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WHEELS INDIA LIMITED

Corporate Identity Number : L35921TN1960PLC004175

Registered Office :
21, Patullos Road, Chennai - 600 002.

Factory :
Padi, Chennai - 600 050.

July 27, 2023

To
National Stock Exchange of India Limited
The Manager, Listing Department,
"Exchange Plaza", C-1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

To
BSE Limited
The Corporate Relationship Department,
1st Floor New Trading Wing, Rotunda Building,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001

Symbol: WHEELS

Scrip Code: 590073

Dear Sir / Madam,

Subject: Sanction of Scheme of Amalgamation of Sundaram Hydraulics Limited with Wheels India Limited

Reference: Intimation under Regulation 30(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Update on the Scheme of Amalgamation

We would like to inform you that Hon'ble National Company Law Tribunal, Chennai Bench ("NCLT") has by pronouncement made on **July 26, 2023**, sanctioned the Scheme of Amalgamation of Sundaram Hydraulics Limited ("**Transferor Company**" or "**SHL**") with Wheels India Limited ("**Transferee Company**" or "**WIL**") and their respective shareholders pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder ("**the Scheme**").

A copy of the Order of the NCLT sanctioning the Scheme ("**Order**"), as uploaded on the website of NCLT, is enclosed herewith for your records. Further, there are certain inadvertent typo-graphical errors in the order for which the Company is making necessary request with the NCLT to have it rectified.

The Scheme will be effective from the date on which the certified copy of the afore-mentioned sanction order of Hon'ble NCLT is filed with Registrar of Companies, Chennai ("**ROC**"). The effective date will be communicated to the stock exchange(s) for further public dissemination as and when the sanction order is filed and the Scheme becomes effective.

You are requested to take the same on your record.

Thanking you.

Yours faithfully,

For **Wheels India Limited**

K V Lakshmi
Company Secretary

Encl: a/a

PLEASE ADDRESS ALL COMMUNICATIONS TO THE FACTORY

IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH - II, CHENNAI

CP(CAA)/95(CHE)2022

In

CA(CAA)/33(CHE)2022

(filed under Sections 230 to 232 of the Companies Act, 2013)

In the matter of *Scheme of Amalgamation*
of

Sundaram Hydraulics Limited

CIN NO- U71290TN2007PLC065658

Reg Off:-

No. 21, Patullos Road,

Chennai – 600 002

Tamil Nadu

... Transferor Company

With

CP(CAA)/100(CHE)2022

In

CA(CAA)/30(CHE)2022

(filed under Sections 230 to 232 of the Companies Act, 2013)

Wheels India Limited

CIN No- L35921TN1960PLC004175

Reg Off:-

No. 21, Patullos Road,

Chennai – 600 002

Tamil Nadu

... Transferee Company

And

Their Respective Shareholders & Creditors

Order Pronounced on 26th July 2023

CORAM

SANJIV JAIIN, MEMBER (JUDICIAL)

SAMEER KAKAR, MEMEBR (TECHNICAL)

Appearances:

For Petitioners : Mr. PS Raman, Senior Advocate

For HSB Partners

For RD/RoC : Mr. Avinash Krishnan Ravi, Advocate

For Official Liquidator : Mr. Palani, Estate Assistant

COMMON ORDER

Per: SAMEER KAKAR, MEMBER (TECHNICAL)

(Heard through Video Conference)

CP(CAA)/95(CHE)/2022 and CP(CAA)/100(CHE)/2022 are two individual Company Petitions filed by the Petitioner Companies viz., *Sundaram Hydraulics Limited* (for brevity "Transferor Company") and *Wheels India Limited* (for brevity "Transferee Company") under section 230-232 of Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in relation to the Scheme of Amalgamation (hereinafter referred to as the "SCHEME") proposed by the Petitioner Companies with its Shareholders. The said Scheme is appended in both the Petitions.

2. The Scheme of Amalgamation as contemplated between the Petitioner Companies involves, "*Amalgamation of Transferor Company with the Transferee Company*".

