

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2021-22/56

January 24, 2022

To,

The Manager- Listing
The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai-400051.
pNSE Symbol: VARROC

The Manager – Listing
The Corporate Relation Department,
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400001.

BSE Security Code: 541578

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in connection with approval of Scheme of Amalgamation of Team Concepts Private Limited (Step-down Subsidiary of the Company) with Varroc Polymers Private Limited (Wholly-owned Subsidiary of the Company) and their respective Shareholders

Dear Sir/Madam,

This is to inform that the Hon'ble National Company Law Tribunal, Bengaluru Bench ('NCLT'), has vide its Order dated January 7, 2022, approved the Scheme of Amalgamation of Team Concepts Private Limited (Step-down Subsidiary of the Company) with Varroc Polymers Private Limited (Wholly owned Subsidiary of the Company) and their respective Shareholders. A copy of the Order of the NCLT is attached herewith and same is also uploaded on the Company's website i.e. www.varroc.com.

The Petitioner Companies are in process of complying with the directions issued by the NCLT. The Scheme will become effective upon filing of the certified copy of the order with the Registrar of Companies, Bengaluru.

We request you to take this on record, and to treat the same as compliance with the applicable provisions of the Listing Regulations, as amended.

Thanking you,

Yours faithfully,
For Varroc Engineering Limited

Ajay Sharma
Group General Counsel and Company Secretary

Encl: a/a

FREE OF COST COPY

IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH
(Exercising powers of Adjudicating Authority under
the Insolvency and Bankruptcy Code, 2016)
(Through web-based video conferencing platform)

CP (CAA) No.50/BB/2020
(Second Motion)

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

IN THE MATTER OF SCHEME OF AMALGAMATION BETWEEN:

M/s. Team Concepts Private Limited

Represented by Mr. Anil Bhanwarlal Ghatiya

No. 1A/07, 2nd Floor, East End Main Road,

4th "T" Block, Jayanagar,

Bangalore, Karnataka - 560 041

... Petitioner/Transferor Company

And

M/s. Varroc Polymers Private Limited

Plot No: L-4, MIDC,

Waluj, Aurangabad - 431136

Maharashtra

And

Their Respective Shareholders ... Non-Applicant Company/Transferee Company

Order delivered on 07.01.2022

Coram: Hon'ble Mr. Ajay Kumar Vatsavayi, Member (Judicial)

Hon'ble Mr. Manoj Kumar Dubey, Member (Technical)

PRESENT:

For the Petitioner : Shri T.V. Suresh Kumar

For the RoC & RD : Smt. Prema Hatti

For the OL : Shri. Manjunath, JTA

For the IT : Shri. Ganesh R Ghale

ORDER

Per: Ajay Kumar Vatsavayi, Member (Judicial)

1. This is a Second Motion Petition under Sections 230 and 232 of the Companies Act,

2013 (for short to be referred hereinafter as the 'Act') filed by the Petitioner Company r/w.

Compromises, Arrangements and Amalgamations) Rules, 2016 (for brevity,



'Rules') by inter alia seeking that for the sanction of Scheme of Arrangement and Amalgamation (for brevity 'Scheme') of Team Concepts Private Limited.

2. The petitioner company filed First Motion Application bearing CA (CAA) No.18/BB/2020 ("First Motion Application") before this Tribunal seeking for dispensing with the convening of meeting of equity shareholders and unsecured creditors of the applicant company and based on such application moved under section 230-232 of Companies Act, 2013 necessary directions were issued vide order dated 16.03.2020 in which meetings of equity shareholders and unsecured creditors of Applicant Company were dispensed with. Since there is no secured creditor in Applicant Company, there was nothing to convene their meeting.

3. When the petition was listed on 14.12.2020, 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 Registrar of Companies, Karnataka, The Regional Director, Hyderabad, The Official Liquidator; Designated Nodal Officer, Principal Commissioner of Income Tax, Karnataka and Goa; The Secretary, Competition Commission of India by email and the petitioner is also permitted to take notice to all the statutory authorities along with material papers and company application by authorised email as well as by speed post. The petitioner company is also directed to publish Paper Publication in one English Newspaper "The Hindu" and in one Kannada Newspaper viz. "Udaya Vani" and to file proof of service in the Registry well before the next date of hearing. The petitioner is also directed to reply affidavit to the observations of aforesaid statutory authorities, if any, well before the next date of hearing with a copy served on the respective authority. Post the case for hearing on 17.02.2021."

