



Veefin Solutions Limited

CIN: L72900MH2020PLC347893

Report of Audit Committee of the Board of Directors

of Veefin Solutions Limited ("The Company")

[As per para (A)(2)(c) of Part I of SEBI Master Circular dated June 20, 2023]

To the Board of Directors of **Veefin Solutions Limited**,

We, the Audit Committee of Board of Directors, have thoroughly examined the draft Scheme of Arrangement and Amalgamation presented to us and have taken into consideration various factors, including the provisions stated in para (A)(2)(c) of Part I of the SEBI Master Circular dated June 20, 2023. We are pleased to present our report and recommendations regarding the Scheme, ensuring the protection of shareholders' interests as under:

Report on The Scheme of Arrangement and Amalgamation

1. Background:

- 1.1. A Meeting of the Audit Committee of the Board of Directors of Veefin Solutions Limited was held on 30 September 2025 to consider and if thought fit, to recommend the draft Scheme of Arrangement and Amalgamation of GlobeTF Solutions Limited ("GSL" or "Transferor Company 1") and Esotrifi Solutions Limited ("ESL" or "Transferor Company 2"), (collectively referred as "the Transferor Companies"), with Veefin Solutions Limited ("the Transferee Company") and their respective Shareholders ("the Scheme"), pursuant to provisions of section 230 to 232 and any other applicable provisions, if any, of the Companies Act, 2013 and rules and regulations made thereunder.
- 1.2. The Equity Shares of the Company are listed on SME Platform of Bombay Stock Exchange Limited ("BSE") (hereinafter referred to as "designated Stock Exchange"). The Company shall file the draft Scheme along with necessary information / disclosure and compliance documents with the designated Stock Exchange for their approval under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015").
- 1.3. The Scheme is subject to the approval of the Board of Directors, Shareholders and Creditors of the Companies, if applicable; and also subject to sanction of the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT"); and subject to such other approvals, permissions, and sanctions of Regulatory and any other Authorities, as may be necessary.
- 1.4. This Report of the Audit Committee is prepared and submitted in order to comply with the requirements of the SEBI (LODR) Regulations, 2015, and the SEBI Master Circular relating Schemes bearing No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (including any statutory, modification or re-enactment or amendment thereof for the time being in force).
- 1.5. The following documents were placed before the Audit Committee of the Company during their meeting:
 - a. Draft of the Scheme;
 - b. Pre-arrangement shareholding pattern of the Transferor Companies and pre and post arrangement shareholding pattern of the Transferee Company;
 - c. Report on recommendation of share exchange ratio dated 30 September 2025, issued by BDO Valuation Advisory LLP, an Independent Registered Valuer - Securities or Financial Assets (IBBI Registration No. IBBI/RV/06/2018/10500);

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Veefin Solutions Limited

CIN: L72900MH2020PLC347893

- d. Fairness Opinion Report dated 30 September 2025 issued by Socradamus Capital Private Limited, an Independent SEBI Registered Merchant Banker (SRN: INM000013138);
- e. Draft Certificate from the Statutory Auditors of the Company, A D V & Associates, Chartered Accountants, confirming that the accounting treatment in the books of the Company as proposed in the draft Scheme is in compliance with the Accounting Standards notified by the Central Government under Section 133 of the Companies Act, 2013; and
- f. Last 2 financial years audited financial statements of the Transferor Company 1 from the date of Incorporation, last 3 financial years audited financial statements of the Transferor Company 2 and Transferee Company.

2. Need for the Merger followed by Capital Reduction

- 2.1. The Transferee Company is engaged in providing innovative Digital Lending and Supply Chain Finance (SCF) technology product solutions to a wide range of clients globally, including Banks, Non-Banking Financial Institutions, Fintechs, Marketplaces, and Corporates. The shares of the Transferee Company are listed on the SME Platform of BSE Limited. The Transferor Company 1 is engaged in providing integrated platforms development of Trade Finance software to wide range of clients that are Banks, Non-Banking Financial Institutions and other financial institutions. The Transferor Company 2 is engaged in providing services like development of embedded finance solutions i.e. integrating holding companies lending solutions into non-financial platforms and applications.
- 2.2. The Transferor Companies are the subsidiaries of the Transferee Company and hence the Transferor Companies and the Transferee Company are forming part of the same management. Further, acquiring ongoing business of Transferor Companies by Transferee Company will thereby result in broadening the product portfolio and achieve overall business synergies. Thus, with a view to achieve the main objective of consolidation of business carried on by Transferor Companies and Transferee Company, it is desirable to merge the Transferor Companies into Transferee Company in this Scheme.
- 2.3. Apart from the Merger, this scheme also involves reduction of paid-up equity share capital of the Transferee Company by way of cancellation of part of existing equity shares held by Identified Shareholders immediately after the Merger. The reduction of existing equity share capital of Transferee Company is proposed to be undertaken with an objective of rationalizing the capital structure of the Transferee Company and achieve the desired shareholding pattern in the Transferee Company, as an integral part of this Scheme, thereby facilitating the effective implementation of the Scheme.

