



Ref No: WSL/BSE/Merger/2021-22

31<sup>st</sup> March 2022

To,  
The General Manager,  
Department of Corporate Services,  
Bombay Stock Exchange Limited,  
P.J Towers, Dalal Street,  
Mumbai – 400 001

**Sub: Certified True Copy of the Order dated 25<sup>th</sup> March 2022 passed by the Hon'ble National Company Law Tribunal, Bengaluru Bench in Company Application No: CP (CAA) No.26/BB/2021 U/s 230 & 232 of the Companies Act 2013 in the matter of Scheme of Amalgamation of WeP Digital Services Limited ("Transferor Company") with WeP Solutions Limited ("Transferee Company") pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013**

Ref: Our earlier intimation dated 18<sup>th</sup> August 2021 - Regulation 30 (LODR) - Scheme of Arrangement

BSE CODE: 532373 - WEPSOLN

Dear Sir/Madam,

With reference to this subject, we wish to inform you that Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench vide its order dated 25<sup>th</sup> March 2022 has approved the Scheme of Amalgamation of WeP Digital Services Limited ("Transferor Company") with WeP Solutions Limited ("Transferee Company"). The certified true copy of the order was received by us on 30<sup>th</sup> March 2022.

We enclose herewith a copy of the order. The same is available on the website of the Hon'ble NCLT, Bengaluru Bench for your kind reference.

The scheme with **appointed date of 1<sup>st</sup> April 2021** will be effective on filing the certified true copy of the order with the Registrar of Companies, Karnataka.

The copy of said order of the Tribunal is uploaded on the website of the Company [www.wepdigital.com](http://www.wepdigital.com).

We request you to kindly take the above information on record and update your website for the information of our Shareholders and investors.

Regards,

For WeP Solutions Limited



Sandeep Kumar Goyal  
Executive Director & CFO

Encl: As above

**WeP Solutions Limited**

Regd. Office : Basappa Complex, 40/1A, Lavelle Road, Bangalore - 560001 Tel : 91-80-66112000/01. Fax : 91-80-66112242

CIN :- L72200KA1995PLC025617, Email: corporate@wepsol.in, www.wepsolutions.co.in, www.wepindia.com

**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**BENGALURU BENCH**  
**(Through web-based video conferencing platform)**

CP (CAA) No.26/BB/2021

(Second Motion)

U/s. 230-232 of the Companies Act, 2013

**IN THE MATTER OF:**

**M/s. WEP DIGITAL SERVICES LIMITED**

40/1 A, First Floor,  
Basappa Complex, Lavelle Road,  
Bangalore- 560 001.

... Petitioner 1/Transferor Company

With

**M/s. WEP SOLUTIONS LIMITED**

40/1 A, Basappa Complex,  
Lavelle Road,  
Bangalore- 560 001

... Petitioner 2/Transferee Company

**Order delivered on: 25<sup>th</sup> March, 2022**

**CORAM:** Hon'ble Shri Ajay Kumar Vatsavayi, Member (Judicial)  
Hon'ble Shri Manoj Kumar Dubey, Member (Technical)

**PRESENT:**

For the Petitioner : Shri Ajay P. Johnson  
For the IT Dept. : Shri Ganesh R Ghale  
For ROC & RD : Shri Hemanth R Rao

**ORDER**

**Per: Ajay Kumar Vatsavayi, Member (Judicial)**

1. This is a joint second motion petition is filed by WEP Digital Services Limited ( for brevity, the "Petitioner Company No. 1/ Transferor Company") and WEP Solutions Limited (for brevity, the "Petitioner Company No.2/ Transferee Company"), under Sections 230 and 232 of the Companies Act, 2013 (for short to be referred hereinafter as the 'Act') and in terms of Rule 15 of the Companies (Compromises,



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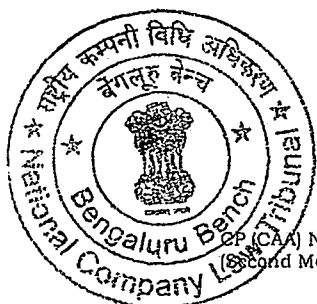
Arrangements and Amalgamations) Rules, 2016 (for brevity, 'Rules') by inter alia seeking for the sanction of Scheme of Amalgamation (for brevity 'Scheme') of Transferor Company with Transferee Company. The joint petition is maintainable in terms of Rule 3 (2) of the Rules.

