

# Varroc Engineering Limited

Regd. & Corp. Office

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

Tel + 91 240 6653700  
Fax + 91 240 2564540

email: varroc.info@varroc.com  
www.varroc.com  
CIN: L28920MH1988PLC047335



VARROC/SE/INT/2022-23/109

Date: February 7, 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,  
**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400 001.  
BSE Security Code: 541578  
[Debt: 973454 & 973455]

**Sub: Outcome of Board Meeting & Press Release**  
**Ref: Regulation 30 (read with Part A of Schedule III) and Regulation 33 & 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Dear Sir/Madam,

This is to inform you that the Board of Directors of the Company, at its meeting held today i.e., on Tuesday, February 7, 2023, which commenced at 2:00 p.m. and concluded at 3:20 p.m. has considered and approved the following items:

**1. Un-audited Financial Results (Standalone and Consolidated) for the quarter and nine months ended on December 31, 2022**

The Unaudited (Standalone and Consolidated) Financial Results of the Company for the quarter and nine months ended on December 31, 2022, were approved.

Pursuant to Regulation 30, 33 and 52 of the Listing Regulations, we enclose the following:

- i. Statements showing the Un-audited Financial Results (Standalone and Consolidated) of the Company for the quarter and nine months ended on December 31, 2022; and
- ii. The Limited Review Reports issued by the Statutory Auditors of the Company on the aforesaid Un-audited Financial Results (Standalone and Consolidated).
- iii. Press Release on the Un-audited Financial Results

Further, these Financial Results will be uploaded on the Company's website [www.varroc.com](http://www.varroc.com) and will also be published in Business Standard (English) and Loksatta (Marathi) Newspapers.

**2. Amendment to Regulatory Policies**

The Board of Directors has approved amendment to following Regulatory Policies:

- i. Policy for Preservation of Documents and Archival of Documents; and
- ii. Policy for determining Material Subsidiaries

This intimation and the Revised Policies are available on the website of the Company i.e., [www.varroc.com](http://www.varroc.com).

We request you to take this on record and 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

## Press Release

- Consolidated revenue from operations was ₹17,228 million in Q3 FY23, registering a growth of 15.3% on YoY basis
- Consolidated EBITDA margins were at 7.8%, improved by 140 bps YoY
- PAT was positive at Rs. 218 million as against loss reported during the same quarter last year.
- Lifetime New Order wins in India: ₹35.65 billion for 9M FY23, including ₹8.92 billion from EV manufacturers.

**Pune, Feb 07, 2023:** Varroc Engineering Ltd. (Varroc), a global tier-I auto components group, today announced its results for the quarter ended Dec 31, 2022. Mr. Tarang Jain, CMD commented,

*“In India, automobile production for all the segments grew on YoY basis due to easing of semiconductor issues and improved economic activity. However, 2W saw tepid growth as lower end of the segment has not picked up and exports were impacted by geo-political issues. YoY, 2W production grew only by merely 0.5%, 3W by 13.3%, PV by 21.4% and CV by 12.0% on YoY basis. On QoQ basis the production for all the segments fell because of early festive season and reduction of inventory at the channel partners.*

*In terms of our operations, our revenue from operations grew by 15.3% to Rs.17,228 million on YoY basis. Our EBITDA margin was at 7.8% and it improved on YoY basis by 140 bps due to improvement in overseas performance. Sequentially, the EBITDA margin has fallen due to lower revenue from operations. The reported PAT for the quarter was Rs. 218 million.*

*We continue to have strong order wins for new business in 9M FY23 across business units enabling our future growth in India. During 9M FY23, lifetime revenue from new order wins is Rs.35,653 million. Out of this, business wins from 5 prominent EV customers is Rs.8,917 million. The order books also reflect our effort to diversify as we see nearly 48% of lifetime order win from 4W and 52% from 2&3 wheeler. Diversification can also be seen in order book from customer perspective with only 19% from the largest customer.*

*As stated previously, profitable business wins, improving contribution margin, sweating of assets, net working capital improvement, commercialization of our R&D efforts, control on costs, growing free cash flow, debt reduction and prudent capital allocation remain the focus of the Company.”*

# Press Release

## Summary of Consolidated Financials for Continued Operations

Rs. in Million	Q3 FY23	Q3 FY22	Q2 FY23	9M FY23	9M FY22
<b>Revenue*</b>	<b>17,228</b>	14,936	<b>18,341</b>	51,921	42,082
Adjusted EBITDA <sup>^</sup>	1,345	952	1,681	4,372	2,883
<b>Adjusted EBITDA Margin</b>	<b>7.8%</b>	<b>6.4%</b>	<b>9.2%</b>	<b>8.4%</b>	<b>6.9%</b>
Reported PBT	114	-279	307	417	-240
Reported PAT	218	-284	-191	-12	-457

Please note that Revenue includes Govt Incentive of Rs.60 million in Q3 FY23; Rs.62 million in Q2 FY23; Rs. 50 million in Q3 FY22; Rs.191 million in 9M FY23 and Rs. 159 million in 9M FY22.

