

SCHEME OF AMALGAMATION
OF
VARROC POLYMERS LIMITED
(“VPL” OR “TRANSFEROR COMPANY”)
WITH
VARROC ENGINEERING LIMITED
(“VEL” OR “TRANSFeree COMPANY”)
AND
THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013 (“the Act”)

(A) PREAMBLE

This Scheme of Amalgamation is presented under Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013, as may be applicable, for amalgamation of Varroc Polymers Limited (previously known as Varroc Polymers Private Limited) with Varroc Engineering Limited (previously known as Varroc Engineering Private Limited) and their respective shareholders (“the Scheme”). This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) BACKGROUND OF THE COMPANIES

- i. The Transferor Company was originally incorporated as “Mouldcraft (Hindustan) Private Limited” on 20 June 1995, a private limited company, with the Registrar of Companies, Maharashtra, under the provisions of the Companies Act, 1956. The name of the Transferor Company was changed from “Mouldcraft (Hindustan) Private Limited” to “Mouldcraft (Hindustan) Limited” and a fresh Certificate of Incorporation consequent upon the change of name was issued on 01 July, 1997. The name of the Transferor Company was further changed from “Mouldcraft (Hindustan) Limited” to “Mouldcraft (Hindustan) Private Limited” and a fresh Certificate of Incorporation consequent upon the change of name was issued on 27 January, 2001. The name of the Transferor Company was later changed from

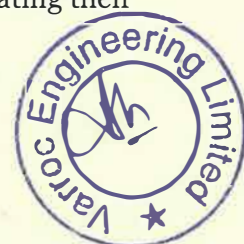


“Mouldcraft (Hindustan) Private Limited” to “Varroc Polymers Private Limited” and a fresh Certificate of Incorporation consequent upon the change of name was issued on 18 April, 2007. The name of the Transferor Company was further changed to “Varroc Polymers Limited” pursuant to its conversion into a public limited company and a fresh Certificate of Incorporation was issued on 13 September, 2022. The Registered Office of the Transferor Company is situated at Plot No. L-4, MIDC, Waluj, Aurangabad, Maharashtra, India, 431136. VPL is engaged in manufacturing of automobile components. The Transferee Company holds the entire equity share capital of the Transferor Company, along with its nominees. Accordingly, the Transferor Company is a wholly owned subsidiary of the Transferee Company.

- ii. The Transferee Company is a listed company incorporated in the name of “Varroc Engineering Private Limited” on 11 May, 1988, as a private limited company, with the Registrar of Companies, Maharashtra, under the provisions of the Companies Act, 1956. The name of the Transferee Company was changed from “Varroc Engineering Private Limited” to “Varroc Engineering Limited” and a fresh Certificate of Incorporation consequent upon the change of name was issued on 01 July, 1997. The name of the Transferee Company was further changed from “Varroc Engineering Limited” to “Varroc Engineering Private Limited” and a fresh Certificate of Incorporation consequent upon the change of name was issued on 24 January, 2001. The name of the Transferee Company was later changed from “Varroc Engineering Private Limited” to “Varroc Engineering Limited” and a fresh Certificate of Incorporation consequent upon the change of name was issued on 05 February, 2018. The Registered Office of the Transferee Company is situated at L-4, MIDC, WALUJ, Aurangabad, Maharashtra, India, 431136. VEL is engaged in manufacturing of automobile components and caters to customers both in the domestic and international markets. The equity shares of the Transferee Company are listed on the Stock Exchanges (as defined hereinafter).

(C) RATIONALE FOR THE SCHEME

The Transferor Company and Transferee Company are desirous of consolidating their businesses with the Transferee Company under scheme of amalgamation.



The proposed Scheme would, *inter-alia*, have the following benefits:

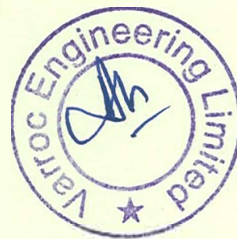
- Amalgamation will provide synergies by strengthening the operational capabilities and streamline operations which will result in efficiency of management and maximization of value for all the stakeholders;
- Improved creditworthiness, cash flows and debt servicing abilities of the Transferee Company post amalgamation;
- Pooling and more efficient utilization of the resources, leading to optimum use of infrastructure, cost reduction and efficiencies;
- Ensuring a streamlined group structure by reducing the number of legal entities in the group, reducing the administrative hassles and multiplicity of *inter-alia*, legal and regulatory compliances required at present.

