

# India Radiators Limited

CIN: L27209TN1949PLC000963

Regd. Off. 88, Mount Road, Guindy, Chennai 600 032

E-mail: [cs@indiaradiators.com](mailto:cs@indiaradiators.com)

Website: [www.indiaradiators.com](http://www.indiaradiators.com). Contact No : 044-40432210

**REPORT OF THE INDEPENDENT DIRECTOR OF INDIA RADIATORS LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF INDIA RADIATORS LIMITED ("TRANSFEROR COMPANY") WITH AND INTO MERCANTILE VENTURES LIMITED ("TRANSFEE COMPANY" OR "COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 CONSIDERED AND APPROVED AT THEIR MEETING HELD VIA VIDEO CONFERENCING ON TUESDAY, APRIL 08, 2025 AT 10:00 AM (IST) AT NO.88, MOUNT ROAD, GUINDY, CHENNAI – 600032, TAMIL NADU, INDIA**

## Members Present:

Mr. B. Narendran - Chairperson

Ms. Rita Chandrasekar – Member (Attended through VC)

Leave of absence was granted to Mr. T. Govindarajan, Member of the Committee.

## 1. Background:

- 1.1. A meeting of the Independent Director of India Radiators Limited ("**Transferee Company**") was held on April 08, 2025 to inter-alia, consider and recommend the draft Scheme of Amalgamation of the Transferor Company with and into the Transferee Company and their respective shareholders and creditors under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") and other applicable provisions, if any, ("**Scheme**").
- 1.2. The Transferee Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferee Company are listed on BSE Limited ("BSE")
- 1.3. The Transferor Company was originally incorporated as Rayala Corporation (Mysore) Limited on January 05, 1949 under the provisions of Mysore Companies Act, 1938 and received the Certificate of Incorporation issued by Registrar of Joint Stock Companies, Mysore. Its name was changed to India Radiators Limited on May 31, 1955 pursuant to a fresh Certificate of Incorporation consequent to change of name issued by the Registrar of Joint Stock Companies, Mysore. The equity shares of the Transferor Company are listed on BSE. The Transferor Company is a subsidiary of the Transferee Company pursuant to section 47 (2) of the Companies Act, 2013. The Transferee Company is entitled to 95.58% of the voting rights of the Transferor Company due to non-payment of dividend on preference shares for more than two years. In this manner, the Transferee Company is the holding company of transferor company. However, the Transferee Company hold 38.74% of the Equity Share Capital of the Transferor Company.
- 1.4. The Scheme, inter alia, provides for the arrangement by way of absorption of the Transferor Company with and into the Transferee Company and dissolution of the Transferor Company without winding-up and consequent issuance of shares of Transferee Company to the shareholders of the Transferor Company (other than the Company) as consideration of arrangement in accordance with the share exchange ratio as stipulated in Clause 8 of the Scheme. The swap ratio as recommended in the share exchange ratio report is for every **"10 (Ten) Equity Shares of the Transferee Company with a Face Value of INR 10/- each fully paid up for 36 (Thirty-Six) Equity Shares of the Transferor Company with the Face Value of INR 10/- each fully paid up."**



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- 1.5. The Scheme, inter alia, provides for the arrangement by way of absorption of the Transferor Company with and into the Transferee Company and dissolution of the Transferor Company without winding-up and consequent issuance of shares of Transferee Company to the shareholders of the Transferor Company (other than the Company) as consideration of arrangement in accordance with the share exchange ratio as stipulated in Clause 8 of the Scheme. The swap ratio as recommended in the share exchange ratio report is for every **"10 (Ten) Equity Shares of the Transferee Company with a Face Value of INR 10/- each fully paid up for 36 (Thirty-Six) Equity Shares of the Transferor Company with the Face Value of INR 10/- each fully paid up."**
- 1.6. The Appointed Date for the purpose of this Scheme and for Income Tax Act, 1961 ("IT Act"), means 01 January 2025 or such other date as may be approved by the Hon'ble National Company Law Tribunal ("Tribunal").
- 1.7. This report of Independent Director is made in order to comply with the requirements of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular") including amendments thereto.
- 1.8. While deliberating on the Scheme, the Independent Director, inter-alia, considered and took record of the following documents:
- Draft Scheme
  - Joint share exchange ratio report ("**Valuation Report**") dated March 31, 2025 issued by Mr. V.G.Hareesh, (Registration No. IBBI/RV/03/2021/14465) and Mr. Kalyanam Bhaskar, (Registration No. IBBI/RV/06/2020/12959), both registered valuers, be and is hereby noted and taken on record, and the following share exchange ratio be and is hereby recommended to the Audit Committee and Board:  
**"10 (Ten) Equity Shares of the Transferee Company with a Face Value of INR 10/- each fully paid up for 36 (Thirty-Six) Equity Shares of the Transferor Company with the Face Value of INR 10/- each fully paid up."**
  - b. Fairness opinion dated March 31, 2025, issued by Khandwala Securities Limited and Saffron Capital Advisors Private Limited, Independent SEBI registered Merchant Banker ("**Fairness Opinion**"), providing the fairness opinion on the share exchange ratio recommended in the Valuation Report, as placed before the Committee be and is hereby recommended to the Audit Committee and Board.
  - Certificate dated April 08, 2025, from the Statutory Auditors of the Company i.e. M/s. DPV & Associates (Firm Registration No. 011688S), Chartered Accountants, in terms of Para (A)(5) of Part I of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular") and proviso to sub-clause (j) of Section 232(3) of the Companies Act, to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Act be and is hereby recommended to the Audit Committee and Board.