Please note that EBITDA does not include MTM on forex i.e. EBITDA = Revenue + Govt Incentive – Raw Material Cost- Employee Expenses – Other Expenses

## About Varroc Engineering Ltd.

Varroc Engineering Ltd is a global tier-1 automotive component group. It was incorporated in 1988. The group manufactures and supplies electricals-electronics, polymers, metallics and exterior lighting systems to leading OEM's with end-to-end capabilities across design, development and manufacturing for two-wheeler, three-wheeler, passenger vehicles, commercial vehicle, and off-highway vehicle worldwide. The group revenue was close to ₹ 58,442 million from continued operations in FY22. The group employs more than 6,500 employees (750 + R&D Engineers), has 36 global operating manufacturing facilities supported by 7 R&D Centres, and has more than 75 patents.

Varroc Engineering Limited's shares are listed on the National Stock Exchange (VARROC) and the Bombay Stock Exchange (541578).

For further information on Varroc Engineering Limited please visit [www.varroc.com](http://www.varroc.com)

### Contact Details

<b>Bikash Dugar</b> Head Investor Relations <a href="mailto:bikash.dugar@varroc.com">bikash.dugar@varroc.com</a> +91-8104233847	<b>Pallavi Deshmukh</b> Head Marketing and Communications <a href="mailto:Pallavi.deshmukh@varroc.com">Pallavi.deshmukh@varroc.com</a> +91-9923005424	<b>Suman Das Sarma</b> Vice President - Avian WE <a href="mailto:sumans@avianwe.com">sumans@avianwe.com</a> +91 9820051946
--	--	---



# Press Release

## Safe Harbor

This release contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Varroc Engineering Limited future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, several risks, uncertainties, and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Varroc Engineering Limited undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.

**Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**Review Report to  
The Board of Directors  
Varroc Engineering Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Varroc Engineering Limited (the "Company") for the quarter ended December 31, 2022 and year to date from April 01, 2022 to December 31, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Paul Alvares

Partner

Membership No.: 105754

UDIN: 23105754BGQUNF8382

Place: Aurangabad

Date: February 07, 2023





Statement of unaudited standalone financial results for the quarter and nine months ended December 31, 2022

(Rs. in million)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations	9,738.37	10,887.33	8,568.08	29,817.82	24,109.85	32,918.07
2	Other income (refer note 3)	71.78	172.68	138.93	396.58	488.04	646.14
3	<b>Total Income (1 + 2)</b>	<b>9,810.15</b>	<b>11,060.01</b>	<b>8,707.01</b>	<b>30,214.40</b>	<b>24,597.89</b>	<b>33,564.21</b>
4	<b>Expenses</b>						
	(a) Cost of materials consumed	6,747.01	7,840.85	5,795.27	20,751.71	16,454.37	22,356.90
	(b) Changes in stock of finished goods and work-in-progress	(58.27)	(465.02)	(89.15)	(516.32)	(513.12)	(176.70)
	(c) Employee benefits expense	900.94	947.19	801.22	2,747.14	2,488.78	3,304.17
	(d) Finance costs	472.61	408.59	286.34	1,217.41	585.77	909.76
	(e) Foreign exchange (gain)/loss (net) (refer note 2)	(38.08)	318.64	226.84	519.24	322.23	278.15
	(f) Depreciation and amortisation expense	488.26	444.25	441.38	1,379.14	1,277.59	1,703.49
	(g) Other expenses	1,419.48	1,539.39	1,319.67	4,305.10	3,585.60	4,741.35
	<b>Total expenses (4)</b>	<b>9,931.95</b>	<b>11,033.89</b>	<b>8,781.57</b>	<b>30,403.42</b>	<b>24,201.22</b>	<b>33,117.12</b>
5	<b>Profit/(loss) before tax and exceptional items (3- 4)</b>	<b>(121.80)</b>	<b>26.12</b>	<b>(74.56)</b>	<b>(189.02)</b>	<b>396.67</b>	<b>447.09</b>
6	Exceptional item (refer note 4)	-	13,240.00	-	13,240.00	-	-
7	<b>Profit/(loss) before tax (5-6)</b>	<b>(121.80)</b>	<b>(13,213.88)</b>	<b>(74.56)</b>	<b>(13,429.02)</b>	<b>396.67</b>	<b>447.09</b>
8	<b>Tax expense</b>						
	(a) Current tax	(59.34)	138.15	(11.60)	78.81	72.91	79.92
	(b) Short/(excess) provision in respect of earlier years	(73.72)	-	-	(73.72)	(8.82)	(0.11)
	(c) Deferred tax	9.37	181.24	(22.89)	156.06	73.62	107.43
	<b>Total tax expense (8)</b>	<b>(123.69)</b>	<b>319.39</b>	<b>(34.49)</b>	<b>161.15</b>	<b>137.71</b>	<b>187.24</b>
9	<b>Profit/(loss) for the period (7-8)</b>	<b>1.89</b>	<b>(13,533.27)</b>	<b>(40.07)</b>	<b>(13,590.17)</b>	<b>258.96</b>	<b>259.85</b>
10	<b>Other comprehensive income</b>						
	Items that will not be reclassified to profit or loss in subsequent periods (net of tax)						
	Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	(19.63)
	<b>Other comprehensive income/(loss) (10)</b>						<b>(19.63)</b>
11	<b>Total comprehensive income for the period (9+10)</b>	<b>1.89</b>	<b>(13,533.27)</b>	<b>(40.07)</b>	<b>(13,590.17)</b>	<b>258.96</b>	<b>240.22</b>
12	Paid-up equity share capital (Face value of the share is Re.1/- each)	152.79	152.79	152.79	152.79	152.79	152.79
13	Reserves excluding revaluation reserves as per balance sheet of previous accounting year						19,257.06
14	Earnings per share (of Re. 1/- each) (not annualised):						
	Basic & diluted	0.01	(88.57)	(0.26)	(88.95)	1.69	1.70