(D) PARTS OF THE SCHEME:

This Scheme of Amalgamation is divided into the following parts:

- PART I** : Deals with definitions, interpretation and share capital;
- PART II** : Deals with the amalgamation of Varroc Polymers Limited with Varroc Engineering Limited;
- PART III** : Deals with consideration for amalgamation and accounting treatment;
- PART IV** : Deals with the general terms and conditions applicable to the Scheme.

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PART I

DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1 DEFINITIONS

In this Scheme of Amalgamation, unless inconsistent with the subject or context, the following expressions shall have the meaning respectively assigned against them:

- 1.1 **“Act” or “the Act”** means the Companies Act, 2013 and the rules and regulations made thereunder, as the case may be, and shall include any statutory modifications, amendments or re-enactment thereof for the time being in force.
- 1.2 **“Appointed Date”** means 1st April, 2024 or such other date as may be approved by the National Company Law Tribunal, Mumbai Bench or any other competent authority .
- 1.3 **“Board of Directors” or “Board”** means the Board of Directors of the Transferor Company or of the Transferee Company as the context may require and shall, unless it be repugnant to the context or otherwise, include a duly constituted committee of directors or any person(s) authorised by the Board of Directors or such committee of directors.
- 1.4 **“DSIR”** means Department of Scientific and Industrial Research
- 1.5 **“Effective Date” or “coming into effect of this Scheme” or “upon the scheme being effective” or “effectiveness of the Scheme”** means the date on which the certified copy of the order of the National Company Law Tribunal, Mumbai Bench sanctioning this Scheme of Amalgamation is filed by the Transferor Company and the Transferee Company with the Registrar of Companies, Mumbai.
- 1.6 **“IT Act”** means the Income-tax Act, 1961 and the rules made there under, as may be amended or re-enacted from time to time.
- 1.7 **“NCLT” or “Tribunal”** means the National Company Law Tribunal, Mumbai Bench, the National Company Law Appellate Tribunal and any other competent authority as constituted and authorized as per the provisions of the Companies Act,

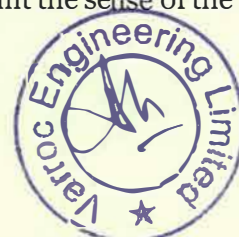


2013 for approving any scheme of arrangement, compromise or reconstruction of companies under Section 230-232 of the Companies Act, 2013.

- 1.8 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Amalgamation in its present form or with any modification(s) made under Clause 15 of this Scheme as approved or directed by the NCLT.
- 1.9 **“Stock Exchanges”** means BSE Limited and the National Stock Exchange of India Limited.
- 1.10 **“VEL”** or **“the Transferee Company”** means Varroc Engineering Limited, having CIN: L28920MH1988PLCo47335, (previously known as Varroc Engineering Private Limited), a company incorporated under the Companies Act, 1956 and having its Registered Office at L - 4, MIDC, Waluj, Aurangabad – 431136.
- 1.11 **“VPL”** or **“the Transferor Company”** means Varroc Polymers Limited, having CIN: U25209MH1995PLCo90037, (previously known as Varroc Polymers Private Limited), a company incorporated under the Companies Act, 1956 and having its Registered Office at Plot No. L-4, MIDC, Waluj, Aurangabad – 431136.

2 INTERPRETATION

- 2.1 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, shall have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time;
- 2.2 References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme;
- 2.3 The headings herein shall not affect the construction of this Scheme;
- 2.4 Any phrase introduced by terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words proceeding those terms.



3 DATE OF TAKING EFFECT AND OPERATIVE DATE

- 3.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or made under Clause 15 of this Scheme shall be effective from the Appointed Date but shall become operative from the Effective Date.