3. Rationale of the Scheme

- 3.1. The merger will inter alia have the following benefits to the companies and the shareholders:
 - (a) Combining the ongoing businesses of Transferor Companies with the business of Transferee Company will together result in broadening the product portfolio and achieve overall business synergies.
 - (b) It shall provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the arrangement will enable optimal utilization of existing resources and provide an opportunity to fully leverage assets, capacities, experience and infrastructure of all the Transferor Companies and Transferee Company.
 - (c) Reducing managerial overlaps involved in operating multiple entities, enable cost savings and effective utilization of valuable resources which will enhance the management focus thereby leading to increase in operational and management efficiency; integrate business functions; eliminate duplication and rationalization of administrative expenses.
 - (d) Greater efficiency in cash management of the Transferee Company and unfettered access to cash flows generated by the combined businesses which can be deployed more efficiently to fund organic and inorganic growth opportunities to maximize shareholder value.





Veefin Solutions Limited

CIN: L72900MH2020PLC347893

- (e) Synchronization of efforts to achieve uniform corporate policy, greater integration and greater financial strength and flexibility for the Transferee Company.
- (f) Better value creation for the shareholders of the company and improved competitive position of the combined entity in the market.
- (g) Consolidation of businesses of the Transferor Companies and the Transferee Company under a single entity, the Transferee Company and achieve simplified corporate structure.
- (h) Upon completion of the Merger, the Transferor Companies will be dissolved. Consequently, reducing the regulatory and legal compliance obligations including accounting, reporting requirements, statutory and internal audit compliance requirements, tax filings, company law compliances, etc. and therefore reduction in administrative costs and efforts.
- (i) The intended Scheme is not prejudicial to the interest of the shareholders, creditors or the employees of the Transferor Companies and the Transferee Company.

The reduction of existing equity share capital of Transferee Company is proposed to be undertaken with an objective of rationalizing the capital structure of the Transferee Company and achieve the desired shareholding pattern in the Transferee Company, as an integral part of this Scheme, thereby facilitating the effective implementation of the Scheme.

4. Synergies of Business of the Entities involved in the Scheme

Amongst the benefits arising out of the proposed Scheme stated in para 3 above, the committee noted that the Scheme of Arrangement and Amalgamation of business of the Transferor Companies and Transferee Company would consolidate all the resources of Transferor Companies into Transferee Company. Further, acquiring the ongoing business the Transferor Companies will thereby result in broadening the product portfolio and achieve overall business synergies.

5. Salient Features of the Scheme

- 5.1. The Scheme is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, and also read with Section 2(1B) and other applicable provisions of the Income-tax Act, 1961.
- 5.2. The Company shall, as may be required, make petition under Section 230 to 232 and other provisions of the Companies Act, 2013 and rules framed thereunder (including any statutory modifications or re-enactment or amendment thereof) to Mumbai Bench of the National Company Law Tribunal for sanction of the Scheme of Amalgamation and all matters ancillary and incidental thereto.
- 5.3. Appointed Date means 1 April 2026 for the purposes of Merger of Transferor Companies with Transferee Company under this Scheme.
- 5.4. Effective Date means means the date or last of the dates on which the certified copy of the order of the NCLT sanctioning this Scheme is filed with the Registrar of Companies, Mumbai by the Transferor Companies and the Transferee Company.
- 5.5. Upon coming into effect of this Scheme of Arrangement and Amalgamation and with effect from the Appointed Date and subject to the provisions of this Scheme:
 - (a) All assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 230 read with Section 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in sub-clauses (b),(c), (d) and (e) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become as from the Appointed Date the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations therein.