Additional disclosures as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

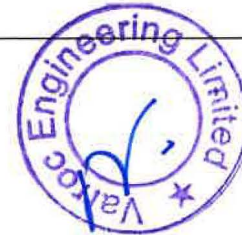
Particulars	Quarter Ended			Nine months ended		Year Ended
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March, 31 2022
Debt Equity ratio [refer note (i)]	(No of times) 2.58	2.51	0.61	2.58	0.61	0.60
Debt service coverage ratio [refer note (ii)]	(No of times) 1.04	1.18	0.80	1.07	1.24	1.27
Interest service coverage ratio [refer note (iii)]	(No of times) 1.78	2.15	2.28	1.98	3.86	3.36
Outstanding Redeemable Preference Shares (Qty / Value)	Not Applicable					
Capital Redemption Reserve	Not Applicable					
Debenture Redemption Reserve	Not Applicable					
Net Worth [refer note (iv)]	(Rs. In Millions) 5,819.68	5,817.79	19,428.58	5,819.68	19,428.58	19,409.85
Net profit/(Loss) after tax	(Rs. In Millions) 1.89	(13,533.27)	(40.07)	(13,590.17)	258.96	259.85
<b>Earning per share (EPS)</b>						
Basic EPS (Not Annualised)	(Rs) 0.01	(88.57)	(0.26)	(88.95)	1.69	1.70
Diluted EPS (Not Annualised)	(Rs) 0.01	(88.57)	(0.26)	(88.95)	1.69	1.70
Current Ratio [refer note (v)]	(No of times) 0.45	0.50	0.61	0.45	0.61	0.99
Long Term Debt To Working Capital [refer note (vi)]	(No of times) (1.39)	(1.55)	(2.30)	(1.39)	(2.30)	1.41
Bad Debts To Account Receivable Ratio [refer note (vii)]**	(No of times) 0.00	-	0.00	0.00	0.00	0.00
Current Liability Ratio [refer note (viii)]	(No of times) 0.82	0.84	0.63	0.82	0.63	0.85
Total Debts To Total Assets [refer note (ix)]	(No of times) 0.46	0.44	0.29	0.46	0.29	0.28
Debtors Turnover [refer note (x)]*	(No of times) 2.27	2.31	2.08	8.06	6.79	8.66
Inventory Turnover [refer note (xi)]*	(No of times) 1.34	1.63	1.50	4.70	4.56	6.58
Operating Margin [refer note (xii)]	(In %) 2.87%	2.41%	0.85%	2.12%	2.05%	2.16%
Net Profit Margin [refer note (xiii)]	(In %) 0.02%	-124.30%	-0.47%	-45.58%	1.07%	0.79%
Security cover ratio [refer note (xvii)]	(No of times) 1.20	1.04	1.02	1.20	1.02	1.01

**Formulae for calculation of ratios are as follows:**

- (i) Debt Equity Ratio = [ Total Debt / Total Equity ]  
(ii) Debt service coverage ratio = [ (Earning before Interest Tax, Depreciation & amortisation and Exceptional items)/(Finance Cost + Principal repayments of long term loan made during the period excluding prepayment) ]  
(iii) Interest service coverage ratio = [ (Earning before Interest, Tax, Depreciation & amortisation and Exceptional items)/(Finance Cost) ]  
(iv) Net Worth = [ Equity share capital + Other equity ]  
(v) Current ratio = [ Current Assets / Current Liabilities ]  
(vi) Long term debt to working capital = [ Non Current borrowing (including current maturity of long term borrowing) / Working Capital ]  
(vii) Bad debts to Accounts receivable ratio = [ (Bad debts written off + Provision for bad debts charged to profit and loss account) / Average Trade Receivables ]  
(viii) Current liability ratio = [ Current Liability / Total Liability ]  
(ix) Total debts to Total assets = [ Total Debt / Total Assets ]  
(x) Debtors Turnover = [ Revenue from Operations / Average Debtors ]  
(xi) Inventory Turnover = [ (Cost of Material Consumed + Changes in stock of finished goods and work-in-progress) / Average Inventory ]  
(xii) Operating Margin = [ (EBIT(Earning before Interest, Tax and Exceptional items)-Other Income) / Revenue from operations ]  
(xiii) Net Profit Margin = [ Net profit after tax / Revenue from operations ]  
(xiv) Total Debt = Long Term Borrowings + Short Term Borrowings (includes Current Maturities of Long Term Borrowings)  
(xv) Total Equity = Equity Share Capital + Other Equity  
(xvi) Working Capital = [ Total Current Assets - Total Current Liabilities (excluding current maturity of long term borrowing) ]  
(xvii) Security cover ratio = [ (Book value of specific identified movable fixed assets both present and future of the company as per debenture trust deed / NCD principal amount + Interest payable till date) ]