The Scheme is divided into following parts:

- *Part I – Deals with the definition of the terms used in this Scheme, details of Share Capital of the Parties and date of operation of the Scheme.*
- *Part II – Deals with the amalgamation of Transferor Company with the Transferee Company*
- *Part III – Deals with general clauses, terms and conditions applicable to the Scheme.*





3. RATIONALE OF THE SCHEME

It is stated that the amalgamation of the Transferor Company with the Transferee Company would *inter alia* have the following benefits:

- *The amalgamation will enable product diversification and growth to the Transferee company*
- *This will facilitate expansion of the business of Transferor company by using the customer base of the Transferee company.*
- *As a combined entity, the amalgamation will help in widening the product offering to the existing strategic customers of both the transferor as well as the transferee company.*
- *Will help in achieving consolidation, greater integration and flexibility that will maximize overall shareholder's value and improve the competitive position and negotiating power of the combined entity.*
- *Improves organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.*
- *Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, elimination of duplication and rationalization of administrative expenses.*
- *The amalgamation will result in reduction of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law / establishment related compliances.*



4. 1ST MOTION APPLICATION

4.1 The Petitioner Companies had filed two individual First Motion Applications vide CA(CAA)/33/CHE/2022 and CA(CAA)/30/CHE/2022. Based on such applications moved under Sections 230-232 of the Companies Act, 2013, directions were issued by this Tribunal, vide Common order dated 01.07.2022, for holding/dispensation of meeting as follows;

| | EQUITY SHAREHOLDERS | SECURED CREDITORS | UNSECURED CREDITORS |
|--------------------|---------------------------|-----------------------|---------------------------|
| TRANSFEROR COMPANY | <i>Dispensed with</i> | <i>Dispensed with</i> | <i>Dispensed with</i> |
| TRANSFeree COMPANY | <i>To Convene Meeting</i> | <i>Dispensed with</i> | <i>To Convene Meeting</i> |

4.2 Subsequent to the said order dated 01.07.2022, meetings were conducted. The chairperson appointed filed the reports of the said meetings before the registry and the same were taken on record. Subsequent to the said reports, the petitioner companies filed the two individual Company Petitions before this Tribunal. Thereafter, on 03.11.2022, this Tribunal passed an order directing issuance of notice to the Sectoral Regulators and Authorities concerned and for publication in 'Business Line' (English-All India Edition) and 'Makkal Kural' (Tamil-Tamil Nadu Edition).

4.3 Pursuant to the said directions, individual notices were served on the Sectoral Regulators and other Authorities on 19.11.2022 by the Petitioner Companies and the publications as directed were made on 06.12.2022 by the Petitioner Companies. Individual Affidavits of service confirming the services and publications are placed on record vide Dy. no. 6504/14.12.2022.

5. STATUTORY AUTHORITIES

5.1. REGIONAL DIRECTOR

5.1.1 The Regional Director Southern Region, (*hereinafter referred to as 'RD'*) Chennai to whom the notice was issued, filed his Report dated 15.12.2022 before the Tribunal stating that they have *decided not to make any objection to the Scheme except for the observation at para 10 of the report, it was prayed that this National Company Law Tribunal Bench at Chennai may dispose of the matters on merits.* The extract of the observation as mentioned above is as hereunder,

"10) It is submitted that Clause 16 of Part II of the Scheme provides for clubbing of Authorised Share Capital of the Companies, as such the Authorized Share Capital of the Transferor Company shall stand altered and merged with the Authorized Share Capital of the Transferee Company. Clause V of the MOA of the Transferee Company shall be altered as the Authorized Share Capital of the Company shall be Rs. 103,50,00,000 divided into 9,65,00,000 equity shares of Rs. 10 each and 7,00,000 preference shares of Rs. 100 each. It is prayed that the Hon'ble National Company Law Tribunal, Chennai may direct the Transferee Company to pay the difference in fee/stamp duty and also to file the amended MOA and AOA with Registrar of Companies in connection with the Proposed increase of Authorized Share Capital."

5.1.2 The Authorized signatory of the Transferee Company has filed an affidavit to that effect vide Dy. No. 204/12.01.2023 replying as follows,

"3. It is submitted that the requirements as set out under section 232(3)(i) of the Companies Act, 2013 will be complied with and fees

payable, if any, on the increase in the authorized share capital consequent to the Scheme of Amalgamation will be paid by the Transferee Company after setting off the fees already paid by the Transferor Company and the Transferee Company on their respective authorized share capitals.