4. In pursuant to the aforesaid notice, the authorized signatory of the petitioner company has caused paper publications and the original copies of the same have been placed on records at Annexure A1 has filed affidavit of compliance, vide Diary No.00767/2021 dated 21.01.2021, in 'Udaya Vani' (Kannada) and in 'The Hindu' (English). Further, copies of proof of service of notice to the aforesaid statutory authorities i.e., The Registrar of Companies, Karnataka, The



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Commissioner of Income Tax, Karnataka and Goa; The Secretary, Competition Commission of India is in the Affidavit for Service is annexed at Annexure A2 alongwith email sent to all aforementioned statutory authorities is annexed as A3. It is deposed that no objection has been received by the Petitioner Company or from any person or authority/department to the Scheme of Amalgamation.

5. The main objects, date 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 passed on 16.03.2020 in CA (CAA) No.18/BB/2020.

6. The Board Resolution approving the Scheme by the Transferor Company is annexed at Annexure A8 of the petition.

7. It is further submitted that certificates of Statutory Auditors of the Applicant Company have been placed on record as Annexure A6 and A13 of the petition, stating that the accounting treatment specified in clause 15 of the "Scheme" with regard to Amalgamation of Transferor Company with Transferee Company, is in compliance with the applicable Accounting standards notified under Companies Act, 2013 and the audited financial statements of the petitioner company as on 31.03.2020 is attached as Annexure -- A6 of the petition.

8. As per the Scheme, the Appointed Date shall mean 1st April, 2020 or such other date as may be proposed and approved by this Tribunal. The Effective Date, as stated in the Scheme is as below:-

"Effective Date" means the date on which the certified copies of the order passed by the Hon'ble NCLT (as defined hereinafter) sanctioning this scheme, is filed by the Companies with Registrar of Companies Bengaluru in Bengaluru and Mumbai. Provided that references in this Scheme to the date of "upon coming into effect of the scheme or "upon the scheme becoming effective" or effectiveness of the scheme" shall mean the effective date.



9. As regards the Share Exchange Ratio it is stated in compliance memo that upon the scheme being approved by this Hon'ble Tribunal and becoming effective, all the equity shares as held by the Transferee Company in the Transferor Company, shall automatically stand cancelled and extinguished. Therefore, the need for obtaining Share Exchange Ratio Certificate does not arise. The same has been detailed in clause 13 of the Scheme.

10. We have heard the learned counsel T.V.Suresh Kumar for the Petitioner Company, the standing counsel Prema Hatti for Registrar of Companies and Regional Director, the counsel Manjunath, JTA Official Liquidator, the counsel Ganesh Ghale for Income Tax Department and the Competition Commission of India have perused the records.

11. In pursuant to the notice, the Regional Director (RD) has filed its report vide Diary No.909 dated 11.03.2021 and RoC has filed its report vide diary No.545 dated 15.02.2021, by inter alia observing under:-

(a) In Para 2 (a) of the RD report and Para 5 of RoC report it is stated that the Financial Statement uploaded in AOC-4 for the financial year 2018-2019, by the Transferor Company (Team Concepts Private Ltd), is defective as the same belongs to Transferee Company. Hence the Transferee Company may be directed to file a fresh financial statement for the year ended 31.03.2019 and comply with the provisions of section 137 of Companies Act, 2013 immediately.

(b) In para 2(b) of the RD report and para 6 of the Roc report it is stated that the Transferor Company has related party transactions. Hence, the petitioner company shall furnish an undertaking before the Hon'ble NCLT with regard to the compliance of section 188 of the Companies Act, 2013.

(c) In para 2(c) of RD report and para 1 of the RoC report, it is stated that the Transferor Company is a wholly owned subsidiary of the Transferee Company, which is a subsidiary of



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M/s. Varroc Engineers Limited, a listed company. The listed company may be asked to show the compliance of the listing agreement, if any. In para 2(d) of RD report and para 3 of RoC report it is further stated that the main object of the Transferor and the Transferee Company are different. The Transferee Company may be advised to amend the objects consequent upon approval scheme.

(d) In Para 4 of the RoC report stated that the transferor company, was required to spent Rs.11 lakhs for the financial year 2017-2018, for CSR, but did not spend, stating that the committee was formed late and the same would be complied with the next financial year.