\* Ratio not annualised, except for the year ended March 31, 2022

\*\* numbers are below 0.01



Varroc Engineering Limited

Registered and Corporate Office: L-4, MIDC Area, Waluj, Aurangabad 431 136, Maharashtra  
CIN: L28920MH1988PLC047335  
Tel: +91 240 6653 700/6653 699, Fax: +91 240 2564 540  
E-mail: investors@varroc.com



**Notes to the Unaudited Standalone Financial Results:**

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on February 07, 2023 and were subjected to review by the Statutory Auditors.
- 2) Foreign exchange (gain)/loss for the quarter ended December 31, 2022, September 30, 2022 and December 31, 2021, nine month period ended December 31, 2022 and December 31, 2021 and year ended March 31, 2022 includes amounts of Rs Nil, Rs. 317.72 million, Rs.218.30 million, Rs 536.12 million, Rs 316.43 million and Rs. 278.15 million respectively in respect of unrealised foreign exchange loss on loans given to overseas subsidiary.
- 3) Other income for the quarter ended December 31, 2022, September 30, 2022 and December 31, 2021, nine month period ended December 31, 2022 and December 31, 2021 and year ended March 31, 2022 includes Government grant of Rs. 54.60 million, Rs.52.56 million, Rs.41.87 million, Rs 162.86 million, Rs.131.22 million and Rs.184.93 million respectively.
- 4) The Board of Directors in its meeting dated April 28, 2022, had approved the divestment of four- wheeler lighting business in the Americas and Europe ('VLS business'). The Company along with its wholly owned subsidiary VarrocCorp Holding B.V. ('VCHBV') entered into a Securities Purchase Agreement ('SPA') with Compagnie Plastic Omnium SE, France ('PO' or 'Buyer') dated April 29, 2022 as amended on October 05, 2022 for the sale of VLS business. The sale transaction was concluded on October 6, 2022 and accordingly the Company had recognised a loss of Rs. 13,240 million during the previous quarter ended September 30, 2022 against the equity investments (Rs. 1,235.09 million) and loans/receivables (Rs. 12,004.91 million) in VCHBV which has been disclosed as "Exceptional item" in these results. The net equity value/sale consideration of Rs. 5,558.42 million (Euro 69.50 million) is subject to closing adjustments which will be finalised with the Buyer before March 2023, accordingly the loss recognised as above is based on the best estimate of the sale consideration expected to be received.

The carrying amount of investment in VCHBV (net of the loss provided as above) of Rs. 8,606.02 million as at December 31, 2022 is considered fully recoverable based on the underlying investments of VCHBV in other remaining overseas subsidiaries/JVs.

- 5) The total debt as at December 31, 2022 is Rs.15,004.25 million out of which amounts of Rs. 5,836.21 million are due for repayment in the next 12 months from balance sheet date (excluding working capital facilities of Rs.6,441.25 million). Taking into account the expected cash generation from operations as well as the flexibility with the Company to refinance its loans maturing in next 12 months, the management does not foresee any risk of non-payment/default. Accordingly, the results for the quarter and nine months ended December 31, 2022 are prepared based on going concern assumption being appropriate for the next 12 months.
- 6) During the previous year, the Company issued 3,750 Number of Debentures 8% Secured Listed Nonconvertible Debentures of Rs. 1 million each aggregating to Rs.3,750 million on a private placement basis. The NCDs have bullet repayment on June 17, 2023 of Rs.1,250 million and on September 17, 2023 of Rs.2,500 million with coupon payments to be made on an annual basis. The proceeds from the issue were utilised for investment in overseas subsidiary for loan repayments and for general corporate purposes. These debentures are secured by exclusive charge by way of hypothecation on the specific identified movable properties of the Company. The asset cover in respect of the Non-Convertible Debentures as on December 31, 2022 is 1.20 times of the total due amount which is higher than the requirement of 1.10 times as specified in the Debenture Trust Deed.
- 7) Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year classification.