4. The Transferee Company also undertakes to file the amended MOA and AOA with the Registrar of Companies for its records and for it to issue necessary certificate for change of objects."

5.1.3 It is seen from the report that, the Petitioner Companies have filed their statutory returns up to 31.03.2022 and reported that no prosecution / Inspection or Investigation is pending against the Companies involved in the Scheme.

5.1.4 The affidavit filed by the Transferee Company is taken on record.

5.2 OFFICIAL LIQUIDATOR

5.2.1 The Official Liquidator, (*hereinafter referred to as 'OL*) Chennai to whom the notice was issued, filed his Report on 23.03.2023. The Official Liquidator has reported that M/s. R. Ravi & R. Vaidyanathan, Chartered Accountants have scrutinized the records of the Companies and has observed as follows,

"In brief the observations of the Official Liquidator report is summarised as below,

Starting from Related Party transaction to closing stock, deferred tax assets Work in progress stock level, Valuation of shares and valuation of inventory, the Chartered

Accountant had commented of the Affairs of the Companies involved. The Companies concerned had submitted their reply to the pointwise observation made by the Chartered Accountant, the reply filed by the Companies are also annexed along with the report of the Official Liquidator.

5.2.2 The authorised representative of the Official Liquidator and the Learned Senior Counsel for the Petitioner made submissions on various points of objections raised in the Official Liquidator report during the course of hearing. Majority of the objections present in the report were answered by the Petitioners and the same was accepted by the representative of the Official Liquidator. However, one issue pertaining to the valuation of inventories were alone left to be answered, for which the Petitioners sought the leave of this Tribunal to file additional documents to clarify the same. Thus, this Tribunal issued a direction to the Petitioner Companies to file an Affidavit in relation to the valuation of inventories of the Companies. The Authorized signatory of the Transferor Company by way of affidavit replied as follows:-

"I submit that the Chartered Accountant has made an observation in relation to the closing stock of the company in his report, stating that closing stock was one of the major numbers in the financial statements of the company. The same was extracted and reproduced at para (ii) (e) of page 6 of the OL Report. In response to the same, the Petitioner, in its Reply at para 5.7.1 stated that the company was required to maintain additional safety stock levels to adhere to safety norms of the customers, as a result of which, there was a marginal increase in the work in progress stock. Further, in para 5.7.2, it has been stated that the basis for concluding on stock provisioning involves reviewing its usability, future volumes, discussion with users on liquidation plans for stock, nature of the product, its ability to be reworked for usage post storage, etc.

Provision for stock wherever required, has been maintained.

In relation to the above submissions made by the Petitioner during hearing dated 11/07/2023, this Hon'ble Tribunal directed the Petitioner to file an

affidavit stating the valuation method adopted for valuing the inventories. Hence, the present affidavit is being filed.

I submit that the valuation of inventories is governed by relevant provisions of Ind AS 2 issued by the Institute of Chartered Accountants of India (ICAI), as notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS') of the Companies Act, 2013.

The Petitioner, in the notes on accounts to the financial statements of the company for the financial year 2021-22 under the sub-heading 'Significant Accounting Policies' has stated the following in relation to the valuation of the inventories:

"d) Inventories:

The stock of raw materials, stores and loose tools are valued at cost (net of GST credits on weighted average basis). The finished goods and work -in-process are valued at cost (net of GST credits including appropriate overheads) or Net realizable value whichever is lower"

The above extract in relation to the valuation of inventories forms part of the audited balance sheet for the year ended 31/03/2023 and is placed at page 48 of the additional typed set of documents filed in support of the Reply (SR. No. 2263/ 07.06.23).

In relation to the extract above, I submit that the cost includes cost incurred in bringing each product to its present location, condition and are accounted for as follows:

- Raw materials, stores and loose tools: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis (net of GST credits).*
- Finished goods, Work-in-Process: Cost includes cost of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis (net of GST credits).*
- Under the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. The average is calculated as each additional shipment is received.*

The net realisable value as mentioned in the extract at para 6 above, is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The carrying value of inventory is in line with relevant provisions of IND AS 2. The disclosures made in the financial statements of the company are also in accordance with the requirements prescribed under IND AS 2."

5.2.3 Thus, upon receipt of the above clarification on the valuation of inventories, the objections raised by the Official Liquidator on the point of valuation of inventories is overruled by this Tribunal.