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- e. Other presentations, reports, documents and information furnished before the Independent Director.

## 2. Salient Features of the Scheme:

The Independent Director noted the brief particulars of the Scheme as under:

- a. This Scheme is presented inter alia under Sections 230 to 232 and other applicable provisions of the Act, SEBI Master Circular read with Section 2(1B) and other applicable provisions of the IT Act and other applicable law, if any. The Scheme provides for the arrangement by way of absorption of the Transferor Company with the Transferee Company and dissolution of the Transferor Company without winding up and also provides for various other matters consequent and incidental thereto or otherwise integrally connected thereto.
- b. The Appointed Date for the arrangement is 01 January 2025. Pursuant to the sanction of the Scheme by the Tribunal and upon the fulfilment of conditions for the Scheme, the Scheme shall become effective from the last of the dates on which the conditions specified in Clause 16 of the Scheme are satisfied or complied with or the requirement of which has been waived (i.e. "Effective Date")
- c. With effect from the Appointed Date and upon the Scheme becoming effective, the Transferor Company along with all its assets, liabilities, contracts, employees, records etc. being its integral part shall stand transferred to the Transferee Company as a going concern subject to the provisions of the Scheme.
- d. From the Appointed Date and upto the Effective Date (as defined in the Scheme), the Transferor Company and Transferee Company shall carry on its business and activities with reasonable diligence and business prudence.
- e. The shareholders of the Transferor Company will be allotted shares of the Transferee Company and will therefore become shareholders of a larger free public float of the combined listed company with multiple growth avenues.
- f. The entire paid-up share capital of the Transferor Company including the shares held by the Transferee Company in the Transferor Company shall stand cancelled in its entirety without any further act or deed upon the Scheme becoming effective.
- g. Allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company (other than the Transferee Company) in accordance with the share exchange ratio, as set out in Valuation Report. No shares shall be issued and allotted by the Transferee Company in respect of the shares held by the Company itself in the Transferor Company.
- h. Transfer of the authorized share capital of the Transferor Company to the Transferee Company and consequential increase in the authorized share capital of the Transferee Company as provided in the Scheme.
- i. The Transferor Company shall stand dissolved without being wound up.



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- j. The effectiveness of the Scheme is contingent upon certain conditions as mentioned in the Scheme, which inter alia include:
- i. Obtaining No objection letter(s), approvals, consents from lenders, customers, vendors, the Stock Exchanges in relation to the Scheme under Regulation 37 of SEBI LODR and SEBI Master Circular;
  - ii. The Transferor Company, complying with other provisions of the SEBI Master Circular, including seeking approval of the shareholders of the Transferor Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast against the proposal by the public shareholders, of the Transferor Company, as required under the SEBI Master Circular.
  - iii. Approval of the Scheme by the requisite majority in number and value of such classes of persons including the respective shareholders and / or creditors of the Transferee Company and / or Transferor Company, as may be required or directed by the Tribunal;
  - iv. Obtaining the sanction of the Tribunal under Sections 230 to 232 and other applicable provisions of the Act;
  - v. The certified copy of the order of the Tribunal under Sections 230 to 232 and other applicable provisions of the Act sanctioning the Scheme being filed with the Registrar of Companies by the Transferor Company and the Transferee Company.

### 3. The proposed Scheme of Amalgamation

#### 3.1. NEED FOR THE AMALGAMATION AND RATIONALE OF THE SCHEME:

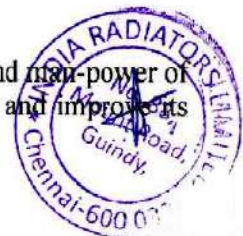
The proposed amalgamation of the Transferor Company with the Transferee Company will be for the benefit of both the Transferor Company and the Transferee Company in the following manner:

a) By this amalgamation, it is expected that the administrative and operational costs will be considerably reduced and the Transferee Company will be able to operate and run the business/operations more effectively and economically resulting in better turnover and profits.

b) It is expected that the proposed Scheme of Amalgamation will benefit the Transferee Company in the usual economies of a centralized and a large company including elimination of duplication of work, reduction in overheads, better and more productive utilization of human and other resource and enhancement of overall business efficiency and will bring in synergies for the Transferee Company post amalgamation. It will help the Transferee Company to use the combined managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth of the business, thereby it will make available to the Transferee Company, the benefit of technical and marketing expertise of both the companies.

c) The said Scheme of Amalgamation will contribute in fulfilling and furthering the objects of these companies. It will strengthen, consolidate and stabilize the business of these companies and will facilitate further expansion and growth of their business.

d) The Transferee Company will have the benefit of the combined assets, cash flows and man-power of both the companies. These combined resources will enhance its capability to expand and improve its efficiency of operations.