Place: Aurangabad  
Date: February 07, 2023

For and on behalf of Board of Directors  
Varroc Engineering Limited  
  
Tarang Jain  
Chairman and Managing Director





**Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended****Review Report to  
The Board of Directors  
Varroc Engineering Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Varroc Engineering Limited (the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures for the quarter ended December 31, 2022 and year to date from April 01, 2022 to December 31, 2022 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

**Subsidiaries**

Varroc Polymers Limited; Durovalves India Private Limited; CarIQ Technologies Private Limited; Varroc European Holding B.V.; VarrocCorp Holding B.V.; Varroc Japan Co. Ltd.; IMES, Italy; Varroc Lighting Systems Italy, S.p.A.; Varroc Lighting Systems Romania S.A.; Varroc Lighting Systems Vietnam Co. Ltd.; Varroc Lighting Systems SRO CZ; Varroc Lighting Systems, Inc; Varroc Lighting Systems, GmbH; Varroc Lighting Systems, S.de.R.L.de.C.V.; Varroc Lighting Systems SA, Morocco; Varroc do Brasil Industria E Comercio LTDA; Varroc Lighting Systems, S.p.z.o.o.; Varroc Lighting Systems Endüstriyel Ürünler İmalat ve Ticaret Anonim Şirketi; Varroc



## SRBC & COLLP

Chartered Accountants

Lighting Systems Bulgaria Eood, Varroc Lighting Systems Electronics Romania SRL; VL Lighting Solutions Private Limited.; Varroc Poland s.p.z.oo; Varroc Germany GmbH

### Joint Ventures

Nuova CTS, Srl, Italy; Varroc TYC Corporation BVI; Varroc Dell'Orto Private Limited;

5. As disclosed in Note 3 to the Statement, the Group has not accounted for its share of the consolidated profit/loss in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, for the quarter and nine month ended December 31, 2022 as the Group is unable to obtain requisite financial information for China JV. Hence we are unable to determine the 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 quarter and nine month ended December 31, 2022 and Group's share of net assets of China JV on the investment in China JV as at December 31, 2022.
6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 7 and 8 below, except for the possible effects of our observation in para 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. The accompanying Statement includes the unaudited interim financial results/statements and other financial information, in respect of 5 subsidiaries, whose unaudited interim financial results/statements (without giving effect of elimination of intra-group transactions) include total revenues of Rs 2,126 million and Rs 14,481 million, total net profit/(loss) after tax of Rs. 210 million and Rs. 232 million, total comprehensive income of Rs. 210 million and Rs. 232 million, for the quarter ended December 31, 2022 and the period ended on that date respectively as considered in the Statement which have been reviewed by their respective independent auditors.

The independent auditors' reports on interim financial statements/financial information/financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.

8. Certain of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.



## **S R B C & C O L L P**

Chartered Accountants

9. The accompanying Statement includes unaudited interim financial results /statements and other unaudited financial information in respect of:

- 3 subsidiaries, whose interim financial results/statements and other financial information (without giving effect of elimination of intra-group transactions) reflect total revenues of Rs. 200 million and Rs. 606 million, total net profit/(loss) after tax of (Rs. 8 million) and (Rs. 14 million), total comprehensive income of (Rs. 8 million) and (Rs. 14 million), for the quarter ended December 31, 2022 and the period ended on that date respectively.
- 3 joint ventures, whose interim financial results/statements includes the Group's share of net profit/(loss) of Rs. 11 million and (Rs. 31 million) and Group's share of total comprehensive income/loss of Rs. 11 million and (Rs. 31 million) for the quarter ended December 31, 2022 and the period ended on that date respectively.

The unaudited interim financial statements/financial information/financial results and other unaudited financial information of the these subsidiaries and joint ventures have not been audited/reviewed by any auditor and have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the affairs of these subsidiaries and joint ventures is based solely on such unaudited interim financial statement/financial results and other unaudited financial information. According to the information and explanations given to us by the Management, these interim financial statements/financial information/financial results are not material to the Group except that relating to China JV.

Our conclusion on the Statement in respect of matters stated in para 7, 8 and 9 above is not modified with respect to our reliance on the work done and the reports of the other auditors and the financial results/financial information certified by the Management except that relating to China JV.