For the financial year 2018-2019, the company was required to spent Rs.15 lakhs but spent only Rs.11 lakhs for the year 2018-2019. Hence the company may be directed to show the compliance of section 135 of the Companies Act, 2013 to RoC.

12. Subsequently, petitioner company has filed the rejoinder to the RD report, vide diary No.1814 dated 13.07.2021.

(i) In response to Para 2 (a) of RD report the petitioner/transferor company hereby undertakes to comply with any specific requirement in this regard, as may be directed by this Hon'ble Tribunal. In respect of this observations, detailed reply has been filed by the petitioner/transferor company on 31.08.2021, discussed later.

(ii) As regards to Para 2(b) of RD report the petitioner /transferor company hereby undertake and confirms that all the provisions of section 188 of the Companies Act, 2013 has been duly complied.

(iii) Also, in response to para 2(c) of the RD report, the petitioner/transferor company submits that the transferee company is a step-down subsidiary company of a listed entity Varroc Engineering Limited and the said company has filed all periodic listing compliances with SEBI & BSE viz; shareholding pattern, corporate governance report, reconciliation of



share capital etc and thereby has duly complied with all the compliances as contemplated under the listing agreement. The secretarial compliance report of Varroc Engineering Limited for the financial year 2020-21 issued in pursuance of Regulation 24(A) of SEBI (LODR) Regulations, 2015 and submitted to stock exchanges which evidences compliance of listing agreement is annexed as Annexure – A.

(iv) Moreover, in response to para 2(d) the petitioner/transferor company submits that the details regarding the specific clause of the Memorandum of Association of the Team Concepts Private Limited (Transferor Company) and Varroc Polymers Private Limited (Transferee Company) which empower them to carry on the business are as under:

Particulars	Team Concepts Private Limited	Varroc Polymers Private Limited
Clause on power to carry on the business	Clause III A(1)	Clause III A(1)(i)
Present business activities being carried out	Manufacturing of automobile components including luggage carrier, Bumper protectors, Roof rails, Door edge protectors and rear spoilers.	Manufacturing of automotive components including plastic moulding components, seat assemblies, plastic painted items etc.

13. Further, it is stated that with regard to the observation made in para 2(a) of RD report, the petitioner has filed reply vide diary No.2260 dated 31.08.2021. The Petitioner company have explained that the time of filing the e-form it had duly uploaded the financial statement of the petitioner company only and not that of the Transferee Company, i.e., Varroc Polymers



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Private Limited, as the contents and other requisite information matched with transferor company only. Unlike the normal e-form AOC-4, the financials of the Company has to be keyed in the specific XBRL Software and the output file will be generated in XML format and the same has to be attached in the e-form AOC-4 XBRL. Further, the said XML file has to be validated through the "XBRL Validation Tool" available in the MCA portal and upon successful validation, a PDF file containing all the financial detail of the Company will be generated. It is also stated that the Petitioner Company had downloaded the said e-form from the MCA portal itself through public inspection and had validated the XML file attached in the said e-form using the XBRL Validation Tool and found that the financials attached belongs to the Transferor Company only and not that of Transferee Company. A copy of the said e-form AOC-4 XBRL and the financials for the year 2018-2019 was enclosed as Annexure I and a copy of the Public Inspection challan was enclosed as Annexure II of the reply. The said e-form was duly approved by the MCA vide mail dated October 09, 2019 and the copy of the said mail was also attached as Annexure -III. The petitioner/transferor company has not given any reply to observation No.4 of RoC. Therefore, it is directed to make requisite compliance to Section 135 of the Companies Act, 2013 as observed by the RoC.

14. The Official Liquidator (OL) in its report vide Diary No. 614 dated 19.02.2021 has not made any adverse observations or raised any objections to the present Scheme of Amalgamation.

15. Learned Counsel for the Income Tax Department also submitted that their outstanding demand in the case of M/S Team Concepts Pvt Ltd (AABCT1505H), as per the Income Tax records is Nil.



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16. Further, the Competition Commission of India (CCI) vide letter dated 22.01.2021 has inter alia stated that before passing an appropriate order, the NCLT may seek an undertaking from the companies involved that approval of Commission is not required for the said Scheme.

