

# Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2023-24/70

September 15, 2023

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.  
NSE Symbol: VARROC

The Manager – Listing  
The Corporate Relation  
Department,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001.  
BSE Security Code: 541578  
[Debt: 973455 & 975062]

**Sub: Transcript of 35<sup>th</sup> Annual General Meeting of Varroc Engineering Limited**

Dear Sir/Madam,

Please find enclosed herewith transcript of 35<sup>th</sup> Annual General Meeting held on September 13, 2023 at 11:00 AM.

A copy of the same is also being placed on the Company's website i.e., [www.varroc.com](http://www.varroc.com)

This is for your information and records.

**For Varroc Engineering Limited**

**Ajay Sharma**  
Group General Counsel and Company Secretary

**Encl:** a/a

## **35<sup>th</sup> Annual General Meeting of Varroc Engineering Limited**

**13<sup>th</sup> September 2023**

- **Mr. Ajay Kumar Sharma – Company Secretary, Varroc Engineering Limited:**
- Good morning shareholders and a very warm welcome to all of you, our Board members at the 35<sup>th</sup> Annual Journal Meeting of Varroc Engineering Limited. In compliance with the relevant circulars which have been issued by the Ministry of Corporate Affairs and SEBI, this meeting is being conducted through a video conference without physical presence of the members at a common venue. The proceedings of this meeting shall be deemed to have been conducted at the registered office of the Company. For the smooth and seamless conduct of the meeting and to avoid any background noise, all the shareholders are requested to be on the mute mode. Please note that the proceedings of this annual general meeting are being recorded.
- Mr. Tarang Jain, Chairman and Managing Director of the Company, is at the chair and is the chairman of the meeting. The Company has not received any representations from the corporate members for attending this meeting. Since there are no physical attendance of shareholders, the requirement of appointing proxies is not applicable. The registers and other relevant documents which are mentioned in the notice required to be kept for inspection at AGM are open and are available for inspection during the meeting electronically on NSDL website under the tab AGM Docs. Further, as the AGM is being held through video conference, the facility of appointing of proxies by the members is not available and hence the proxy register for inspection is also not available. The e-voting facility is active from the commencement of the meeting and will be active up to 15 minutes after the end of discussions on the resolutions. Members may please note that there will be no voting by show of hands.
- If any member desires to ask any question pertaining to any item on the notice, he or she may do so now through 'Ask Question' tab on the webcast window. Members are requested to keep their questions brief and specific. To avoid repetition, the answers to all the questions will be provided towards the end. Members may also note that the Company reserves the right to limit the number of questions depending upon the availability of time. I now hand over further proceedings to Mr. Tarang Jain, Chairman of the meeting.
- Over to you, sir.
- **Mr. Tarang Jain - Chairman & MD, Varroc Engineering Limited:**
- Thank you Ajay and, good morning to all of you, ladies and gentlemen. I welcome you all to the 35<sup>th</sup> Annual General Meeting of the shareholders of the Company. This

meeting is being held through video conference in accordance with the circulars issued by the Ministry of Corporate Affairs from time to time. Live proceedings of this annual general meeting are also being webcast on the e-voting website of NSDL. We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by the Ministry of Corporate Affairs and Section 103 three of the Companies Act, 2013. The quorum being present, I call this meeting to order.

- However, before we start the main proceedings of the meeting, I request my colleagues on the video conference to introduce themselves. Mr. Gautam Khandelwal.
- **Mr. Gautam Khandelwal – Independent Director, Varroc Engineering Limited:**
- Hi, I'm Gautam Khandelwal. I am an Independent Director of the Company and I'm attending this meeting from Bombay. Thanks.
- **Mr. Tarang Jain- Chairman & MD, Varroc Engineering Limited:**
- Thank you. Mr. Marc Szulewicz.
- **Mr. Marc Szulewicz – Independent Director, Varroc Engineering Limited:**
- Good morning. Marc Szulewicz, I'm an Independent Director of the Company and I'm attending this meeting through video from Paris, France.
- **Mr. Tarang Jain - Chairman & MD, Varroc Engineering Limited:**
- Mrs. Vijaya Sampath.
- **Mrs. Vijaya Sampath – Independent Director, Varroc Engineering Limited:**
- Good morning. My name is Vijaya Sampath. I'm an Independent Director of the Company. I'm attending this meeting from New York, United States of America.
- **Mr. Tarang Jain - Chairman & MD, Varroc Engineering Limited:**
- Thank you. Mr. Vinish Kathuria.
- **Mr. Vinish Kathuria – Independent Director, Varroc Engineering Limited:**
- Hi. Good morning. This is Vinish Kathuria, an Independent Director of your company. I'm attending this meeting from Gurgaon, Haryana, India. Thank you.
- **Mr. Tarang Jain - Chairman & MD, Varroc Engineering Limited:**
- Thank you. Mr. Arjun Jain, Mr. Dhruv Jain and Mr. Tarun Tyagi are present here with me in the boardroom. Apart from them, we have key executives and senior management joining from their respective locations. Further, Mr. Mustafa Saleem,

representative of the Secretarial Auditors and Mrs. Uma Loda, Secretarial Auditor of the Company are also present in the meeting from their respective locations. The Company has taken all feasible efforts under the current circumstances to enable members to participate through video conference and vote at the AGM. I thank all the members, colleagues on the Board, auditors and the management team for joining this meeting through video conference. I hope all of you are safe and are in good health.