**For S R B C & C O L L P**

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

**per Paul Alvares**

Partner

Membership No.: 105754

UDIN: 23105754BGQUNG6726

Place: Aurangabad

Date: February 07, 2023





**Statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2022**

(Rs. in Million)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2022 (refer note 2)	September 30, 2022 (refer note 2)	December 31, 2021 (refer note 2)	December 31, 2022 (refer note 2)	December 31, 2021 (refer note 2)	March 31, 2022 (refer note 2)
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	<b>Continuing Operations</b>						
1	Revenue from operations	17,167.71	18,279.54	14,886.09	51,730.08	41,922.14	58,442.01
2	Other income (refer note 5 & 6)	90.12	186.16	84.94	366.85	243.74	339.33
3	<b>Total income (1+2)</b>	<b>17,257.83</b>	<b>18,465.70</b>	<b>14,971.03</b>	<b>52,096.93</b>	<b>42,165.88</b>	<b>58,781.34</b>
4	<b>Expenses</b>						
	Cost of materials consumed	11,387.65	12,481.32	9,842.69	34,343.39	28,307.27	39,034.78
	Changes in inventories of work-in-progress and finished goods	(147.12)	(604.10)	(63.45)	(727.83)	(1,032.52)	(541.23)
	Employee benefits expense	1,827.75	1,721.69	1,565.15	5,278.65	4,744.00	6,192.64
	Finance costs	513.95	487.90	353.80	1,377.68	812.69	1,183.52
	Foreign exchange (gain)/loss (net)	(62.93)	242.18	157.42	276.02	201.35	82.19
	Depreciation and amortisation expenses	818.98	772.62	785.13	2,445.69	2,209.65	3,045.47
	Other expenses	2,814.49	3,061.60	2,640.13	8,654.28	7,180.03	10,080.24
	<b>Total expenses</b>	<b>17,152.77</b>	<b>18,163.21</b>	<b>15,280.87</b>	<b>51,647.88</b>	<b>42,422.47</b>	<b>59,077.61</b>
5	<b>Profit/(loss) before share of profit/(loss) of joint ventures and tax from continuing operations (3-4)</b>	<b>105.06</b>	<b>302.49</b>	<b>(309.84)</b>	<b>449.05</b>	<b>(256.59)</b>	<b>(296.27)</b>
6	Share of profit/(loss) of Joint Ventures	9.28	4.05	30.87	(31.77)	16.87	(4.33)
7	<b>Profit/(loss) before tax from continuing operations (5+6)</b>	<b>114.34</b>	<b>306.54</b>	<b>(278.97)</b>	<b>417.28</b>	<b>(239.72)</b>	<b>(300.60)</b>
8	<b>Tax expense</b>						
	Current tax	56.04	312.03	28.19	479.74	205.54	347.97
	Short/ (excess) provision in respect of earlier year	(68.60)	-	-	(68.60)	(9.08)	2.23
	Deferred tax	(90.87)	185.71	(22.69)	18.41	21.00	132.05
	<b>Total tax expense</b>	<b>(103.43)</b>	<b>497.74</b>	<b>5.50</b>	<b>429.55</b>	<b>217.46</b>	<b>482.25</b>
9	<b>Profit/(loss) for the period from continuing operations (7-8)</b>	<b>217.77</b>	<b>(191.20)</b>	<b>(284.47)</b>	<b>(12.27)</b>	<b>(457.18)</b>	<b>(782.85)</b>
	<b>Discontinued operations (refer note 2)</b>						
10	Profit/(loss) before tax for the period from discontinued operations	-	(7,778.22)	(2,546.59)	(8,557.23)	(7,855.93)	(10,348.85)
11	Tax (Income)/expense of discontinued operations	-	(21.75)	121.53	1.91	(95.42)	(64.43)
12	<b>Profit/ (loss) for the period from discontinued operations (10-11)</b>	<b>-</b>	<b>(7,756.47)</b>	<b>(2,668.12)</b>	<b>(8,559.14)</b>	<b>(7,760.51)</b>	<b>(10,284.42)</b>
13	<b>Profit/(loss) for the period (9 + 12)</b>	<b>217.77</b>	<b>(7,947.67)</b>	<b>(2,952.59)</b>	<b>(8,571.41)</b>	<b>(8,217.69)</b>	<b>(11,067.27)</b>
14	<b>Other comprehensive income from continuing operations</b>						
A	Items to be reclassified to profit or loss in subsequent periods						
	Exchange differences in translating the financial statements of foreign operations	314.11	51.05	(104.85)	298.28	(100.32)	(89.40)
B	Items not to be reclassified to profit or loss in subsequent periods						
	Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	(121.94)
15	<b>Other comprehensive income from discontinued operations</b>						
A	Items to be reclassified to profit or loss in subsequent periods						
	Exchange differences in translating the financial statements of foreign operations	-	(2,649.48)	164.26	(2,344.95)	559.92	835.40
B	Items not to be reclassified to profit or loss in subsequent periods						
	Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	81.42
16	<b>Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations (14+15)</b>	<b>314.11</b>	<b>(2,598.43)</b>	<b>59.41</b>	<b>(2,046.67)</b>	<b>459.60</b>	<b>705.48</b>
17	<b>Total comprehensive income/(loss) for the period (13+16)</b>	<b>531.88</b>	<b>(10,546.10)</b>	<b>(2,893.18)</b>	<b>(10,618.08)</b>	<b>(7,758.09)</b>	<b>(10,361.79)</b>
18	<b>Profit/(loss) for the period attributable to:</b>						
	Shareholders of the Company	204.04	(7,950.21)	(2,959.83)	(8,594.58)	(8,245.56)	(11,098.79)
	Non-controlling interests	13.73	2.54	7.24	23.17	27.87	31.52
19	<b>Other comprehensive income/(loss) attributable to:</b>						
	Shareholders of the Company	314.11	(2,598.43)	59.41	(2,046.67)	459.60	706.86
	Non-controlling interests	-	-	-	-	-	(1.38)
20	<b>Total comprehensive income/(loss) for the period attributable to:</b>						
	Shareholders of the Company	518.15	(10,548.64)	(2,900.43)	(10,641.25)	(7,785.96)	(10,391.93)
	Non-controlling interests	13.73	2.54	7.24	23.17	27.87	30.14
21	Paid-up equity share capital (face value of Re 1)	152.79	152.79	152.79	152.79	152.79	152.79
22	Reserves excluding revaluation reserves as per balance sheet	-	-	-	-	-	19,734.42
23	<b>Earnings per equity share attributable to Owners [Nominal value per share: Re. 1 (Previous year : Re. 1)] (not annualised)</b>						
	<b>-for continuing operations</b>						
	Basic and diluted (in Rupees)	1.34	(1.27)	(1.91)	(0.23)	(3.17)	(5.33)
	<b>- for discontinued operations</b>						
	Basic and diluted (in Rupees)	-	(50.77)	(17.46)	(56.02)	(50.79)	(67.31)
	<b>- for continuing and discontinued operations</b>						
	Basic and diluted (in Rupees)	1.34	(52.04)	(19.37)	(56.25)	(53.96)	(72.64)