2. The petitioner companies filed joint First Motion Application bearing CA (CAA) No. 13/BB/2021 before this Tribunal. Based on such application moved under section 230-232 of the Companies Act, 2013 necessary directions were issued vide order dated 23.03.2021. Details of the First Motion order are as under:

	Transferor Co	Transferee Co
Equity Shareholders	Dispense Meeting (Consent Obtained)	Convene Meeting
Secured Creditors	Nil Creditors	Dispense Meeting (Consent Obtained)
Unsecured Creditors	Dispense Meeting (Consent Obtained)	Convene Meeting

3. Pursuant to order dated 23.03.2021, the meeting of the Equity Shareholders and Unsecured Creditors of the Transferee Company was held on 06.05.2021, the report of the Chairman dated 15.05.2021 is attached along with the petition wherein it is stated that 29 Equity Shareholders representing 99.99% in value of Equity Shareholders present and voting are of the opinion that the Scheme of Amalgamation be approved and agreed to. The report further states that 32 Unsecured Creditors representing 100% in value of the Unsecured Creditors present and voting approved the proposed Scheme of Amalgamation. The report of Scrutinizer dated 07.05.2021 on the meeting of Equity Shareholders and Unsecured Creditors is also attached along with the petition.
4. When the petition was listed on 31.07.2021, through video conferencing, the following directions were issued:-

*"Admit and Issue Notice. Registry is directed to issue notice to all the statutory authorities viz. The Regional Director (SER) Hyderabad, Registrar of Companies, Karnataka, Designated Nodal Officer, The Principal Commissioner of Income Tax, Karnataka and Goa, the Commissioner of Income Tax (PAN-*



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AADCE9940P- First Petitioner Company), Bengaluru, The Assessing Officer (PAN- AAACD5108M- Second Petitioner Company), the Official Liquidator, Bengaluru and to the General Manager, Department of Corporate Services, Fort Mumbai. The Petitioner is also permitted to take notice to all the Statutory Authorities along with material papers and Company Petition by authorized email as well as by Speed Post. The Petitioner is also directed to cause paper publication in "The Hindu" English daily and "Udayavani" Kannada daily and to file proof of service in the registry well before the next date of hearing. The petitioner is also directed to file reply affidavit to the observation of aforesaid Statutory Authorities, if any, well before the next date of hearing. Post the case for hearing on 01.10.2021."

5. The main objects, dates of Incorporation, authorized, issued and paid-up share capital, rationale of the scheme and interest of employees have been discussed in detail in first motion order dated 23.03.2021.
6. The Board Resolution of the Petitioner Companies dated 28.12.2020 approving the Scheme is annexed as Annexure F of the Petition.
7. It is further submitted that the Certificates of Statutory Auditor dated 03.02.2021, stating that the accounting treatment specified in Part D of the Scheme, is in compliance with Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and applicable Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and other generally accepted accounting principles. The aforesaid certificate dated 03.02.2021 is attached as Annexure K of the Petition.
8. The audited Financial Statements as on 31.03.2020 and unaudited Financial Statement as on 31.12.2020 of the Transferor Company is attached as Annexure C and C1 of the petition. The audited Financial Statement as on 31.03.2020 and unaudited Financial Statement as on



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31.12.2020 of the Transferee Company is attached as Annexure E and E1 of the petition.

