

Date: 07 December 2021

To,
The Board of Directors
Wheels India Limited
21, Pattulos Road, Chennai,
Tamil Nadu – 600002, India.

To,
The Board of Directors
Sundaram Hydraulics Limited
21, Pattulos Road, Chennai,
Tamil Nadu – 600002, India.

Subject: Fairness opinion on the share exchange ratio recommended by Niranjan Kumar, Registered Valuer- Securities or Financial Assets for the proposed amalgamation of Sundaram Hydraulics Limited with Wheels India Limited.

We refer to the engagement letter dated 25 November 2021 and discussions undertaken with the Management of Wheels India Limited ("WIL" or "Transferee Company") and Sundaram Hydraulics Limited ("SHL" or "Transferor Company") (hereinafter both of them together referred to as "the Management"), wherein the Management has requested Kunvarji Finstock Private Limited ("Kunvarji" or "We" or "us") to provide a fairness opinion on the share exchange ratio recommended by Niranjan Kumar, Registered Valuer - Securities or Financial Assets ("Independent Valuer") vide report dated 07 December 2021 ("Valuation Date") in connection with the proposed amalgamation of Sundaram Hydraulics Limited with Wheels India Limited (together WIL and SHL are referred to as "Transacting Companies") (hereinafter referred to as "Proposed amalgamation" or "Proposed Transaction").

Please find enclosed our deliverables in the form of report ("the Report"). This Report sets out the transaction overview, scope of work, background of the companies, sources of information and our opinion on the share exchange ratio recommended by Independent Valuer for the aforesaid Proposed amalgamation. This Report is subject to the scope, assumptions, exclusions, limitation and disclaimers detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

This report has been issued only for the purpose of facilitating the Proposed Transaction and should not be used for any other purpose.

For, Kunvarji Finstock Private Limited

Atul Chokshi

Mr. Atul Chokshi
Director (DIN: 00929553)



Place: Ahmedabad



www.kunvarji.com

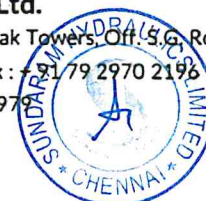
Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051.

Phone: +91 79 6666 9000 | Fax : +91 79 2970 2158 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC00897

000303/2021



FAIRNESS OPINION
IN THE MATTER OF SCHEME OF AMALGAMATION IN THE NATURE OF
PROPOSED AMALGAMATION OF
SUNDARAM HYDRAULICS LIMITED (TRANSFEROR COMPANY)

WITH

WHEELS INDIA LIMITED (TRANSFeree COMPANY)

STRICTLY PRIVATE AND CONFIDENTIAL

Prepared By:

KUNVARJI

SINCE 1960

Driven By Knowledge

Kunvarji Finstock Private Limited

(SEBI Category I Merchant Banking Registration Number – INM000012564)

Kunvarji, B-Wing,
Siddhivinayak Towers,
Nr. D.A.V. School, Off. S. G. Road,
Makarba,

Ahmedabad-380051



www.kunvarji.com

Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone: +91 79 6666 9000 | Fax : + 91 79 2970 2196 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC008979

000304/2021

1. BACKGROUND OF THE COMPANIES**SUNDARAM HYDRAULICS LIMITED (TRANSFEROR COMPANY)**

Sundaram Hydraulics Limited ('SHL' or 'Transferor Company') was incorporated on 07 December 2007 and is engaged in the business of design, manufacture, and distribution of hydraulic cylinders for the domestic and global MCE industry. SHL is also engaged in manufacturing of axle shafts for dump trucks and cylinders for windmill and subcontracting excavator cylinders for overseas companies.

The equity shareholding pattern of SHL as at report date is set out below:

Particulars	Number of shares
Equity shares having face value of INR 10 each	4,37,51,300

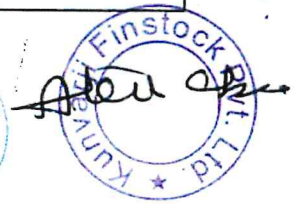
Note: We understand that the equity shares of SHL held by WIL shall stand cancelled automatically upon the proposed scheme of amalgamation being effective.