- As the notice of the meeting is already circulated to the shareholders, with your permission, I take the notice convening the meeting as read. I would now request our company secretary to read out the Auditor's report.
- **Mr. Ajay Kumar Sharma – Company Secretary, Varroc Engineering Limited:**
- Thank you, sir. The Statutory Auditor report on the standalone financial statements and the consolidated financial statements are available on page number 148 and 258 of the annual report, respectively. The Secretarial Auditor report on the Company and Varroc Polymers Limited, material subsidiary of the Company, are also annexed to the Board's report on page number 77 and 80 of the annual report, respectively. The Auditor's report which forms part of the annual report and which has been circulated to the shareholders does not contain any qualification, reservation or adverse remark except the following on the financial statements for the year ended 31<sup>st</sup> of March 2023. Now I will read the said observations.

The audit report on the Standalone financial statements of the Company contain the following qualification:-

- As provided in Note no. 52 to the Standalone Financial Statements regarding the sale of VLS Business, there is disagreement between the parties on the final adjustments against the agreed consideration, and both parties have agreed to negotiate to reach an agreement. Pending the conclusion of these negotiations, we are unable to comment on the impact of the same on the net loss and financial position as of and for the year ended March 31, 2023.
- The management's response to this is:-
  - As per the terms of the Securities Purchase Agreement ("SPA") entered into among Varroc Engineering Limited ("VEL") and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of VEL) (together referred to as "Sellers") and Compagnie Plastic Omnium SE, France ("Buyer"), a specific 'Adjustment Escrow' has been provided for the Final Closing Statement and the Final Closing Adjustment Statement to be prepared as of the Closure Date i.e., October 6, 2022. The Buyer had a period of 90 working days to come up with the same, duly supported by the requisite information/documentation.

The Buyer submitted the final adjustments during the current quarter but failed to provide the necessary supporting details to enable the Sellers to understand these adjustments. Hence, Sellers sent a Dispute Notice in accordance with the SPA disputing the proposed adjustments. Pursuant to the amendment to SPA dated May 12, 2023, both parties have mutually agreed to attempt the resolution of their disagreements in accordance with the provisions of the SPA. Considering the disagreement between the parties and the fact that negotiations with the Buyer are in progress, the effect of the proposed adjustments cannot be ascertained for recognition in the standalone financial results as of March 31, 2023.

Further Development: Both the parties have now resolved their disagreements and have entered into a Settlement Agreement to record the terms of final settlement of their disagreements on July 15, 2023. The issue has been settled hence the qualifications was also removed in the Q1FY24 Financials.

- As disclosed in Note no. 50 to the Consolidated Financial Statements for the year ended March 31, 2023, the Financial Results and other financial information for the year ended March 31, 2023, in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, are unaudited. Hence, we are unable to determine the possible impact of Group's share of profit/loss from China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income, and earnings per share for the year ended March 31, 2023, and Group's share of net assets of China JV on the investment in China JV as at March 31, 2023.
- In response, the management responses:-
  - The Group's investment in Varroc TYC Corporation BVI ('VTYC' or 'China JV'), a joint venture accounted for under the equity method, which is carried at Rs. 3,751.57 million as at March 31, 2023, and the Group's share of VTYC's net profit of Rs. 15.58 million, which is included in the Group's income for the year then ended, are based on management certified accounts and were not subjected to audit. The Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding the operation of the JV, pending which the Group is unable to obtain audited financials and other information from the China JV.

- Second observation on the qualification of the consolidated financial statement is:-
  - As provided in Note no. 51 to the Consolidated Financial Statements for the year ended March 31, 2023, regarding the sale of Varroc Lighting Systems Business, there is disagreement between the parties on the final adjustments against the agreed consideration, and both parties have agreed to negotiate to reach an agreement. Pending the conclusion of these negotiations, we are unable to comment on the impact of the same on the consolidated loss and financial position as of and for the year ended March 31, 2023.
  
- The management's response is:-
  - As per the terms of the Securities Purchase Agreement ("SPA") entered into among Varroc Engineering Limited ("VEL") and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of VEL) (together referred to as "Sellers") and Compagnie Plastic Omnium SE, France ("Buyer"), a specific 'Adjustment Escrow' has been provided for the Final Closing Statement and the Final Closing Adjustment Statement to be prepared as of the Closure Date, i.e., October 6, 2022. The Buyer had a period of 90 working days to come up with the same, duly supported by the requisite information/documentation. The Buyer submitted the final adjustments during the current quarter but failed to provide the necessary supporting details to enable the Sellers to understand these adjustments. Hence, Sellers sent a Dispute Notice in accordance with the SPA disputing the proposed adjustments. Pursuant to the amendment to the SPA dated May 12, 2023, both parties have mutually agreed to attempt the resolution of their disagreements in accordance with the provisions of the SPA. Considering the disagreement between the parties and the fact that the negotiations with the Buyer are in progress, the effect of the proposed adjustments cannot be ascertained for recognition in the consolidated financial results as of March 31, 2023.

Further Development: Both the parties have now resolved their disagreements and have entered into a Settlement Agreement to record the terms of final settlement of their disagreements on July 15, 2023. The issue has been settled hence the qualifications was also removed in the Q1FY24 Financials.

Apart from the above, there are no further qualifications, reservations or adverse remarks on the financial statements for the year ended March 31, 2023. The notes on the financial statement referred to in the Auditor Report are self-explanatory and do not call for any further comments.

The Secretarial Auditor's report of Varroc Engineering Limited, which forms part of the annual report, which has already been circulated to the shareholders, does not contain any qualification, observation or comment except for the following. Now I shall be reading out the said observation.