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Veefin Solutions Limited

CIN: L72900MH2020PLC347893

Provided that for the purpose of giving effect to the vesting order passed under Section 232 in respect of this Scheme, the Transferee Company shall be entitled to get effected the change in the title and the appurtenant legal right(s) upon the vesting of such properties in accordance with the provisions of the Act, at the office of the respective registrar of assurances or any other concerned authority, where any such property is situated.

- (b) The mutation of the ownership or title, or interest in the immovable properties if any in favour of the Transferee Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme post the Effective Date in accordance with the terms thereof.
- (c) All the movable assets including cash in hand, if any, capable of passing by manual delivery or constructive delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company, to the end and intent that the ownership and property therein stands transferred to the Transferee Company on such handing over in pursuance of the provisions of Section 232 and other applicable provisions of the Act (as an integral part of the Undertaking). The plant and machinery (if any), which are fastened to land and/ or buildings continue to remain movable properties inter alia because the said plant and machinery are fastened to land only with a view to have better enjoyment of the movable properties.
- (d) In respect of all movables, other than those specified in sub-clause (c) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and/ or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of the Act.
- (e) In relation to the assets, properties and rights including tenancy rights, rights arising from contracts, deeds, instruments and agreements, if any, which require separate documents of transfer including documents for attornment or endorsement, as the case may be, the Transferee Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case may be, as and when required or will enter into a novation agreement.
- (f) Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities including but not limited to all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations forming part of the Undertaking of the Transferor Companies or otherwise, all other obligations (including any guarantees, letter of credit or any other instrument or arrangement which may give rise to a contingent liability in whatever form) whether relating to and comprised in any of the undertaking or otherwise, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for its business activities and operations, shall, pursuant to the sanction of this Scheme by the NCLT and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the same, further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause.



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CIN: L72900MH2020PLC347893

- (g) With effect from the Appointed Date, all debts, liabilities (including deferred tax liability), duties, guarantees, indemnities and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet shall also, under the provisions of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company on the same terms and conditions, as applicable, so as to become as on and from the Appointed Date the debts, liabilities, duties, guarantees, indemnities and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties, guarantees, indemnities and obligations have arisen, in order to give effect to the provisions of this sub-clause.

However, the Transferee Company may, at any time, after the coming into effect of this Scheme, if so required, under any law or otherwise, execute deeds of confirmation in favour of the creditors, or lenders, as the case may be, or in favour of any other party to the contract or arrangement to which Transferee Company is a party or any writing, as may be necessary, in order to give formal effect to the provisions mentioned herein. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Companies as well as to implement and carry out all such formalities and compliances referred to above.

- (h) The transfer and vesting of the Undertaking of the Transferor Companies as aforesaid shall be subject to the existing securities, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof of the Transferor Companies.

Provided, however, that any reference in any security documents or arrangements (to which Transferor Companies are parties) pertaining to the assets of Transferor Companies offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to such assets, as are offered or agreed to be offered as security, pertaining to Transferor Companies as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Companies or any of the assets of the transferee Company.

- (i) With effect from the Appointed Date, all permits, quotas, rights, entitlements, tenancies and licenses relating to brands, trademarks, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking of the Transferor Companies and which are subsisting or having effect immediately before the Appointed Date, shall be and remain in full force and effect in favour of the Transferee Company and may be enforced fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a beneficiary or obligee thereto.
- (j) With effect from the Appointed Date, any statutory licenses, permissions, approvals and/or consents held by the Transferor Companies are required to carry on its operations shall stand vested in, or transferred to, the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities or any other person concerned therewith in favour of the Transferee Company. The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Companies shall vest in, and become available to, the Transferee Company upon the Scheme coming into effect.



(k) All registrations, benefits, incentives, exemptions, subsidies, special status and other benefits or privileges enjoyed (including minimum alternate tax, sales tax, excise duty, custom duty, net worth tax, value added tax, goods and service tax and other incentives), granted by the Government or by any other person and availed of by the Transferor Companies (collectively, the "Benefits") will be transferred to the Transferee Company, on the same terms and conditions as presently available to the Transferor Companies, upon the Transferee Company intimating the concerned authority or undertaking the necessary actions for the transfer and /or the Board of Directors of the Transferee Company will be

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Veefin Solutions Limited

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authorized to seek approval or enter into an agreement with the concerned authority and/ or undertake such other activity as is necessary for being eligible for the Benefits availed by the Transferor Companies.