4 SHARE CAPITAL

- 4.1 The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on 31st March, 2024 is as under:

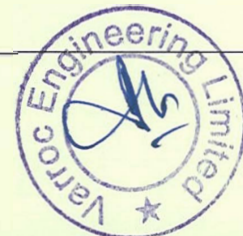
Particulars	Amount (in INR)
Authorized Share Capital	
54,90,000 Equity Shares of INR 10/- each	5,49,00,000
Total	5,49,00,000
Issued, Subscribed and Paid-up Share Capital	
5,29,100 Equity Shares of INR 10/- each, fully paid up	52,29,100
Total	52,29,100

Subsequent to 31st March, 2024, there has been no change in the Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferor Company.

The entire issued, subscribed and paid-up equity share capital of the Transferor Company is held by the Transferee Company along with its nominees. Accordingly, the Transferor Company is a wholly owned subsidiary of the Transferee Company.

- 4.2 The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on 31st March, 2024 is as under:

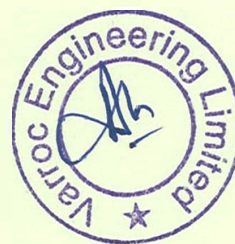
Particulars	Amount (in INR)
Authorized Share Capital	
25,45,00,000 Equity Shares of INR 1/- each	25,45,00,000
25,00,00,000 Preference Shares of INR 1/- each	25,00,00,000
Total	50,45,00,000
Issued, Subscribed and Paid-up Share Capital	



15,27,86,400 Equity Shares of INR 1/- each, fully paid up	15,27,86,400
Total	15,27,86,400

Subsequent to 31st March, 2024, there has been no change in the Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferee Company.

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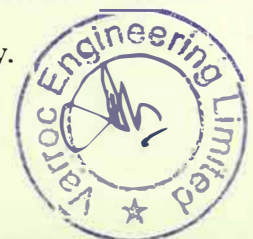


PART II

**AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEREE
COMPANY**

5 TRANSFER AND VESTING OF UNDERTAKING

- 5.1 Upon the coming into effect of the Scheme and with effect from the Appointed Date, the entire business and the undertaking of the Transferor Company including all their properties and assets, (whether movable or immovable, tangible or intangible), manufacturing facilities (including all clearances and approvals), leasehold assets/rights and other offices and properties, real, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, all the receivables, advances, deposits etc., and assets of the Transferor Company comprising amongst others all plant and machinery, investments, and business licenses, permits, approvals, authorizations, sanctioned limits if any, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, advance and other taxes paid to the authorities, brand names, trademarks, copy rights, lease, tenancy rights, statutory permissions, consents and registrations, all rights or titles or interest in properties by virtue of any court decree or order, all records, files, papers, contracts, licenses, insurance policies, power of attorney, lease, tenancy rights, letter of intents, permissions, benefits under income-tax, such as credit for advance tax, tax deducted at source, unutilized deposits or credits, minimum alternate tax credit, unabsorbed depreciation and business losses, tax holidays/exemptions, tax refunds, credit for service tax, sales tax / value added tax/ goods and service tax and/ or any other statues, incentives under indirect taxes, if any, and all other rights, title, interest, contracts, consent, approvals or powers of every kind and description, agreements shall, pursuant to the order of NCLT and pursuant to provisions of Sections 230 to 232 of the Act and other applicable provisions of the Act and without further act, instrument or deed, but subject to the charges affecting the same be vested and/ or deemed to be vested in Transferee Company on a going concern basis so as to become the assets of the Transferee Company with all rights, title, interest or obligations of the Transferor Company therein and free from all encumbrances, but subject to subsisting charges and pledges, if any.



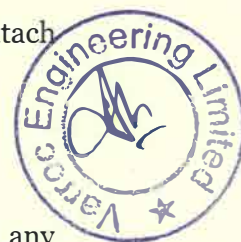
- 5.2 In respect of all the movable assets of the Transferor Company and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash on hand, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date pursuant to such delivery.
- 5.3 In respect of any assets of the Transferor Company other than those mentioned in Clause 5.2 above, including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or value to be received from other authorities and bodies and customers, the Transferor Company may, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the NCLT having sanctioned this Scheme between the Transferor Company and the Transferee Company under Sections 230 to 232 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 5.4 With effect from the Appointed Date, any statutory licenses, permissions, approvals, Government Recognition, eligibility certificate(s), all allocations by the government, quotas, no objection certificates or consents to carry on the operations and business of the Transferor Company and to which the Transferor Company is entitled to in terms of the various statutes, schemes, policies etc., of the central or state governments, shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favor of the Transferee Company. The benefit of all statutory and regulatory permissions, registrations or other licenses and consents, licenses for research and development activities (including but not limited to approvals granted by DSIR to Transferor Company) shall vest in and shall be in full force and effect against or in favor of the Transferee Company and may be enforced