9. As per the Scheme, the "Appointed Date" means 01.04.2021 or such other date as may be fixed by the Tribunal. The "Effective Date" means the date on which the Scheme shall be effective and the Scheme shall be effective from the Appointed Date. The consideration for Amalgamation of the Transferor Company with the Transferee Company has been determined under Part C of the Scheme.
10. On 02.03.2022, we have heard the learned Counsel for Petitioner Companies, Counsel for the ROC and RD and Counsel for the IT.
11. In pursuant to the notice, the Regional Director (RD) has filed its report along with ROC vide Diary No. 3493 dated 09.12.2021, by *inter alia* observing as under; vide para 2
  - a. The Transferee Company holds 100% shares in the Transferor Company and is a wholly owned subsidiary company of the Transferee Company.
  - b. Clause 10 of Part C of the scheme provides for Clubbing of Authorised Capital. Hence, the Transferee company shall be directed to comply with the provisions section 232(3)(i) of the Companies Act, 2013. In this regard, the Transferee Company shall comply with the provisions of the aforementioned section and pay the difference fee, after setting off the fee already paid by the Transferor Company on its respective capital.
  - c. The Transferor Company and Transferee Company have related party transactions during the last two years. Hence, an undertaking to the effect that the Petitioner companies have complied with the provisions of Section 188 of the Companies Act, 2013 may be obtained from the Petitioner Companies.
  - d. Transferee Company has listed its shares at the BSE. The Transferee Company shall be directed to show the compliance of SEBI (Listing Obligation and Disclosure Requirements), 2015 and



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(Second Motion)

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- also shall be directed to furnish a copy of the acknowledgement of service of notice to SEBI/BSE before the Hon'ble NCLT.
- e. The Transferor Company has to pay MSME dues to the tune of Rs.6,54,175/- as at 31.03.2020 and Rs.4,61,890/- as at 31.03.2021. Hence, the Transferee Company shall be asked to give an undertaking to settle the dues.
- f. The Transferee Company shall be asked to furnish an undertaking to pay the statutory dues as and when demanded by the statutory authorities.
- g. The Paid-up share capital of the Transferee Company as per MCA Master Data record as on 22.11.2021 is Rs 36,21,26,120/- and as per the scheme, it is Rs 26,31,63,270/-. There was a change in the change in the shareholding pattern of the Transferee Company subsequent to the appointed date, hence the Transferee Company may be asked to clarify the matter to the Hon'ble NCLT in this regard.
- h. As per para 4.10 of the Scheme, the company shall have powers to reopen/restate the financial statements filed with the Government Authorities. The same shall not be allowed unless a specific application is moved in this regard in accordance with section 131 of the Companies Act, 2013 and the relevant rules.
- i. As per the Balance Sheet as at 31.03.2021 of the Transferor Company, the Company Secretary of the company has not signed the Balance Sheet. Hence, the Transferor Company need to show the compliance under Section 203 read with 134 and 129 of the Companies Act, 2013.
- j. The Transferee Company has made investment to the tune of Rs. 8,23,21,027/- in its subsidiary. The Transferee Company may be directed to show necessary compliance of Section 185 of the Companies Act,2013
- k. The Transferee Company has secured loans to the tune of Rs. 5,25,56,970/- (term loan) and Rs. 4,20,01,370/- (cash credit). The



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Transferee Company may be furnish an NOC in this regard from the charge holder.

1. Both Transferor and Transferee Companies are loss making companies. The rationale of merging a continuous loss-making Transferor Company with a listed company has not been explained in the scheme well. The Petitioner Companies may be asked to justify the rationale behind the same.

12. Subsequently, reply affidavit to the common report of RD and ROC have been filed by the petitioner companies vide diary No. 3679 dated 20.12.2021, inter alia stating as under:-

- a. **Reply to point 2(a) of report:** It is submitted that the same is a matter of record and is not required to be traversed.
- b. **Reply to point 2(b) of report:** It is submitted that the Transferee Company hereby undertakes to pay differential fees/stamp duty, if any, upon clubbing of Authorised Share Capital of Transferor and Transferee Companies to the Registrar of Companies/ Ministry of Corporate as per the provisions of the Companies Act, 2013.
- c. **Reply to point 2(c) of report:** It is submitted that the Transferor Company and Transferee Companies have Related Party Transactions and all the said Transactions are entered in the normal course of business and are on arm's length basis. The related party transaction have been disclosed in note B.2.2, B.2.3 and note 22(B),22(C) of the Notes to financial statement for the year ended 31<sup>st</sup> March 2021 and in Form AOC-2 in Directors report to the Transferor and Transferee Company respectively. The relevant provisions of Section 188 of the Companies Act, 2013 are complied with respect to related party transactions of the petitioners companies.
- d. **Reply to point 2(d) of report:** It is clarified that the Transferee Company/Petitioner Company No.2, namely WEP Solutions Limited had intimated the Scheme to BSE under Regulation 30



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R/w Regulation 37 of SEBI (Listing Obligation and Disclosure Requirements) 2015 as amended from time to time. A copy of the intimation given to BSE and proof regarding payment of processing fees to BSE is attached. The copy of notice of Company Petition was also served to BSE on 16.08.2-21. Additionally, the Newspaper publication pursuant to admission of Company petition was also sent to BSE on 18.08.2021 a disclosure under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) 2015.