WHEELS INDIA LIMITED (TRANSFEEE COMPANY)

Wheels India Limited ('WIL' or 'Transferee Company') was incorporated on 13 June 1960 and is engaged in the business of manufacturing of automotive and industrial components. Its product portfolio comprises of steel wheels and forged aluminium wheels; air suspension systems for buses, trucks and trailers; control and speciality products; and machined components for various other applications. WIL holds 16.3% equity stake in Sundaram Hydraulics Limited, 74.0% stake in WIL Car Wheels Limited and 9.5% stake in Axles India Limited (WIL Car Wheels Limited and Axles India Limited are hereinafter together referred to as 'the investee companies of WIL'). The equity shares of WIL are listed on BSE and NSE.

The equity shareholding pattern of WIL as at 30 September 2021 is set out below:

Category of shareholder	Number of equity shares (Face Value of INR 10 each)	Percentage %
Promoter and Promoter Group	1,38,43,428	57.5%
Public	1,02,21,130	42.5%
Total	2,40,64,558	100.0%



2. TRANSACTION OVERVIEW AND SCOPE OF SERVICES**Transaction Overview**

We understand that the Management of the Transacting Companies are contemplating a scheme of amalgamation, wherein they intend to amalgamate Sundaram Hydraulics Limited with Wheels India Limited in accordance with the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and in a manner provided in the draft scheme of amalgamation (hereinafter referred to as 'the Scheme').

As a consideration for the proposed amalgamation, equity shareholders of SHL would be issued equity shares of WIL. The equity shares to be issued for the aforesaid proposed amalgamation will be based on the share exchange ratio as determined by the Board of Directors based on the share exchange ratio report prepared by Independent Valuer appointed by them.

Scope of Services

Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 or SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended from time to time, we have been requested by the Management to issue a fairness opinion in relation to the share exchange ratio recommended by Independent Valuer vide report dated 07 December 2021 for the proposed amalgamation of Transferor Company with Transferee Company.

In this regard, the Management has appointed Kunvarji Finstock Private Limited ("Kunvarji" or "We" or "us"), SEBI Registered (Category I) Merchant Banker to provide fairness opinion on the share exchange ratio recommended by an Independent Valuer as at Valuation Date for the Proposed amalgamation.

Our scope of work only includes forming an opinion on the fairness of the recommendation of the Valuer on the share exchange ratio arrived at for the purpose of Scheme and does not involve evaluating or opining on the fairness or economic rationale of the Scheme per se. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.



3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the Management of the Transacting Companies/ obtained from public domain for the purpose of this report:

- Signed share exchange ratio report issued and prepared by Niranjan Kumar, Registered Valuer- Securities or Financial Assets dated 07 December 2021;
- Audited standalone/ consolidated financial statements of WIL for the financial year ended 31 March 2021;
- Limited reviewed standalone/ consolidated financial statements of WIL for the six months' period ended 30 September 2021;
- Audited financial statements of SHL for the financial year ended 31 March 2021 and for the six months' period ended 30 September 2021;
- Audited financial statements for the financial year ended 31 March 2021 and limited reviewed financial statements for the six months' period ended 30 September 2021 of investee companies of WIL;
- Quarterly reported financial performance of Transacting Companies and investee companies of WIL for the trailing twelve month period ended 30 September 2021;
- Financial projections of SHL from 01 April 2021 to 31 March 2026 ('Management Projections') which represents Management's best estimate of the future financial performance of SHL;
- Shareholding pattern of WIL as at 30 September 2021; and shareholding pattern of SHL as at the report date;
- Draft scheme of amalgamation between the Transacting Companies pursuant to which proposed amalgamation is to be undertaken;
- Publicly available market data, key trends and valuation multiple of comparable companies;

The Management has been provided with the opportunity to review the draft fairness opinion report (excluding our fairness opinion on the share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided.