**Unaudited Consolidated Segment wise Revenue, Results, Assets and Liabilities**

(Rs. in Million)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2022 (refer note 2)	September 30, 2022 (refer note 2)	December 31, 2021 (refer note 2)	December 31, 2022 (refer note 2)	December 31, 2021 (refer note 2)	March 31, 2022 (refer note 2)
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1) Segment Revenue</b>						
(i) Automotive	16,405.53	17,743.10	14,175.59	49,690.33	39,887.33	55,509.00
(ii) Others	762.18	536.44	710.50	2,039.75	2,034.81	2,933.01
Total Segment Revenue from continuing operations	17,167.71	18,279.54	14,886.09	51,730.08	41,922.14	58,442.01
Segment revenue from discontinued operations (automotive segment) (refer note 2)	-	19,091.90	16,463.42	38,544.87	49,168.93	68,899.04
<b>Revenue from continuing and discontinued operations</b>	<b>17,167.71</b>	<b>37,371.44</b>	<b>31,349.51</b>	<b>90,274.95</b>	<b>91,091.07</b>	<b>127,341.05</b>
<b>2) Segment Results</b>						
(i) Automotive	476.24	740.44	132.92	1,546.19	676.21	1,079.65
(ii) Others	79.89	(13.09)	(135.01)	82.65	(285.30)	(417.60)
Total segment results from continuing operations	556.13	727.35	(2.09)	1,628.84	390.91	662.05
Segment results of discontinued operations (automotive segment)	-	(7,476.82)	(2,381.57)	(8,037.74)	(7,323.61)	(9,626.76)
Add/ (Less):						
(a) Finance Cost	(513.95)	(796.85)	(518.71)	(1,912.34)	(1,345.00)	(1,905.61)
(b) Net unallocated (expenditure) / income	72.16	74.64	76.81	181.29	182.05	220.87
<b>Profit/(loss) before tax</b>	<b>114.34</b>	<b>(7,471.68)</b>	<b>(2,825.56)</b>	<b>(8,139.95)</b>	<b>(8,095.65)</b>	<b>(10,649.45)</b>
<b>3) Segment Assets</b>						
(i) Automotive	38,168.93	37,905.69	96,288.03	38,168.93	96,288.03	33,886.39
(ii) Others	2,448.76	2,233.61	2,450.94	2,448.76	2,450.94	2,458.67
Total segment assets of continuing operations	40,617.69	40,139.30	98,738.97	40,617.69	98,738.97	36,345.06
Add: Segment assets of discontinued operations (automotive segment) (refer note 2)	-	65,041.87	-	-	-	66,417.12
Add: Unallocated	6,196.08	7,375.07	7,066.95	6,196.08	7,066.95	7,217.88
<b>Total assets</b>	<b>46,813.77</b>	<b>112,556.24</b>	<b>105,805.92</b>	<b>46,813.77</b>	<b>105,805.92</b>	<b>109,980.06</b>
<b>4) Segment Liabilities</b>						
(i) Automotive	18,523.82	19,157.79	50,633.11	18,523.82	50,633.11	16,734.68
(ii) Others	916.70	879.01	1,024.15	916.70	1,024.15	1,081.07
Total segment liabilities of continuing operations	19,440.52	20,036.80	51,657.26	19,440.52	51,657.26	17,815.75
Add: Segment liabilities of discontinued operations (automotive segment) (refer note 2)	-	50,512.82	-	-	-	40,304.38
Add: Unallocated	17,849.54	33,016.26	31,097.02	17,849.54	31,097.02	31,719.61
<b>Total liabilities</b>	<b>37,290.06</b>	<b>103,565.88</b>	<b>82,754.28</b>	<b>37,290.06</b>	<b>82,754.28</b>	<b>89,839.74</b>