- (l) From the Effective Date and till such time that the names of the bank accounts of the Transferor Companies including but not limited to balances with scheduled banks in current accounts and in deposit accounts are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Companies, in its name, in so far as may be necessary.
- (m) All legal proceedings of whatsoever nature by or against the Transferor Companies pending and/ or arising at the Appointed Date shall be continued and/ or enforced until the Effective Date by the Transferor Companies. In the event of the Transferor Companies failing to continue or enforce any legal proceeding, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the legal proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.

Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the Merger or anything contained in the Scheme.

On and from the Effective Date, the Transferee Company may initiate any legal proceedings in relation to the Transferor Companies in the same manner and to the same extent as would or might be initiated by Transferor Companies. The Merger of the Transferor Companies into the Transferee Company pursuant to and in accordance with this Scheme shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income-tax Act, 1961.

On or after the Appointed Date, if any proceedings are taken against the Transferor Companies, the same shall be defended by and at the cost of the Transferee Company.

- (n) Without prejudice to the above provisions, with effect on and from the Appointed Date, all inter-party transactions between the Transferor Companies and the Transferee Company per se shall be considered as intra-party transactions for all purposes on and from the Appointed Date.
- (o) The Transferee Company, under the provisions of this Scheme, is hereby authorized or be deemed to be authorized to execute all and any writings on behalf of the Transferor Companies, to implement and carry out all formalities and compliances in relation to the above-mentioned Clause(s), if required.

5.6. Consideration

Issue of consideration on amalgamation of Transferor Companies with Transferee Company

- (a) Upon the coming into effect of this Scheme and in consideration of the amalgamation of the Transferor Companies into the Transferee Company, the Transferee Company shall, without any further application, act or deed, issue and allot to the shareholders of the Transferor Companies whose names are recorded in the register of members as a member of the respective Transferor Companies on the Record Date (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of the Transferee Company), as follows:
 - 2,731 equity shares of the Transferee Company, credited as fully paid-up equity shares of the face value of INR 10 each, for every 10 (Ten) fully paid-up equity shares of the face value of INR 10 (Indian Rupees Ten) of Transferor Company 1; and



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- 7,673 equity shares of the Transferee Company, credited as fully paid-up equity shares of the face value of INR 10 each, for every 10 (Ten) fully paid-up equity shares of the face value of INR 10 (Indian Rupees Ten) of Transferor Company 2, each held by such member in the respective Transferor Companies ("Share Exchange Ratio"). The Transferee Company Shares to be issued by the Transferee Company to the shareholders of the Transferor Company 1 and Transferor Company 2 in accordance with this Clause, hereinafter referred to as "New Equity Shares".

Issuance mechanics

- (b) In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of any of the Transferor Companies, the Board of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, as the case may be, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the respective Transferor Company and in relation to the Transferee Company Shares issued by the Transferee Company, after the effectiveness of the Scheme. The Board of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transition period.
- (c) Where New Equity Shares of the Transferee Company are to be allotted to heirs, executors or administrators, as the case may be, to successors of deceased equity shareholders or legal representatives of the equity shareholders of the respective Transferor Company, the concerned heirs, executors, administrators, successors or legal representatives shall be obliged to produce evidence of title satisfactory to the Board of the Transferee Company.
- (d) The New Equity Shares of the Transferee Company allotted and issued in terms of Clause 5.6.(a) above, shall be listed and / or admitted to trading on the BSE on the same SME platform (where the existing shares of the Transferee Company are listed), in compliance of the SEBI Circular and other relevant provisions and subject to the Transferee Company obtaining the requisite approvals from all the relevant Governmental Authorities pertaining to the listing of the New Equity Shares of the Transferee Company.
- (e) The Transferee Company shall enter into such arrangements and give such confirmations and / or undertakings as may be necessary in accordance with Applicable Laws for complying with the formalities of the Stock Exchanges.
- (f) The New Equity Shares of the Transferee Company to be allotted and issued to the shareholders of the Transferor Companies as provided in Clause 5.6.(a) above shall be subject to the provisions of the memorandum and articles of association of the Transferee Company and shall rank *pari passu* in all respects with the then existing Transferee Company Shares after the Effective Date including with respect to dividends, voting rights and other corporate benefits attached to the equity shares of the Transferee Company.
- (g) The Transferee Company shall complete all formalities, as may be required, for allotment of the New Equity Shares to the shareholders of the Transferor Companies as provided in this Scheme within thirty (30) days from the Effective Date. It is clarified that the issuance and allotment of the New Equity Shares by the Transferee Company to the shareholders of the Transferor Companies as provided in the Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under Section 62 of the Act, applicable Foreign Exchange Management Act Regulations in India or any other applicable provisions of the Act, as may be applicable, and such other statutes and regulations as may be applicable were duly complied with.