as fully and effectually as if instead of the Transferor Company, the Transferee Company had been the party thereto or the beneficiary or obligee thereof pursuant to this Scheme.

- 5.5 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of the Transferor Company, whether provided for or not in the books of accounts of the Transferor Company shall, pursuant to the Order of the NCLT or such other competent authority as may be applicable under Section 230 and other applicable provisions of the Act without any further act or deed, be transferred or deemed to be transferred to and vested in the Transferee Company, so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 5.6 Where any of the debt, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, deemed to be transferred to the Transferee Company have been discharged by the Transferor Company, as the case may be, after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
- 5.7 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and those created by the Transferor Company over the assets of the Transferor Company after the Appointed Date and subsisting as on the Effective Date shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Such securities, mortgages, charges, encumbrances or liens shall not relate or attach or extend to any of the other assets of the Transferee Company.

Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Company, if any, and the



Transferee Company shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise.

- 5.8 The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme shall be in accordance with section 2(1B) of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the said section. Such modification will however not affect the other parts of the Scheme.
- 5.9 Without prejudice to the provisions of the foregoing Clauses, the Transferor Company and the Transferee Company shall execute all such instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies, Mumbai to give formal effect to the above provisions, if required.
- 5.10 With effect from the Effective Date until such times the names of the bank accounts of the Transferor Company would be replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of the Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company.
- 5.11 All tax liabilities / refunds / credits / claims relating thereto under the IT Act, Customs Act, Central Excise Act, Goods and Services Tax, State Sales Tax Laws, Central Sales Tax Act, Service Tax, or other applicable laws/ regulations dealing



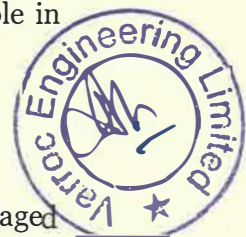
with taxes/ duties levies (hereinafter in this Clause referred to as "Tax Laws") of the Transferor Company to the extent not provided for or covered by tax provision in the financial statements made as on the date immediately preceding the Appointed Date shall be treated as liabilities/ refunds/ credits/ claims of the Transferee Company from the Appointed Date and shall be transferred to the Transferee Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and TDS, credit for minimum alternative tax, credit for service tax, credit for Goods and Service Tax or such other credits as on the date immediately preceding the Appointed Date will also be transferred to and become the advance tax/ other tax of the Transferee Company.

5.12 Without prejudice to the generality of the above, all benefits, credits, refunds, exemptions, incentives or concessions under Tax Laws as may be applicable to which the Transferor Company is entitled to in terms of the applicable Tax Laws of the Union and/ or State Governments in India, shall be available to and vest in the Transferee Company.

5.13 The Transferee Company shall be entitled to file / revise its income-tax returns, service tax returns, Value Added Tax returns, Central Sales Tax returns, Goods and Service Tax Return, tax deducted at source certificates, tax deducted at source returns and other statutory returns, forms and filings, if required under the Tax Laws, and shall have the right to claim or adjust refunds, advance tax credits, credit for minimum alternate tax / tax deducted at source / foreign taxes withheld/ paid, input tax credits, of the Transferor Company if any, as may be required consequent to effectiveness of this Scheme.

5.14 With effect from the Appointed Date and upon the Scheme becoming effective, the Transferee Company shall be entitled to claim deduction with respect to items such as provisions, expenses etc., incurred by the Transferor Company and disallowed in earlier years in the hands of the Transferor Company, which may be allowable in accordance with provisions of IT Act on or after the Appointed Date.