17. It is deposed that the Hon'ble National Company Law Tribunal, Mumbai Bench has delivered an order dated April 23, 2021 approving the scheme of Amalgamation of Team Concepts Private Limited (Transferor Company) with Varroc Polymers Private Limited (Transferee Company) and their respective shareholders based on the petition filed by the Transferee Company therein, Varroc Polymers Private Limited. The copy of the order passed by NCLT, Mumbai Bench dated 23.04.2021 is annexed as Annexure-B.

18. Learned Counsel for the petitioner company has referred to the Clause 10 of the scheme which provides that upon coming into effect of this Scheme, all staff, workmen and employees of the Transferor company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee company with effect from the Effective Date without any break in their service and the terms and conditions of their employment with the Transferee Company shall not be less than favourable than those applicable to them with reference to the Transferor Company on the Effective Date and such of those labor legislations in so far as they are applicable to the Transferor company in relation to its workmen and employees shall be applicable to the Transferee Company.

19. The reports of the RoC, RD & OL are taken record. Similarly, the replies filed by the Applicant Company to the RD report vide diary no. 1814 dated 13.07.2021 and vide diary no. 2260 dated 31.08.2021 are taken on record. The Counsel of the applicant company in compliance of the vide order dated 01.12.2021 filed an affidavit vide diary no. 3356 dated 03.12.2021 with regard to no objection from any person/organisation with regard to scheme.



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The IT report dated 03.03.2021 has been filed along with the compliance of vide order dated 01.12.2021 and such documents are taken on record.

20. In view of the above discussion, we conclude that the objections/observations to the Scheme received from RD, RoC, OL, IT and CCI have been adequately replied by the petitioner company and hence there is no impediment in approval of the Scheme.

21. The Scheme in question as annexed at Annexure A7 is approved and we hereby declare that the same is to be binding on all the shareholders and creditors of the Transferee Company as well as Transferor Company. 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 Team Concepts Private Limited shall stand dissolved without winding up.

AND THIS TRIBUNAL DOES FURTHER ORDER:

- (i) That the undertaking of the Transferor Company comprising of business, all assets and liabilities of whatsoever nature and wherever situated, shall, under the provisions of sections 230 to 232 of the Companies Act, 2013 and all other applicable provisions, if any, of the Act, without any further act or deed 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 the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company; and

That all the immovable properties including land, if any, of the Transferor Company, shall under the provisions of sections 230 to 232 of the Companies



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Act, 2013 without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become the properties of the Transferee Company; and

- (iii) That all the movable assets including but not limited to computers, office equipment, software, IPRs, products, websites, portals, online e-commerce platforms, inventories, merchandising rights, cash in hand, Loans and Advances, of the Transferor Company capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company; and
- (iv) That all the debts, liabilities, duties 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 of the Transferor Company shall also, under the provisions of sections 230 to 232 of the Companies Act, 2013 without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become the properties of the Transferee Company; and
- (v) That all the proceedings now pending by or against the Transferor Company be continued by or against the Transferee Company; and
- (vi) That all the employees of the Transferor Company shall be transferred to the Transferee Company in terms of the 'Scheme' and
- (vii) The authorized share capital shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under section 13 and 61 and other



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applicable provisions of the Act and rules thereunder, would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorised share capital of the Transferor Company shall be utilized and applied to the increased authorised share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorised share capital to that extent; and

- (viii) That the applicant company 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;
- (ix) That the Transferor Company shall deposit an amount of ₹ 75,000/- with the Pay & Accounts Office in respect of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi and ₹ 25,000/- in favour of The Prime Minister's National Relief Fund, within a period of 4 weeks from the date of receipt of certified copy of this Order; and
- (x) That any person interested shall be at liberty to apply this Tribunal in the above matter for any directions that may be necessary.
- (xi) 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



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Act, 2013 and that the authorities under both the Acts, are at liberty to take appropriate action, in accordance with law, if so advised.

22. As per the directions, Form No.CAA-7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, formal orders be issued on the petitioner company 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.

23. Accordingly, CP(CAA) No.50/BB/2020, is disposed of.

Copy of this Order be communicated to the Counsel for the Petitioner Company.

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(MANOJ KUMAR DUBEY)
MEMBER (TECHNICAL)



— sd —

(AJAY KUMAR VATSAVAYI)
MEMBER (JUDICIAL)

CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL

for Deputy Registrar
National Company Law Tribunal
Bengaluru Bench