Veefin Solutions Limited

CIN: L72900MH2020PLC347893

- (h) If any member of the respective Transferor Company becomes entitled to any fractional equity shares on the issue and allotment of the New Equity Shares by the Transferee Company in accordance with Clause 5.6.(a) above, the Board of the Transferee Company shall round up such fractional equity share to the nearest whole number i.e., fractions shall be rounded up to 1 share.
- (i) The Transferee Company shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities, including the BSE, for the issue and allotment by the Transferee Company of the New Equity Shares to the members of the Transferor Companies pursuant to the Scheme.
- (j) Subject to Applicable Laws, the New Equity Shares to be issued in terms of this Scheme shall be issued in dematerialized form. The register of members maintained by the Transferee Company and / or other relevant records, whether in physical or electronic form, maintained by the Transferee Company, the relevant depository and registrar and transfer agent in terms of Applicable Laws shall (as deemed necessary by the Board of each of the Transferor Company) be updated to reflect the issue of the New Equity Shares in terms of this Scheme. The shareholders of the Transferor Companies who hold equity shares in the Transferor Companies in physical form should provide the requisite details relating to his / her / its account with a depository participant or other confirmations as may be required, to the Transferee Company, prior to the Record Date to enable it to issue the New Equity Shares. However, if no such details have been provided to the Transferee Company by the equity shareholders holding equity shares of the respective Transferor Company in physical form on or before the Record Date, the Transferee Company shall deal with the relevant equity shares in such manner as may be permissible under the Applicable Law.
- (k) The New Equity Shares to be issued by the Transferee Company shall be in dematerialized form only. In case any of the shareholder of the Transferor Companies does not have a demat account, the Transferee Company shall open a separate demat account for such shareholder in accordance with SEBI Notification F. No. SEBI/LAD-NRO/GN/2025/261 dated September 8, 2025.
- (l) The shares allotted pursuant to the Scheme shall remain frozen in the depositories system until listing / trading permission is given by the BSE.
- (m) There shall be no change in the shareholding pattern or control of the Transferee Company between the Record Date and the date of listing of equity shares issued pursuant to the Scheme of the Transferee Company which may affect the status of the BSE's approval.
- (n) The New Equity Shares to be issued by the Transferee Company in lieu of the shares of the Transferor Companies held in the unclaimed suspense account of any of the Transferor Companies shall be issued to a new unclaimed suspense account created for shareholders of that respective Transferor Company.
- (o) The effectiveness of this Scheme is conditional upon the Scheme being approved by the members of the Transferor Companies in terms of the Act and approval of the public shareholders of the Transferee Company in terms of the SEBI Circular. The Scheme shall be acted upon only if votes cast by the public shareholders of the Transferee Company in favour of the proposal are more than the number of votes cast by public shareholders of the Transferee Company against it. Promoters and promoter group shareholders voting shall not be considered for Scheme approval as mentioned in SEBI Circular. Upon approval of this Scheme by the Board and members of each of the Amalgamating Companies pursuant to Sections 230-232 of the Act and other relevant provisions of the Act, if applicable, it shall be deemed that the Board and members of each of the Amalgamating Companies have also accorded their consent under Sections 13, 42, 61, 62(1)(c) and 64 of the Act and / or any other applicable provisions of the Act and the relevant provisions of the Articles, as may be applicable, for the aforesaid issuance of the Transferee Company Shares to the equity shareholders of the respective Transferor Company and amendment of the memorandum of association of the Transferee Company, and no further resolution or actions, including compliance with any procedural requirements, shall be required to be undertaken by



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the Transferee Company under Sections 13, 42, 61, 62(1)(c) or 64 of the Act and / or any other applicable provisions of the Act. Upon this Scheme coming into effect, the Transferee Company shall, if required, file all necessary documents / intimations as per the provisions of Act with the RoC or any other applicable Governmental Authority to record the amalgamation of Transferor Companies with and into the Transferee Company, issuance of the Transferee Company Shares to the equity shareholders of the Transferor Companies and dissolution of the Transferor Companies, in the manner set out in this Scheme.