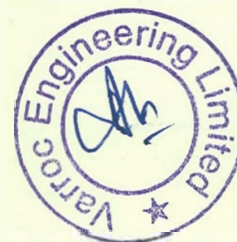
5.15 The Transferee Company shall be entitled to avail various benefits under Packaged Scheme of Incentives ("PSI") availed by the Transferor Company, including in the



State of Maharashtra and Madhya Pradesh and other industrial development incentive schemes and policies of the Union and/ or State Governments, if any, that were being availed or were available to the Transferor Company. It is declared that pursuant to this Scheme, all the benefits under such incentive schemes and policies shall stand transferred and vested to the Transferee Company.

6 COMBINATION OF AUTHORISED SHARE CAPITAL

- 6.1 On coming into effect of this Scheme, the Authorized Share Capital of the Transferor Company of INR 5,49,00,000 (Five Crore Forty-Nine Lakhs only) consisting of 54,90,000 (Fifty-Four Lakhs Ninety Thousand) equity shares of INR 10/- each shall be added to the Authorized Share Capital of the Transferee Company and the Authorized Share Capital of the Transferee Company shall stands enhanced to INR 55,94,00,000 (Fifty-Five Crore Ninety-Four Lakhs only) consisting of 25,45,00,000 (Twenty-Five Crore Forty-Five Lakhs) Equity shares of INR 1 each, 54,90,000 (Fifty-Four Lakhs Ninety Thousand) equity shares of INR 10 each and 25,00,00,000 (Twenty-Five Crore) Preference shares of INR 1 each without any act or deed on part of the Transferee Company.
- 6.2 It is hereby clarified that for the purposes of this clause, the consent of the Transferee Company to this scheme shall be deemed to be sufficient for the purposes of effecting this amendment and that no further resolutions under Sections 4, 13, 14 and 61 and all other applicable provisions of this Act, if any, would be required to be separately passed by the Transferee Company.
- 6.3 It is further clarified that upon the increase of the authorized share capital of the Transferee Company, pursuant to this Scheme, the fees and/ or duties paid, including stamp duty, by Transferor Company for its authorized share capital shall be considered as fees and duties paid, including stamp duty, by the Transferee Company in respect of such authorized share capital, and shall be set-off against any fees and duties including stamp duty payable by the Transferee Company in respect of such increase in the Authorized share capital to that extent, subsequent to the amalgamation.



6.4 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent/approval also to the alteration of the Memorandum of Association of the Transferee Company as may be required under the Act, and Clause V(1)(a) of the Memorandum of Association of the Transferee Company shall respectively stand substituted by virtue of the Scheme to read as follows:

Clause V(1)(a) of the Memorandum of Association of the Transferee Company:

The Authorised Share Capital of the Company is Rs. 55,94,00,000 (Rupees Fifty-Five Crores Ninety-Four Lakhs Only) comprising of:

- (a) Rs. 25,45,00,000 (Rupees Twenty-Five Crore Forty-Five Lakhs only) divided into 25,45,00,000 equity shares of Re. 1 each;
- (b) Rs. 5,49,00,000 (Rupees Five Crore Forty-Nine Lakhs only) divided into 54,90,000 equity shares of Rs. 10 each; and
- (c) Rs. 25,00,00,000 (Rupees Twenty-Five Crore only) divided into 25,00,00,000 preference shares of Re. 1 each.

with power to increase or reduce the capital of the Company and to consolidate and divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company.

7 CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

7.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall carry on and be deemed to have been carrying on its business and activities and shall stand possessed of and hold all of the business for and on account of and for the benefit of and in trust for the Transferee Company. Further, all the profits or income accruing or arising to the Transferor Company or expenditure, or losses arising to or incurred by the Transferor Company, with effect from the Appointed Date, shall for all purposes and intents be treated and be deemed



to be and accrue as the profits or income or expenditure or losses of the Transferee Company, as the case may be.

7.2 With effect from the date of approval of this Scheme by the Board of Directors of the Transferee Company and up to and including the Effective Date:

(a) The Transferor Company shall carry on its business and activities in the ordinary course of business with reasonable diligence and business prudence and shall not make borrowings or undertake financial commitments either for itself or on behalf of group companies or any third party or sell, transfer, alienate, mortgage, charge, or encumber or otherwise deal with or dispose of its assets, business or undertaking or any part thereof, save and except in the ordinary course of business or with the prior written consent of the Transferee Company.

