

Varroc Engineering Limited

Regd. & Corp. Office

L-4, MIDC, Industrial Area
Waluj, Aurangabad 431
136, Maharashtra, India

Tel + 91 240 6653700
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email: varroc.info@varroc.com
www.varroc.com
CIN: L28920MH1988PLC047335



VARROC/SE/INT/2023-24/42

July 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-400 051.
NSE Symbol: VARROC

The Manager – Listing
The Corporate Relation Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001.
BSE Security Code: 541578
[Debt: 973454 & 973455]

Dear Sir/ Madam,

Sub: Disclosure under Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation”) and our Communication dated April 29, 2022, October 7, 2022, and May 17, 2023

This is in continuation to our communications dated April 29, 2022, October 7, 2022, and May 17, 2023, on the captioned subject. Pursuant to the Regulation 30 read with Schedule III of the Listing Regulation, we wish to inform you the following:

Varroc Engineering Limited (“**VEL**”) and VarrocCorp Holding BV, Netherlands (“**VCHBV**”, Wholly Owned Subsidiary of VEL) (together referred to as, “**Sellers**”) entered into a Securities Purchase Agreement dated April 29, 2022 with Compagnie Plastic Omnium SE, France, to divest the Sellers 4-Wheeler lighting business in the Americas and Europe (“**Securities Purchase Agreement**”). The Sellers and PO Lighting Systems SAS, France (in substitution for Compagnie Plastic Omnium SE) (“**Buyer**” / “**PO**”) amended the Securities Purchase Agreement vide the amendment agreements dated October 05, 2022; May 12, 2023, and June 15, 2023 (“**Amendments**”). The Securities Purchase Agreement, as amended by the Amendments is referred as “**SPA**” and the Sellers and Buyer are collectively referred as “**Parties**”.

On the Closing Date, a sum amounting to €28,000,000 (Euros Twenty Eight Million) (“**Escrow Amount**”) was deposited in an escrow account (“**Escrow Account**”), which was to be released to the Sellers on occurrence of specified events, pursuant to the terms and conditions of the SPA and the escrow agreement executed between the Parties.

The Parties had disagreements on the release of Escrow Amount. The Parties have now resolved their disagreements and have entered into a Settlement Agreement to record the terms of the final settlement of their disagreements on July 15, 2023, for release of the Escrow Amount in accordance to the following allocation:

- i. €15,000,000 to the Buyer; and
- ii. €13,000,000 to the Sellers.

The disclosures required under Regulation 30 of the Listing Regulations read with SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023; the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and SEBI Circulars No CIR/CFD/CMD/4/2015 dated September 09, 2015 (together referred as “**SEBI Circulars**”), are enclosed herewith in Annexure I.

Kindly take the same on record and note the compliance.

For Varroc Engineering Limited

Ajay Sharma
Group General Counsel and Company Secretary

Varroc Engineering Limited

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ANNEXURE I

Disclosure/ details as required under Schedule III of the Listing Regulations read with the SEBI Circulars

| Sr. No | Particulars | Details |
|--------|---|--|
| | | Settlement Agreement |
| 1 | Name(s) of parties with whom the agreement is entered. | (a) Varroc Engineering Ltd., India (" VEL "); (b) VarrocCorp Holding B.V., The Netherlands (" VCHBV " and together with VEL, " Sellers "); and (c) PO Lighting Systems SAS, France (" Buyer "). |
| 2 | Purpose of entering into the agreement. | To set out the terms and conditions of the settlement of the disputes/disagreements on the release of Escrow Amount between the Sellers and the Buyer. |
| 3 | Size of the Agreement. | €28,000,000 (Euro Twenty-Eight Million); and Resolution and settlement by the parties of the final closing amount under the SPA pursuant to the Settlement Agreement. |
| 4 | Shareholding, if any, in the entity with whom the agreement is executed. | Nil. |
| 5 | Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc. | To settle the disagreements between the parties on the release of Escrow Amount under the SPA, the parties have amicably agreed on release of the Escrow Amount in accordance to the following allocation: i. €15,000,000 (Euros Fifteen Million) to the Buyer; and ii. €13,000,000 (Euros Thirteen Million) to the Sellers. |
| 6 | Whether the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship. | VarrocCorp Holding B.V. is a wholly owned subsidiary of Varroc Engineering Limited. |
| 7 | Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length". | No. |
| 8 | In case of issuance of shares to the parties, details of issue price, class of shares issued. | Not Applicable. |

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| | | |
|----|--|--|
| 9 | Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc. | No potential conflict of interest arising out of the Settlement Agreement. |
| 10 | In case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s): a) name of parties to the agreement; b) nature of the agreement; c) date of execution of the agreement; d) details of amendment and impact thereof or reasons of termination and impact thereof. | Not Applicable. |

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ADDITIONAL DETAILS FOR LITIGATION(S) / DISPUTE(S) / REGULATORY ACTION(S) WITH IMPACT:

| Sl no. | Details | Information |
|---|--|---|
| At the inception/ at the time of becoming the party: Refer our intimation dated May 17, 2023 | | |
| 1. | Brief details of Litigation viz. name(s) of the opposing party, court/ tribunal/agency where litigation is filed, brief details of dispute/Litigation. | There was no Litigation between the Parties, however, there were disagreements between the Parties on release of the Escrow Amount. |
| 2. | Expected financial implications, if any, due to compensation, penalty, etc; | There was no crystallization of financial implication for the stated disagreement between the Parties. |
| 3. | Quantum of claims, if any. | Same as point no 1 & 2 above |
| Regularly till the litigation is concluded or dispute is resolved: | | |
| 1. | The details of any change in the status and/or any development in relation to such proceedings. | The disagreement is now resolved. |
| 2. | In the case of litigation against key management personnel or its promoter or ultimate person in control, regularly provide details of any change in the status and/or any development in relation to such proceedings. | Not Applicable. |
| 3. | In the event of settlement of the proceedings, details of such settlement including - terms of the settlement, compensation/penalty paid (if any), and impact of such settlement on the financial position of the Listed Entity. | <p>A. <u>Details of Settlement including terms of the settlement:</u></p> <p>I. The Parties entered into a Securities Purchase Agreement dated April 29, 2022, for divestment of 4-Wheeler lighting business of the Company in the Americas and Europe (the Securities Purchase Agreement, as amended from time to time, including amendments dated October 05, 2022, is referred as “SPA”)</p> <p>II. On the Closing Date, as agreed between the parties a total amount of €28,000,000 (Euro Twenty-Eight Million) (“Escrow Amount”) was put into escrow pursuant to the terms and conditions of the SPA and the escrow agreement between the Parties.</p> <p>III. The Parties had disagreements on the release of Escrow Amount. The Parties have now resolved their disagreements and have entered into a Settlement Agreement to record the terms of the final settlement of their disagreements on July 15, 2023, for release of the Escrow Amount in accordance to the following allocation:</p> <ul style="list-style-type: none"> - €15,000,000 to the Buyer; and - €13,000,000 to the Sellers.: <p>B. <u>Compensation/penalty paid (if any):</u> Nil.</p> <p>C. <u>Impact of such settlement on the financial position of the Listed Entity:</u> Refer point A. above.</p> |