5.2.4 The report is taken on record. The reply filed by the Transferor Company is also taken on record. This Tribunal is satisfied so as to the explanation given by the Petitioner Companies. This Tribunal directs the Transferor Company to pay a sum of **Rs. 50,000/-** (*Rupees fifty thousand only*) + **GST** to the Official Liquidator for the payment of fees payable towards the Auditor who has investigated into the affairs of the Transferor Company.

5.3 INCOME TAX DEPARTMENT

5.3.1 In spite of notice having been served to the Income Tax Department, there is neither any representation nor any report filed by the said authorities. In the said circumstances as per section 230(5) of the Companies Act, 2013, this Tribunal presumes that the said Department does not have any objection to the sanction of the Scheme.



5.3.2 In Company Petition CAA-284/ND/2018 vide Order dated 12.11.2018, the NCLT New Delhi with a view to protect the interest of the revenue, has made the following observations with regard to the right of the IT Department in the Scheme of Amalgamation,

“taking into consideration the clauses contained in the Scheme in relation to liability to tax and also as insisted upon by the Income Tax and in terms of the decision in RE: Vodafone Essar Gujarat Limited v. Department of Income Tax (2013)353 ITR 222 (Guj) and the same being also affirmed by the Hon’ble Supreme Court and as reported in (2016) 66 taxmann.com.374(SC) from which it is seen that at the time of declining the SLPs filed by the revenue, however stating to the following effect vide its order dated April 15,2015 that the Department is entitled to take out appropriate proceedings for recovery of any statutorily dues from the transferor or transferee or any other person who is liable for payment of such tax dues the said protection be afforded is granted. With the above observations, the petition stands allowed and the scheme of amalgamation is sanctioned.”

5.4 NATIONAL STOCK EXCHANGE OF INDIA

In relation to the National Stock Exchange of India Limited (NSE), the authority concerned vide its Observation Letter dated 12.02.2022 had recorded ‘no objection’ in terms of Regulations 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with this Tribunal. Further, NSE had reserved its right to raise objections at any stage if the information submitted to the exchange is found to be incomplete/incorrect/misleading/ false or for any guidelines/regulations issued by statutory authorities. The letter also records a period of six-month

validity for the company from 10.02.2022, before which the scheme shall be submitted to this Tribunal, which has been complied.

6. VALUATION & ACCOUNTING TREATMENT

6.1 In the valuation certificate given by Mr. Niranjana Kumar, IBBI Registered Valuer, the consideration for fair equity share exchange ratio for the proposed Amalgamation is recommended as, *"151 (one hundred & 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 share held in SHL having face value of INR 10 each fully paid-up."*

6.2 The Learned Counsel for the Petitioner companies submits that the Statutory Auditor of the Petitioner companies has examined the Scheme and individually certified that the Petitioner companies have complied with proviso to Section 230 - 232 and the Accounting Treatment contained in the proposed Scheme of Amalgamation is in compliance with the Applicable Indian Accounting Standards notified under section 133 of the Companies Act, 2013 read with the rules made there under and other generally accepted accounting principles in India. The Certificates issued by the Statutory Auditor certifying the Accounting Treatment of the Petitioner Companies are placed along with the typed set of documents in the Company Petition.



7. APPOINTED DATE & EFFECTIVE DATE

7.1 The Petitioner Companies in the Proposed Scheme of Amalgamation has indicated **01st April 2021** as the “Appointed Date”.

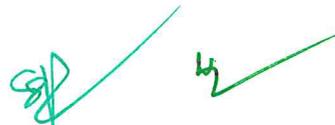
7.2 The Scheme defines effective date in Clause 1.3 of the Scheme as follows, “Effective Date” - means the 01st October 2021 or such other date as may be determined by the Board of Directors of the Transferor Company and Transferee Company or such other date as may be fixed or approved by the Appropriate Authority, being the date with effect from which this Scheme shall be deemed to be effective;

7.3 Section 232(6) reads as follows,

232(6) The Scheme under this Section shall clearly indicate an appointed date from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date.

7.4 By virtue of the above provision it is clear that the effective date of the Scheme cannot not be subsequent to the appointed date specified in the Scheme and shall be deemed to be effective from the appointed date.