(b) The Transferee Company shall be entitled to apply to the Central Government and any other Government or statutory authorities/ agencies/ body concerned as are necessary under any law for such consents, approvals, licenses, registrations and sanctions which the Transferee Company may require to carry on the business of the Transferor Company.

8 LEGAL PROCEEDINGS

8.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other proceeding may be continued and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued and enforced by or against the Transferor Company as if this Scheme had not been made.

8.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 8.1 above transferred in its name respectively and to have the same continued, prosecuted and enforced by or against the Transferee Company to the same extent as would or might have been continued and enforced by or against the Transferor Company.



9 STAFF & EMPLOYEES

9.1 Upon this Scheme becoming effective, all employees, of the Transferor Company shall be deemed to have become employees of the Transferee Company with effect from the Appointed Date without any break, discontinuance or interruption 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 the Transferor Company on the date on which the Scheme becomes effective.

9.2 It is expressly provided that, upon the Scheme becoming effective, the provident fund, gratuity fund, pension fund, superannuation fund, insurance contribution/ scheme(s) or any other special scheme(s)/ fund(s) or other benefit(s)/ trusts (hereinafter referred to as Fund or Funds) created or existing for the benefit of the employees of the Transferor Company, if any, shall become trusts / funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company. It is clarified that the services of the staff and employees of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds.

10 CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC.

10.1 Upon the coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature to which the Transferor Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.



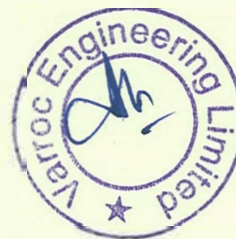
10.2 The Transferee Company shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmation or novation, to which the Transferor Company will, if necessary, also be a party (if applicable) in order to give formal effect to the provisions of this Scheme, if so required or if necessary. The Transferee Company shall be deemed to be authorised to execute any such deed, writing or confirmation on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

10.3 The Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Company and the name of the Transferee Company shall be substituted as "Insured" in the policies as if the Transferee Company was initially a party thereto.

11 SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, properties and liabilities under Clause 5 above and the continuance of proceedings by or against the Transferor Company under Clause 8 above shall not affect any transaction or proceedings already concluded by the Transferor Company on and after the Appointed Date till the Effective Date to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and / or on behalf of the Transferor Company as acts, deeds and things done and executed by and / or on behalf of the Transferee Company.

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PART – III

CONSIDERATION FOR AMALGAMATION AND ACCOUNTING TREATMENT

12 CONSIDERATION

12.1 Since the entire issued, subscribed and paid-up share capital of the Transferor Company is held by the Transferee Company along with its nominees, no consideration shall be payable pursuant to the amalgamation of Transferor Company into Transferee Company. Accordingly, there shall be no issue of shares by the Transferee Company upon coming into effect of this Scheme, and the shares of the Transferor Company, whether held in physical form or in electronic form shall automatically stand cancelled and extinguished without any further act, deed, instrument, matter or thing.

12.2 Further, upon coming into effect of this Scheme, the investment in the shares of the Transferor Company, appearing in the books of account of the Transferee Company, shall stand cancelled.

13 ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY

Upon the coming into effect of this Scheme, the amalgamation of the Transferor Company with the Transferee Company shall be accounted for in accordance with pooling of interest method of accounting as laid down in Appendix C to the “Indian Accounting Standard (Ind AS) 103 for Business Combinations” prescribed under the section 133 of the Companies Act 2013 as notified under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, in its books of accounts such that:

13.1 The Transferee Company shall record all the assets and liabilities relating to the Transferor Company vested in it pursuant to this Scheme, at their respective carrying amounts as appearing in the consolidated financial statements of the Transferee Company.



13.2 The identity of the reserves of the Transferor Company, if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the consolidated financial statements of the Transferee Company.