<<<<< This space has been left blank intentionally >>>>>



www.kunvarji.com

Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone:+91 79 6666 9000 | Fax : + 91 79 2970 2196 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC008979

000307/2021

4. PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedures to carry out the opinion:

- Requested and received financial and qualitative information.
- Obtained data available of Companies in public domain.
- Discussion with the Management to:
Understand the business and fundamental factors that affect the business including their earning generating capability and enquire about the historical financial performance, current state of affairs, business plans and the future performance estimates.
- Reviewed signed share exchange ratio report issued and prepared by Niranjana Kumar, Registered Valuer- Securities or Financial Assets dated 07 December 2021;
- Reviewed the draft scheme of amalgamation between the Transacting Companies.
- Reviewed the cashflow projections provided by the Management for SHL including understanding basis of preparation and the underlying assumptions;
- Analysis of key trends and valuation multiples of the Comparable Companies using data available in public domain and proprietary databases.
- Discussion with Independent Valuer on such matters which we believed were necessary or appropriate for the purpose of issuing this opinion.



<<<<< This space has been left blank intentionally >>>>>



5. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

The fairness opinion contained herein is not intended to represent fairness opinion at any time other than report date. We have no obligation to update this report.

This Report, its contents and the results herein are specific to (i) the purpose of fairness opinion agreed as per the terms of our engagement; (ii) the Report Date; (iii) the shareholding pattern of Transacting Companies (iv) limited reviewed financial statements of WIL and audited financial statements of SHL for the six months' period ended 30 September 2021; (v) limited reviewed financial statements for the six months' period ended 30 September 2021 of investee companies of WIL; (vi) quarterly reported financial performance of Transacting Companies and investee companies of WIL for trailing twelve months ended 30 September 2021; and (v) draft scheme of amalgamation.

A fairness opinion of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The fairness opinion rendered in this Report only represent our opinion based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said opinion shall be considered to be in the nature of non-binding advice. Our fairness opinion should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Transacting Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Transacting Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion.



www.kunvarji.com

Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone: +91 79 6666 9000 | Fax : + 91 79 2970 2196 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC008979

000309/2021

It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of the Transferee Company and the Transferor Company for the purpose of facilitating companies to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 or SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended from time to time; disclosures to be made to relevant regulatory authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not represented to us by the Management. Our fairness opinion assumes that the assets and liabilities of the companies, reflected in their respective balance sheet remain intact as of the Report date.

The report does not address the relative merits of the proposed amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Transacting Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or



www.kunvarji.com

Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone: +91 79 6666 9000 | Fax : + 91 79 2970 2196 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC008979

000310/2021

document given to third parties, other than in connection with the proposed scheme of amalgamation, without our prior written consent.

In addition, this report does not in any manner address the prices at which equity shares of WIL will trade following announcement of the proposed amalgamation and we express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the proposed amalgamation.



<<<< This space has been left blank intentionally >>>>



www.kunvarji.com

Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone: +91 79 6666 9000 | Fax: + 91 79 2970 2196 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC008979

000311/2021

5. OUR RECOMMENDATION

As stated in the Share Exchange Ratio Report dated 07 December 2021 prepared by Niranjn Kumar, Registered Valuer- Securities or Financial Assets, they have recommended the following:

"151 (One Hundred and Fifty One) equity shares of WIL having face value of INR 10 each fully paid up shall be issued for every 15,000 (Fifteen Thousand) equity shares held in SHL having face value of INR 10 each fully paid up."

The aforesaid amalgamation shall be pursuant to the draft scheme of amalgamation and shall be subject to receipt of approval from the National Company Law Tribunal or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the amalgamation are more fully set forth in the draft scheme of amalgamation. Kunvarji has issued the fairness opinion with the understanding that draft scheme of amalgamation shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final scheme of amalgamation alters the Proposed Transaction.

Based on the information, data made available to us, to the best of our knowledge and belief, the Share exchange ratio as recommended by Niranjn Kumar, Registered Valuer- Securities or Financial Assets in relation to the proposed draft scheme of amalgamation is fair to the equity shareholders of WIL and SHL in our opinion.

For, Kunvarji Finstock Private Limited



Mr. Atul Chokshi
Director (DIN: 00929553)



Date: 07 December 2021

Place: Ahmedabad



www.kunvarji.com

Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone: +91 79 6666 9000 | Fax : + 91 79 2970 2196 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC008979

000312/2021