- e. **Reply to point 2(e) of report:** It is submitted that the Transaction with entities registered with MSME has been and are in the ordinary course of business and all the due has been paid within the time as and the company has not violated any of the provisions in relation with MSME dues.
- f. **Reply to point 2(f) of report:** It is submitted that the Transferee Company undertakes to clear the statutory dues as and when demanded by the Authorities.
- g. **Reply to point 2(g) of Report:** It is submitted that paid up capital of the Transferee Company as on 31<sup>st</sup> March 2020 and as on 15<sup>th</sup> December 2021 in Clause 2.1 of the scheme. The said change in Paid up share capital of Transferee Company is due to the issue of Shares via rights issue. The allotment date of the said Rights Issue was on 26.04.2021 and BSE Trading Approval Date was 29.04.2021. Accordingly, the company filed necessary form with ROC as well. Further there was an ESOP Allotment of Shares on 11.11.2021 and BSE Listing/Trading Approval Date was dated 01.12.2021. Accordingly, the company filed necessary form with ROC as well. The said fact is a matter on record as stated in Para 13 and 14 of the Company Petition. The Transferee Company being a listed company, the shareholding pattern will be changing based on the trading of shares in the stock exchanges.
- h. **Reply to point 2(h) of Report:** It is submitted that upon sanction of the Scheme by this Hon'ble Tribunal, the Transferee Company



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undertakes to follow the provisions under Section 131 of the Companies Act, 2013 and relevant rules thereunder, in case that Company intends to recall the Financial Statements.

- i. **Reply to point 2(i) of Report:** It is submitted that the paid up capital of the Transferor Company as on 31.03.2021 is Rs. 7,81,00,000 (Rupees Seven Crore Eighty One Lakhs only) and which is below the threshold limit of mandatory appointment of Whole time Company Secretary in the Company as per Section 203 of the Companies Act, 2013 read with rules 8A of Companies (Appointments and Remuneration of Managerial Personnel) Rules, 2014. The parent company is having a whole time company secretary and she has been appointed as company secretary of the subsidiary company also as per sub section (3) of Section 203 of the Act. The company secretary is and was not drawing any remuneration from the transferor company and not in whole time employment in the subsidiary/transferor company at any point in time. Being Company Secretary of the holding company, she has signed the consolidated financials of the holding which essentially have all the financial information of the Transferor Company (Wholly Owned Subsidiary) which is circulated and filed with all authorities.
- j. **Reply to point 2(j) of Report:** It is submitted that the Transferor Company is a wholly owned subsidiary of the Transferee Company. Sub-section (1) and (2) of Section 185 of the Act is not applicable for any loan made by the holding company to its wholly owned subsidiary as per Section 185(3)(c) and there is no restriction on investment in wholly owned subsidiary by the holding company as per first proviso to section 186(3). Hence company has not violated the provisions of Section 185/186 of the Companies Act, 2013.
- k. **Reply to point 2(k) of Report:** It is submitted that the Transferee Company obtained consent from 100% secured creditors of the



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company and considering the same this Hon'ble NCLT dispensed with the meeting of Secured Creditors of the Transferee Company.

1. **Reply to point 2 (I) of Report:** It is submitted that the transferor company is a wholly owned subsidiary of the Transferee Company and the transferee company has all long been publishing the consolidated financial statement incorporating the financial statements of the transferor company. In clause II(4) of the scheme provides for the rationale for merger, it is specifically provided that by this merger it is envisaged to achieve simplification of group structure, reduce the managerial overlap and optimum utilization of available resources. As both the companies are loss making, it is decided by the board and members of the petitioner companies to merge the entities and reduce the administrative and other related cost of maintaining two companies at a time. Moreover, there is no restrictions under the Companies Act, 2013 with regard to merging of two loss making companies. The petition is filed for merger of the petitioner companies for the better management and utilization of the available resources.