7.5 Hence, the “Effective Date” to this Scheme shall be as that of the Appointed Date.



8. OBSERVATIONS OF THIS TRIBUNAL

8.1. After analysing the Scheme in detail, this Tribunal is of the considered view that the scheme as contemplated amongst the Petitioner Companies *prima facie* would not be in any way detrimental to the interest of the shareholders of the Companies.

8.2 From the report of the RD we understand that no investigation proceedings are pending against the Companies under the provisions of the Companies Act, 1956 or the Companies Act, 2013 and no proceedings against the petitioner companies for oppression or mismanagement have been filed before this Tribunal or erstwhile Company Law Board.

8.3 Further, the Scheme does not require any modification as it appears to be fair and reasonable, not contrary to public policy and also not violative of any provisions of law. All the statutory compliances have been made under section 230-232 of the Companies Act, 2013 r/w the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Scheme of Arrangement (Merger) between the Petitioner Companies was duly approved by the shareholders of the respective companies.

8.4 In the absence of any other objections other than the Official Liquidator, and since all the requisite statutory compliances have been fulfilled, this Tribunal *sanctions the Scheme of Amalgamation* appended with the Company Petition as well as the prayer made therein.

8.5 The Appointed date of the said Scheme is **1st April 2021**. The said Scheme of Amalgamation will not cast any additional burden on the stakeholders and also will not prejudicially affect the interests of any class of the creditor/s in any manner.

Taking into consideration all the above, the Company Petition is allowed and the Scheme of Amalgamation (Merger) annexed with the petition is hereby **sanctioned** which shall be binding on all the members, creditors and shareholders.

8.6 While approving the scheme as above, we clarify that this order will not be construed as an order granting exemption from payment of stamp duty or taxes or any other charges, if payable, as per the relevant provisions of law or from any applicable permissions that may have to be obtained or, even compliances that may have to be made as per the mandate of law.

8.7 The Companies to the said Scheme or other persons interested, shall be at liberty to apply to this Bench for any direction that may be necessary with regard to the working of the said Scheme. The Petitioner Companies shall file with the Registrar of Companies, the certified copy of this Order, within 30 days of the receipt of the order.

8.8 The Order of sanction to this Scheme shall be prepared by the Registry as per the relevant format provided under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 notified on 14th December, 2016.

9. THIS TRIBUNAL DO FURTHER ORDER

(i) That all properties, rights and interests of the Transferor Company shall, pursuant to Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company in terms of the Scheme; and



(ii) That all the liabilities, powers, engagements, obligations and duties of the Transferor Company shall pursuant to Section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company in terms of the Scheme; and

(iii) That all proceedings now pending by or against the Transferor Company shall be continued by or against the Transferee Company; and

(iv) That all the employees/workmen of the Transferor Company in service on the date immediately preceding the date on which the Scheme finally takes effect shall become the employees of the Transferee Company without any break or interruption in their service with all the benefits, as existing on the date.

(v) The 'Effective date' shall be the same of the Appointed date i.e., **01st April, 2021**.

(vi) That the Transferee Company do without further application allot to such members of the Transferor Company, as have not given such notice of dissent, as is required by Scheme of Arrangement (Merger) herein the shares in the Transferee Company to which they are entitled under the said Scheme in terms of Clause 12, Part II of the Scheme.

(vii) That the Transferee Company shall file the revised Memorandum and Articles of Association with the Registrar of Companies, concerned and further make the requisite payments of the differential fee (if any) for the enhancement of authorized capital of the Transferee Company after setting off the fees paid by the Transferor Company.



(viii) That the Petitioner Companies, shall within thirty days of the date of receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Transferor Company shall be dissolved without winding up and the Registrar of Companies shall place all documents relating to the Transferor Company on the file kept by him in relation to the Transferee Company and the files relating to all the said companies shall be consolidated accordingly.

(ix) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

10. Accordingly, the Scheme annexed with the petition stand **sanctioned** and the Company Petition No. **CP(CAA)/95(CHE)/2022** & **CP(CAA)/100(CHE)/2022** stand **allowed**.

- Sd -

SAMEER KAKAR
MEMBER (TECHNICAL)

- Sd -

SANJIV JAIN
MEMBER (JUDICIAL)

Mohanapriya