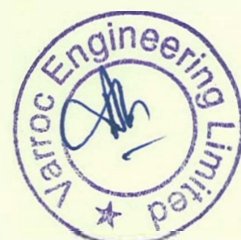
13.3 Pursuant to the amalgamation of the Transferor Company with the Transferee Company, inter-company balances, if any, between the Transferee Company and the Transferor Company appearing in the books of the Transferee Company shall stand cancelled, and there shall be no further obligation in that behalf.

13.4 The value of investment held by Transferee Company in Transferor Company shall stand cancelled pursuant to amalgamation and there shall be no further obligation in that behalf.

The surplus, if any arising after taking the effect of Clause 13.1, Clause 13.2, and Clause 13.4, after adjustment of Clause 13.3, shall be transferred to Capital Reserve in the financial statements of the Transferee Company. The deficit, if any arising after taking the effect of Clause 13.1, Clause 13.2, and Clause 13.4, after adjustment of Clause 13.3 and adjustment of previously existing credit balance in capital reserve, if any, shall be first debited to Retained Earnings in the financial statements of the Transferee Company to the extent of the balance available in the said account. If there is further deficit, the amount will be debited to the Amalgamation Adjustment Deficit Account.

13.5 In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies.

13.6 Comparative financial information in the financial statements of the Transferee Company shall be restated for the accounting impact of the merger of the Transferor Company, as stated above, as if the merger had occurred from the beginning of the comparative period presented.



13.7 For accounting purposes, the Scheme will be given effect on the date when all substantial conditions for the transfer of the Transferor Company are completed.

13.8 Any matter not dealt with hereinabove shall be dealt with in accordance with the requirement of applicable Ind AS.

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PART IV

GENERAL TERMS AND CONDITIONS

14 APPLICATION

The Transferor Company and the Transferee Company shall make necessary applications before the NCLT for the sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act and for seeking orders for dispensing with or convening, holding and/or conducting of the meetings of the respective shareholders/ creditors, for sanctioning and carrying out of this Scheme and for consequent dissolution of the Transferor Company without winding up and shall apply for and obtain such other approvals, as required by law.

15 MODIFICATIONS / AMENDMENTS TO THE SCHEME

The Transferor Company and the Transferee Company with approval of their respective Board of Directors may consent, from time to time, on behalf of all persons concerned, to any modifications/ amendments or additions/ deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Board of Directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect or agree to any terms and/ or conditions or limitations that the NCLT or any other authorities under law may deem fit to direct or impose. The aforesaid powers of the Transferor Company and the Transferee Company to give effect to the modification/ amendments to the Scheme may be exercised by their respective Board of Directors or any person authorised in that behalf by the concerned Board of Directors subject to approval of the NCLT or any other authorities under the applicable law to such modification / amendments to the Scheme.

16 VALIDITY OF THE EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of the Scheme, the resolutions of the Transferor Company as are considered necessary by the Board of Directors of the Transferee Company which are validly subsisting be considered as resolutions of the Transferee Company. If any such resolutions have any monetary limits approved under the provisions of the Act or any other applicable statutory provisions, then the said



limits, as are considered necessary by the Board of Directors of the Transferor Company, shall be added to the limits, if any under the like resolutions passed by the Transferee Company.

17 DISSOLUTION OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound-up.

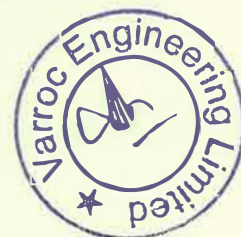
18 CONDITIONALITY OF THE SCHEME

This Scheme is conditional upon and subject to the following:

- 18.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective Shareholders and/ or Creditors, if required, of the Transferor Company and the Transferee Company, as may be directed by the NCLT or any other competent authority as may be applicable;
- 18.2 The requisite sanctions and approvals of any competent authority, as may be required by law, in respect of the Scheme being obtained;
- 18.3 The Scheme being sanctioned by the NCLT under Sections 230 to 232 and other applicable provisions of the Act; and
- 18.4 Certified copy of the Order of the NCLT sanctioning the Scheme, being filed with the Registrar of Companies, Mumbai.

19 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in any of the preceding clauses not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other appropriate authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme.



Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme unless otherwise mutually agreed.

20 COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

Varroc Engineering Limited

Ajay Sharma
Group General Counsel & Company Secretary