**Notes :**

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on February 07, 2023 and were subjected to review by the Statutory Auditors.
- The Board of Directors in its meeting dated April 28, 2022, had approved the divestment of four-wheeler lighting business of the Group in the Americas and Europe ('VLS business'). The Company along with its wholly owned subsidiary VarrocCorp Holding B.V. entered into a Securities Purchase Agreement ('SPA') with Compagnie Plastic Omnium SE, France ('PO' or 'Buyer') dated April 29, 2022 as amended on October 05, 2022 for the sale of VLS business. The enterprise value initially agreed was Euro 600 million which was reduced to Euro 520 million on account of weakened financial outlook for the businesses in North America/Europe and buyer's concern about the future profitability of VLS business due to recessionary concerns. The sale transaction was concluded on October 6, 2022 at a net equity value of Rs. 5,558.42 million (Euro 69.50 million) subject to closing adjustments which will be finalised with the buyer before March 2023. Out of this, Rs. 2,237.76 million (Euro 28 million) forms part of escrow account which will be released based on satisfaction of the conditions under the SPA over periods from 3 months upto 3 years. The SPA also provides for certain earn-outs in respect of specified events occurring within 12 months from the closing date. As a result, the Group has recognised a loss of Rs. 5,709.12 million during the previous quarter ended September 30, 2022. Since the sale consideration is subject to closing adjustments which are being finalised with the buyer per the provisions of the SPA, the loss recognised as above is based on the best estimate of the final adjustments to sale consideration expected by the Group. The management assessed that VLS business satisfies the criteria prescribed under Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" for classification as discontinued operation. Accordingly, figures for quarter and nine month ended December 31, 2021 of statement of profit and loss in the consolidated financial results have been re-presented accordingly. The income and expenses of continuing operations include transactions with discontinued operation, which does not have impact on "Profit / (loss) for the period from continuing and discontinued operations" as disclosed in Consolidated financial results.

The Group was defending certain alleged patent infringements by Valco Vision SAS ('Valeo') in German courts in respect of some of the products supplied by erstwhile overseas subsidiaries of the Group in the European region. In endeavour to close the sale of VLS business, the Group entered into a settlement agreement with Valeo on October 05, 2022 for out of court settlement of all pending cases with Valeo on payment of Rs. 4,075.92 million (Euro 51 million). The loss on discontinued operations as disclosed in the financial results includes the settlement amount as above.

Details of income and expenses attributable to discontinued operations are as follows:

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
Total income	-	19,133.95	16,526.50	38,659.62	49,325.99	69,095.14
Total expenses	-	26,912.17	19,073.09	47,216.85	57,181.92	79,443.99
Profit/(loss) before tax	-	(7,778.22)	(2,546.59)	(8,557.23)	(7,855.93)	(10,348.85)
Tax expense	-	(21.75)	121.53	1.91	(95.42)	(64.43)
Profit/(loss) for the period*	-	(7,756.47)	(2,668.12)	(8,559.14)	(7,760.51)	(10,284.42)

\* Profit/ (loss) for the quarter and nine months period ended December 31, 2022 includes loss recognised on discontinued operations as explained above.

\*\* The figures as disclosed above are till September 30, 2022 since sufficient financial information till October 6, 2022 for VLS business is not available. This however has no impact on the net loss recognised in respect of the discontinued operations.

- The Group has not accounted for its share of the consolidated profit/loss in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method for the quarter and nine month period ended December 31, 2022. The Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding operation of the JV, pending which the Group is unable to obtain requisite financial and other information from China JV. The carrying value of the investment in China JV as at December 31, 2022 is Rs 3,646.01 million. The auditors in their review report have included a qualification in respect of this matter.
- The total debt at Group level has reduced from Rs. 29,296.29 million as at March 31, 2022 to Rs. 15,873.25 million as at December 31, 2022 mainly because of the sale of VLS business. Loans amounting to Rs. 6,949.00 million are due in the next 12 months from balance sheet date. Taking into account the expected cash generation in India business as well as the capacity of the Group to refinance its loans maturing in next 12 months, the management does not foresee any risk of non-payment/default. Accordingly, the results for the quarter and nine months period ended December 31, 2022 are prepared based on going concern assumption being appropriate for the next 12 months.
- Other income forming part of continuing operations for the quarter ended December 31, 2022, September 30, 2022, December 31, 2021 and nine months ended December 31, 2022 and December 31, 2021 and for year ended March 31, 2022 includes income from government grant of Rs. 60.00 million, Rs. 61.51 million, Rs. 50.00 million, Rs. 190.90 million, Rs 159.43 Million and Rs. 215.98 million respectively.
- During the quarter ended September 30, 2022, one of the subsidiaries had sold land pertaining to one of its plant located at Patherdi, Rajasthan. Accordingly, other income for the quarter ended September 30, 2022 and period ended December 31, 2022 includes Rs. 102.60 million towards profit on sale of such plant.
- The "Automotive" segment consists of the business of automobile products consisting of auto parts for two-wheelers, three-wheelers and four-wheelers and related design, development and engineering activities and other services. "Others" comprise of forging components for off road vehicles and components for mining and oil drilling industry which is below the thresholds for reporting as separate operating segment. Investment in joint ventures and corresponding share of profit/loss from joint ventures is considered under unallocated assets and profit/loss respectively.
- Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year's classification.

For and on behalf of Board of Directors  
Varroc Engineering Limited



Tarang Jain  
Chairman and Managing Director

Place : Aurangabad  
Date : February 07, 2023