13. The Official Liquidator (OL) has filed its report vide diary No. 2941 dated 05.11.2021 observing that the company has maintained proper books, statutory registers and records as required by the Companies Act and also observed that the affairs of the Company have been conducted in a manner not prejudicial to the interest of the members or public interest. The IT Department has also filed its report vide diary No. 725 dated 23.02.2022 submitting that, there are no outstanding demands or proceedings pending against the petitioner companies.

14. The reports of the RoC, RD, OL and IT are taken on record. Similarly, reply filed by the petitioner companies to the above mentioned reports are also taken on record.

15. On 02.03.2022, we have heard the learned Counsel for Petitioner Companies, Counsel for the ROC and RD and Counsel for the IT.



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16. In view of the above discussion, we conclude that the objections/observations to the Scheme received from RD, ROC, OL and IT have been adequately replied by the petitioner companies and hence there is no impediment in approval of the Scheme.
17. The Scheme in question as annexed at Annexure-A is approved and we hereby declare that the same is to be binding on all the shareholders and creditors of the Transferor as well as Transferee Companies. While approving the Scheme, it is clarified that this order should not be construed as an order in anyway granting exemption from payment of any stamp duty, taxes, or any other charges, if any, and payment in accordance with law or in respect of any permission/compliance with any other requirement which may be specifically required under any law. With the sanction of the Scheme, the Transferor Company, namely WEP Digital Services Limited shall stand dissolved without undergoing the process of winding up resulting in increase in the authorised share capital of the Transferee Company, namely WEP Solutions Limited.

**AND THIS TRIBUNAL DOES FURTHER ORDER:**

- (i) That the petitioner companies do, within 30 days after the date of receipt of this Order, cause a certified copy of this Order to be delivered to the Registrar of Companies, Karnataka for registration and on such certified copy being so delivered, the Transferor Company shall be dissolved without undergoing the process of winding up. The concerned Registrar of Companies shall place all documents relating to the Transferor Company registered with him on the file relating to the said Transferee Company and the files relating to Transferor and Transferee Companies shall be consolidated accordingly, as the case may be; and
- (ii) That the Transferee Company shall deposit an amount of Rs.75,000/-with the Pay & Accounts Office, Chennai in respect of the Regional Director, South East Region, Ministry of Corporate Affairs, Hyderabad and Rs.25,000/-in favour of The Prime Minister's



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National Relief Fund, within a period of four weeks from the date of receipt of certified copy of this Order; and

- (iii) That any person interested shall be at liberty to apply this Tribunal in the above matter for any directions that may be necessary.
- (iv) The approval / sanctioning of the Scheme shall not be construed as an exemption from any of the provisions under the Income Tax Act, 1961 or the Companies Act, 2013 and that the authorities under both the Acts, are at liberty to take appropriate action, in accordance with law, if so advised.

18. As per the directions, Form No.CAA-7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, formal orders be issued on the petitioner companies on filing of the Schedule Property i.e., (i) freehold property of the Transferor Company and (ii) leasehold property of the Transferor Company by way of affidavit of the Transferor Company respectively.

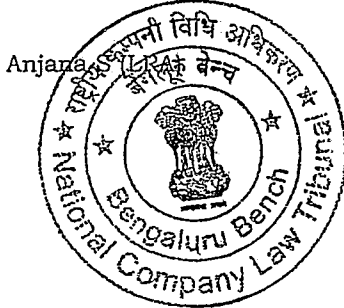
19. Accordingly, CP (CAA) No.26/BB/2021, is disposed of. Copy of this Order be communicated to the Counsel for the Petitioner Companies.

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(MANOJ KUMAR DUBEY)  
MEMBER (TECHNICAL)

(AJAY KUMAR VATSAVAYI)  
MEMBER (JUDICIAL)



CERTIFIED TO BE TRUE COPY  
OF THE ORIGINAL  
*[Signature]*  
for Deputy/Registrar  
National Company Law Tribunal  
Bengaluru Bench