraph below.

2. We, Venkatesh & Co, 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 clause 10 of Part II of the attached Proposed Scheme of Amalgamation dated April 08, 2025 (the **"Proposed Scheme"** or **"Proposed Scheme of Amalgamation"**) between the Transferee Company, India Radiators Limited (**"Transferor Company"**) and their respective shareholders and creditors, 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 purpose 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 to 232 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

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Mercantile Ventures Limited No 88 Mount Road, Guindy, Chennai-600 032 the proposed accounting treatment as contained in the Annexure is in compliance with the applicable accounting standards read with MCA circular.

6. We audited the standalone financial statements of the company as of and for the financial year ended March 31, 2024, on which we issued unmodified audit opinion vide our reports dated May 23, 2024. 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 the 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 het 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) 1Q, 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 April 08, 2025 approving the Scheme.
    C. Examined whether the proposed accounting treatment as per clause 10 of Part II 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 and MCA circular.

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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 BSE and other regulatory authority in connection with the Scheme, and should not be used for any other person our 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 don't 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 to 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 Venkatesh & Co.,
Chartered Accountants
FRN : 004636S

VENKATESH & Co. CHENNAI Chartered Accountants

Hrishikesh

CA Hrishikesh D
Partner
M No : 272865
UDIN:- 25272865BMLKYS8151
Place: Chennai
Date: 08th April, 2025

Mercantile Ventures Limited No.88, Mount Road, Guindy, Chennai-600 032

ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY FOR THE MERGER OF INDIA RADIATORS LIMITED ("TRANSFEROR COMPANY) WITH MERCANTILE VENTURES LIMITED ("TRANSFEREE COMPANY")

13.1 Notwithstanding anything to the contrary contained herein, the Transferee Company shall account for the Arrangement of the Transferor Company, in its books of accounts, on the date determined under Companies (Indian Accounting Standards) Rules, 2015 (as amended) ("Ind AS") notified under Section 13 of the Act and in accordance with Appendix C of Ind AS 103 - Business Combinations, other Ind AS and relevant clarifications issued by the Institute of Chartered Accountants of India, such that:

a) The Transferee Company shall record the assets and liabilities (except investment in subsidiary) of the Transferor Company at its respective carrying values as appearing in the consolidated financial statements of the Transferee Company;
b) Transferee Company shall record all the investment in subsidiary companies vested in it pursuant to this part of the Scheme at an amount equal to the carrying amount of assets less liabilities less non-controlling interest (if any) and less reserves of the respective subsidiary company as appearing in the consolidated financial statements of the Transferee Company;
c) The identity of reserves shall be preserved and shall be recorded in the financial statements of the Transferee Company in the same form as appearing in the consolidated financial statements of the Transferee Company;
d) To the extent there are inter-company loans, advances and any other balances whatsoever between the Transferor Company and Transferee Company, the same shall stand canceled without any further act or deed, upon the Scheme becoming operative. The corresponding assets and liabilities in the books of account shall be reduced accordingly;
e) In case of any difference in accounting policy between the Transferee Company and the Transferor 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;
f) Transferee Company shall credit its share capital account with the aggregate face value of the equity shares issued by it to the non-controlling shareholders of Transferor Company pursuant to Clause 14 of the Scheme.
g) The surplus, if any arising after taking the effect of clause (a), clause (b), clause (c), clause (e) and after adjusting the impact of clause (d), shall be transferred to capital reserve in the financial statements of the Transferee Company. The deficit, if any arising after taking the effect of clause (a), clause (b), clause (c), clause (e) and after adjusting the impact of clause (d) and adjustment of previously existing credit balance in capital reserve, if any, shall be debited to retained earnings in the financial statements of the Transferee Company;
h) Comparative financial information in the financial statements of the Transferee Company shall be restated as stated above, as if the merger had occurred from the beginning of the comparative period. However, if control was acquired after earliest period presented, the prior period information shall be restated only from such date.

13.2 Notwithstanding the accounting treatment specified in Clause 17.1 and its sub clauses, if any amendments made to Ind AS are notified prior to the approval of the Scheme which affect the accounting treatment specified in Clause 17.1, the Transferee Company shall make necessary adjustments, as required, to comply with the revised Ind AS.

13.3 Any matter not dealt with herein above shall be dealt with in accordance with the requirement of applicable Ind AS and generally accepted accounting principles applicable to the Transferee Company.

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13.4 Since the Transferor company shall stand dissolved without being wound up upon the scheme becoming effective and all such assets and liabilities of the Transferor Company shall be transferred to the Transferee Company in terms of the Scheme, no accounting treatment is prescribed under this Scheme with regard to the Transferor Company.

For Venkatesh & Co.,
Chartered Accountants.,
FRN: 004636S

VENKATESH & Co. CHENNAI Chartered Accountants

CA Hrishikesh D
Partner
M No 272865
UDIN: 25272865BMLKYS8151
Chennai, 8th April, 2025

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