

DCS/AMAL/MJ/IP/2326/2022-23

“E-Letter”

May 13, 2022

The Company Secretary,
V-GUARD INDUSTRIES LTD.
42 / 962, Vennala High School Road,
Vennala, Kochi , Kerala-682028.

Dear Sir,

Sub: Observation Letter regarding the Scheme of Amalgamation between V-Guard Industries Limited and Simon Electric Private Limited and their respective Shareholders and Creditors.

We are in receipt of draft Scheme of Amalgamation between V-Guard Industries Limited and Simon Electric Private Limited and their respective Shareholders and Creditors as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated May 12, 2022, has inter alia given the following comment(s) on the draft scheme of Amalgamation:

- “Company shall ensure that it discloses all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and Shareholders, while seeking approval of the Scheme.”
- “Company shall ensure that additional information and undertakings, if any submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed Company and the Stock Exchanges.”
- “Company shall ensure to add an explanatory statement, to the application to be filed before Honourable NCLT and to notices to be given to shareholders and creditors, on (a) Negative Cash flows from operating activities; (b) Losses being incurred for last 3 FYs and six-month period ended on September 30, 2021.”
- “Company shall ensure to add an explanatory statement, to the application to be filed before Honourable NCLT and to notices to be given to shareholders and creditors, explaining the rationale as how Simon Electric Private Limited will maintain their positive cash flows from operating activities if it would have been operated as a separate going concern entity”.
- “Company shall ensure to add the brief note on synergy submitted to SEBI vide email dated April 29, 2022 above should form part of the application to be filed before Honourable NCLT and to notices to be given to shareholders and creditors.”
- “The entities involved in the Scheme shall duly comply with various provisions of the Circular.”
- “Company shall ensure compliance with various provisions of the Circular.”
- “Company is advised that the information pertaining to all the Unlisted Companies involved in the Scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.”
- “Company is advised that the details of the proposed Scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders.”

- **“Company to ensure that no changes to the draft Scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI.”**
- **“Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before Hon'ble NCLT and the Company obliged to bring the observations to the notice of Hon'ble NCLT.”**
- **“It is to be noted that the petitions are filed by the Company before Hon'ble NCLT after processing and communication of comments/observations on draft Scheme by SEBI/Stock Exchange. Hence, the Company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/representations.”**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

Sd/-

Prasad Bhide
Manager

National Stock Exchange Of India Limited

Ref: NSE/LIST/29484

May 13, 2022

The Company Secretary
V-Guard Industries Limited
42/962, Vennala High School Road,
Vennala, Kochi- 682028

Kind Attn.: Ms. Jayasree K

Dear Madam,

Sub: Observation Letter for Draft Scheme of Amalgamation between Simon Electric Private Limited and V-Guard Industries Limited and their respective shareholders and creditors.

We are in receipt of Draft Scheme of Amalgamation between Simon Electric Private Limited ("Transferor Company") and V-Guard Industries Limited ("Transferee Company") and their respective shareholders and creditors vide application dated December 23, 2021.

Based on our letter reference no. NSE/LIST/29484 dated March 08, 2022 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time ("Circular") and the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 dated November 23, 2021, kindly find following comments on the draft scheme:

- a. *Company shall ensure disclosure of all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme.*
- b. *Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the Stock Exchanges, from the date of receipt of this letter is displayed on the websites of the listed company and the Stock Exchanges.*
- c. *Company shall ensure to add an explanatory statement, to the application to be filed before Honorable NCLT and to notices to be given to shareholders and creditors, on (a) Negative Cash Flows from operating activities; (b) Losses being incurred for last 3 FYs and six month period ended on September 30, 2021.*
- d. *Company shall ensure to add an explanatory statement, to the application to be filed before Honorable NCLT and to notices to be given to shareholders and creditors, explaining the rationale as how Simon Electric Private Limited will maintain their positive cash flows from operating activities if "it would have been operated as a separate going concern entity".*
- e. *Company shall ensure to add the brief note on synergy submitted to SEBI vide email dated April 29, 2022 above should form part of to the application to be filed before Honorable NCLT and to notices to be given to shareholders and creditors.*
- f. *The entities involved in the scheme shall duly comply with various provisions of the said Circular.*
- g. *Company shall ensure that the information pertaining to all the Unlisted Companies involved in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.*

- h. The Company is advised that the details of the proposed scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to shareholders.*
- i. Company shall ensure that no changes are made to the draft scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI.*
- j. Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the company is obliged to bring the observations to the notice of NCLT.*
- k. It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/Stock Exchanges. Hence, the company is not required to send notice for representation as mandated under Section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the Circular.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from May 13, 2022 within which the scheme shall be submitted to NCLT.

The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37(1) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.

Yours faithfully,
For National Stock Exchange of India Limited

Harshad Dharod
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL:
<https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>

This Document is Digitally Signed

Signer: Harshad P Dharod
Date: Fri, May 13, 2022 19:18:44 IST
Location: NSE