- (p) In the event the Transferee Company or the Transferor Companies restructures its equity share capital by way of share split / consolidation / issue of bonus shares / rights issue / changes as mentioned in Clause 2.3.1 of the draft Scheme during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to consider the effect of any such corporate actions.

5.7. Reduction of Paid-up Equity Share Capital of Transferee Company

- (a) As an integral part of the Scheme and upon the Scheme becoming effective, the subscribed, issued and paid-up Equity Share capital of the Transferee Company held by the Identified Shareholders as on the Effective Date shall stand cancelled with no consideration to such shareholders, to the extent of:

- Gautam Udani: 3,00,000 Equity shares of Rs 10 each
- Raja Debnath: 18,00,000 Equity shares of Rs 10 each

Accordingly, the share capital of the Transferee Company shall stand reduced to the extent of face value of Equity Shares cancelled as mentioned above which are currently held by the Identified Shareholders in the Transferee Company.

- (b) The reduction of paid-up equity share capital of the Transferee Company as aforesaid would not involve diminution of liability in respect of unpaid share capital, if any, but only cancellation of paid-up equity share capital of the Transferee Company held by the Identified Shareholders. The proposed reduction of equity share capital of the Transferee Company would not in any way adversely affect the operations of the Transferee Company or the ability of the Transferee Company to honour its commitment or to pay its debts in ordinary course of business since it proposed reduction does not involve any pay-off of cash or otherwise to the holders of shares which are being cancelled. Further, no compromise or arrangement is contemplated to be made with the creditors of the Transferee Company under the Scheme.
- (c) Such reduction of share capital of the Transferee Company as provided in clause 5.7.(a) above shall be effected as an integral part of the Scheme and in accordance with Explanation to Section 230 of the Act.
- (d) It is expressly clarified that no creditor of the Transferee Company will be adversely affected by the reduction of Equity Share capital.
- (e) All the equity share certificates issued, if any, by the Transferee Company with respect to such Equity Share capital shall automatically stand cancelled in the hands of the shareholder without any further act or deed.

5.8. Accounting Treatment

With effect from the Appointed Date, upon the Scheme coming into effect, the accounting for the amalgamation would be done in accordance with the pooling of interests method of accounting referred in Accounting Standard 14 - Accounting for Amalgamation (AS-14). Accordingly, the Transferee Company shall record in its books of accounts as under:

- (a) As on the Appointed Date for Amalgamation, the Transferee Company shall record the assets, liabilities and reserves of the Transferor Companies vested in it pursuant to the Scheme at their existing carrying amounts;