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## 3.2. SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

The proposed Scheme would result in following synergies:

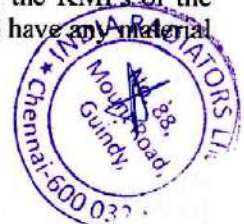
- i. **Market Expansion:** The combined entity i.e. the Transferee Company can leverage the geographical strengths of each company to gain access to new markets and customers. This can lead to an increased customer base and market share.
- ii. **Cross-Selling Opportunities:** With complementary industry verticals, there is an opportunity to cross-sell products/ services to the existing customer base of each company, potentially increasing revenue streams.
- iii. **Operational Efficiencies:** The arrangement may lead to the consolidation of operations, such as shared services or centralized administration, which can reduce costs and improve operational efficiency.
- iv. **Technology and Innovation:** The pooling of technological resources and talent can accelerate innovation, leading to the development of new products/ services. This can also improve the competitive position of the combined entity.
- v. **Talent and Knowledge Sharing:** The arrangement can lead to a richer talent pool with diverse skills and experiences. Knowledge sharing between teams can foster innovation and best practice adoption.

## 3.3. IMPACT OF THE SCHEME ON THE TRANSFEROR COMPANY AND EACH CLASS OF SHAREHOLDERS (PROMOTER/ NON-PROMOTER SHAREHOLDERS)

- i. In consideration for the amalgamation of the Transferor Company with the Transferee Company, the shareholders of the Transferor Company, as on the Record Date (as defined in the Scheme) shall receive equity shares of the Transferee Company (as per Clause 8 of the Scheme). Further, the rights and interests of the shareholders of the Transferee Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the shareholders of the Transferee Company, before and after the Scheme. The equity shares to be issued by the Transferee Company to the shareholders of the Transferor Company pursuant to the Scheme shall rank pari-passu in all respects with the existing equity shares of the Transferee Company. The Fairness Opinion issued above opines that the share exchange ratio, as proposed by the registered valuers, is fair to the shareholders of the Transferee Company from a financial point of view;
- ii. Upon the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up and the shareholders of the Transferor Company shall become shareholders of the Transferee Company; and

## 3.4. EFFECT OF THE SCHEME ON DIRECTORS AND KEY MANAGERIAL PERSON ("KMP") OF THE TRANSFEROR COMPANY

Upon effectiveness of the Scheme, the Transferor Company shall stand dissolved without winding up and accordingly, its Directors shall cease to exist. Further, none of the Directors, the KMPs of the Company and their Relatives (as defined under the Act and rules formed thereunder) have any material interests, financial or otherwise in the Scheme.



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## 3.5. EFFECT ON THE CREDITORS

Under the Scheme, no arrangement or compromise is being proposed with the creditors (secured or unsecured, including debenture holders) of the Transferor Company. The liability of the creditors of the Transferor Company, under the Scheme, is neither being reduced nor being extinguished

## 3.6. EFFECT OF THE SCHEME ON STAFF OR EMPLOYEES

Further, upon the Scheme becoming effective, the employees of the Transferor Company ("Employees") will be deemed to have become employees of the Transferee Company pursuant to the Scheme with effect from the Effective Date.

All such Employees shall be deemed to have become employees of the Transferee Company, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company, shall not be less favorable than those applicable to them with reference to their employment in the Transferor Company as on the Effective Date.

## 4. SCHEME NOT DETRIMENTAL TO THE SHAREHOLDERS OF THE TRANSFEE COMPANY

The Independent Director discussed the rationale, salient features and expected benefits of the Scheme and noted that on account of the aforesaid, the proposed Scheme is in the best interest of the shareholders of the Transferor Company and is not detrimental to the shareholders of the Transferor Company.

## 5. COST BENEFIT ANALYSIS OF THE SCHEME:

Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Transferor Company and lead to operational efficiency and cost savings through rationalization / consolidation of support functions and business processes.

## 6. VALUATION REPORT

The Independent Director noted that the share exchange ratio is as recommended in the Valuation Report. No special valuation difficulties were identified.

## 7. RECOMMENDATION OF THE INDEPENDENT DIRECTOR

The Independent Director after due deliberations and detailed discussions, and, inter alia, taking into consideration the draft Scheme, Valuation Report, Fairness Opinion and certificates issued by the Statutory Auditors of the Transferor Company, have noted the rationale, benefits and the impact of the Scheme on shareholders and others concerned and have noted that the Scheme is not detrimental to the shareholders of the Transferor Company. Accordingly, the Independent Director hereby recommends the Scheme to the Board of Directors of the Transferor Company for its consideration, approval and for favorable considerations by BSE, SEBI and other appropriate authorities.

**For and behalf of Independent Director of India Radiators Limited**

  
Name: B Narendran

Designation: Chairperson

DIN: 01159394

Date: April 08, 2025