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- (b) The identity of the reserves of the Transferor Companies shall be maintained and the same shall be aggregated with the balances of similar reserves, if any, in the books of the Transferee Company;
- (c) The Equity shares held by the Transferee Company in the Transferor Companies will stand cancelled as on the Effective Date and there shall be no further obligation in that behalf;
- (d) The inter-corporate deposits / loans and advances outstanding between the Transferee Company and the Transferor Companies as on the Effective Date will stand cancelled and there shall be no further obligation in that behalf;
- (e) The face value of New Equity Shares issued by the Transferee Company to the shareholders of the Transferor Companies pursuant to Clause 5.6.(a) above shall be credited to the Equity Share Capital Account of the Transferee Company
- (f) The excess, being the net asset value of the Transferor Companies (i.e. the book value of assets minus the book values of the liabilities and reserves of the Transferor Companies as on the Appointed Date for Amalgamation) taken over as per Clause 5.8.(a) and 5.8.(b), after accounting for the cancellation in Clause 5.8.(c), Clause 5.8.(d) and Clause 5.8.(e), shall be credited by the Transferee Companies to its reserves. In case the difference results in a deficit, it shall be debited by the Transferee Company to its reserves;
- (g) As regards cancellation of shares pursuant to clause 5.7 i.e., to the extent of face value of shares shall be debited to the share capital and corresponding credit will be made by the Transferee Company in the form of Capital Reserves.
- (h) Further, in case of any differences in accounting policy between the Transferee Company and the Transferor Companies, the accounting policies followed by the Transferee Company will prevail and the difference in recognition of assets and liabilities which are appearing or should appear in the books of the Transferor Companies on the Appointed Date, as the case may be, will be quantified and adjusted in the Profit and Loss Account of the Transferee Company mentioned earlier to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- (i) All the costs, charges and expenses (including but not limited to any taxes, duties, stamp duty, registration charges, etc.) in relation to any matter arising out of the Scheme including transfer of assets of the Transferor Companies to the Transferee Company in accordance with the Scheme shall be charged to the Profit and Loss Account of the Transferee Company.
- (j) Notwithstanding the above, the Board of Directors of the Transferee Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner, if such accounting treatment is considered more appropriate. All staff and employees of the Transferor Companies, as on the Effective Date shall be deemed to have become staff and employees of the Transferee Company without any break or interruption in their services, on same terms and conditions of their employment with the Transferee Company. The Transferee Company further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted past service with the Transferor Companies, as the case maybe, shall also be taken into account. The Transferee Company undertakes to continue to abide by the terms of agreement/settlement entered into by the Transferor Companies with employees' union/employee or association as the case may be.

5.9. Staff, Workmen and Employees

Post the Effective Date, all staff and employees if any (including those on sabbatical / maternity leave) of each of the Transferor Companies in service on the Effective Date shall stand transferred and vested and / or be



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Veefin Solutions Limited

CIN: L72900MH2020PLC347893

deemed to have become staff and employees of the Transferee Company with effect from the Effective Date on the basis that:

- (a) Their respective services shall be continuous and shall not have been interrupted by reason of the transfer of the Undertaking of the Transferor Companies.
- (b) The terms and conditions of service applicable to the said staff, workmen and employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer. The position, rank and designation of the employees would however be decided by the Transferee Company.
- (c) It is provided that as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other special fund (hereinafter referred as "Fund" or "Funds"), Employee Stock Option Plan ('ESOP'), if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Companies are concerned, upon the Scheme coming into effect, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever in relation to the administration or operation of such Fund or Funds, ESOP, if any, or in relation to the obligation to make contributions to the said Fund or Funds, ESOP, if any, in accordance with the provisions of respective Fund or Funds, ESOP, if any, as per the terms provided in the respective trust deeds. It is the aim and intent of the Scheme herein that all the rights, duties, powers and obligations of the Transferor Companies in relation to such Fund or Funds, ESOP, if any, shall become those of the Transferee Company and all the rights, duties and benefits of the staff and employees of the Transferor Companies under such Fund or Funds, ESOP, if any, shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff and employees of the Transferor Companies will be treated as having been continuous for the purpose of the Fund or Funds, ESOP, if any, and for other benefits such as long service awards.
- (d) In so far as the Fund or Funds, ESOP, if any, created or existing if any for the benefit of the employees of the Transferor Companies are concerned, upon the Effective Date, balances lying in the accounts of the employees of the Transferor Companies in the Fund or Funds, ESOP, if any, as on the Effective Date shall stand transferred from the respective Fund or Funds, ESOP, if any, of the Transferor Companies to the corresponding Fund or Funds, ESOP, if any, set up by the Transferee Company. All benefits being provided to the transferred employees will be treated as having been continuous and uninterrupted for the purpose of the aforesaid Fund or Funds, ESOP, if any.

5.10. Legal Proceeding

- (a) Post the Effective Date, all legal and other proceedings including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against the Transferor Companies pending and/or arising at the Appointed Date shall be continued and/or enforced by or against the Transferee Company only, to the exclusion of the Transferor Companies in the same manner and to the same extent as would have been continued and enforced by or against the Transferor Companies.
- (b) Further, the aforementioned proceedings shall not abate or be discontinued nor in any way be prejudicially affected by reason of the Merger or anything contained in the Scheme.
- (c) On and from the Effective Date, the Transferee Company may, if required, initiate any legal proceedings including criminal proceedings in relation to the Transferor Companies in the same manner and to the same extent as would or might have been initiated by the Transferor Companies.

5.11. Contracts, deeds, consents and other instruments

- (a) Upon the coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, instruments, licenses, engagements, certificates, permissions, consents, approvals, concessions and incentives (minimum alternative tax, sales tax, excise duty, custom



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duty, service tax, value added tax, goods and service tax and other incentives), remissions, remedies, subsidies, guarantees and other instruments, if any, of whatsoever nature to which the Transferor Companies are parties or to the benefit of which the Transferor Companies may be eligible and which have not lapsed and are subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary thereto.

- (b) In pursuance of this Scheme coming into effect and subject to the other provisions of this Scheme, the Transferee Company may enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations in order to give formal effect to the provisions of this Scheme. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.
- (c) The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government or any other agency, department or other authorities as may be necessary under law, for such consents, approvals and sanctions which the Transferee Company may require to own and operate the Undertaking.
- (d) For the avoidance of doubt and without prejudice to the generality of the foregoing, upon the coming into effect of the Scheme and with effect from the Appointed Date, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to, or executed in favour of the Transferor Companies shall stand transferred to the Transferee Company as if the same were originally given by, issued to, or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company
- (e) The provision set forth above in this Clause shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Companies on or before the Appointed Date and after the Appointed Date till the Effective Date. The Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto as though done and executed on behalf of the Transferee Company.

5.12. Consolidation of authorized share capital and amendment of memorandum of association

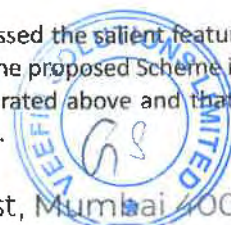
Upon this Scheme becoming effective, the aggregate of authorized share capital of Transferor Companies as mentioned in Clause 2 of the Scheme i.e., Rs 35,00,000 (Rupees Thirty Five Lakhs Only) shall be added to the authorized share capital of the Transferee Company, as on the Effective Date, without any further act or deed and without any further payment of the stamp duty or the registration fees, and accordingly the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended. The consent of the shareholders of the Transferor Companies and the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and no further resolution(s) under Sections 13, 61 and 14 of Act and Section 232 of the Act and other applicable provisions of the Act would be required to be separately passed, as the case may be.

6. Impact of the Scheme on the Shareholders

- 6.1. The Audit Committee of the Board of Directors of the Company discussed the salient features, rationale and expected benefits of the Scheme. In the report, they have noted that the proposed Scheme is not detrimental to the interest of the shareholders on account of benefits as enumerated above and that the Scheme will enhance the value of the merged entity and overall shareholder value.

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- 6.2. The Audit Committee of the Board of Directors of the Company also discussed at length the impact of the issuance of the new equity shares of the Transferee Company to the shareholders of the Transferor Companies, and after due deliberations, concluded that the issuance of the new equity shares in terms of the Scheme will have no significant impact on the shareholders of the Transferee Company.
- 6.3. The proposed cancellation of shares held by identified shareholders in the Transferee Company does not result in any transfer of shares within the promoter group and will not have any adverse implications on any parties as it does not involve any pay-off, thereby impacting any creditors, vendors etc.

7. Cost Benefit Analysis

- 7.1. Although the Scheme involves certain costs such as transaction cost, implementation cost, regulatory fees, stamp duties, etc. the Scheme would entail the benefits specified in para 3 above.
- 7.2. Since there is no outflow of cash, there is no such cost and in terms of further benefit the reduction will help in achieve the desired shareholding and not impact shareholding of public or reduce their shareholding in any manner.

8. Recommendation of Audit Committee of the Board of Directors of the Company

- 8.1. Based on our detailed analysis and evaluation of all the foregoing included in this report and in the draft Scheme of Amalgamation, the Audit Committee of the Board of Directors of the Company unanimously recommends the draft Scheme taking into consideration the Share Exchange Ratio, as prescribed in the Valuation report placed before the committee, for respective favourable consideration and approval. The scheme has the potential for better value creation for the shareholders of the company and improved competitive position of the combined entity in the market amongst others benefit mentioned in the rationale of the Scheme.

This Report is issued by the Chairman of the Audit Committee of the Board of Directors of the Company.

For Veefin Solutions Limited

Gaurav Saraf

Gaurav Saraf

Chairperson of Audit Committee

DIN: 08204851

Date: 30 September 2025

Place: Mumbai

