

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/2023-24/23

May 23, 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,
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001.
BSE Security Code: 541578
[Debt: 973454 & 973455]

Dear Sir/ Madam,

Sub: Outcome of Board Meeting

Ref: Regulation 30 (read with Part A of Schedule III) and Regulation 33, 52 and other applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

This is to inform you that the Board of Directors of the Company, at its meeting held today i.e., on Tuesday, May 23, 2023, which commenced at 1:45 p.m. and concluded at 2:40 p.m. has considered and approved the following items.

1. Audited Financial Results (Standalone and Consolidated) for the quarter and Financial Year ended on March 31, 2023

The Audited (Standalone and Consolidated) Financial Results of the Company for the Quarter and Financial Year ended on March 31, 2023, were approved.

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

- i. Statements showing the Audited Financial results (Standalone and Consolidated) of the Company for the quarter and year ended on March 31, 2023;
- ii. The Reports of the Statutory Auditors of the Company on the aforesaid Audited Financial Results (Standalone and Consolidated); and
- iii. Statement of Impact of Audit Qualification (Qualified opinion) on Audited Standalone and Consolidated Financial Results.

These Financial Results will be uploaded on the Company's website www.varroc.com and will also be published in Business Standard (English) and Loksatta (Marathi) newspapers.

2. As required under Regulation 32 and 52 of the Listing Regulations and SEBI Circular No. CIR/CFD/CMD1/162/2019 dated December 24, 2019, the Company hereby confirms that there has been NO deviation/ variation in the utilization of proceeds / fund raised by the Company in FY 2020-21, 2021-22 by way of Qualified Institutional Placement and Non-Convertible Debentures. Further, the Company confirms that the company has not raised funds during the FY 2022-23.

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3. Re-appointment of Secretarial Auditors, M/s. Uma Lodha & Co. (CP No. 2593) to carry out Audit of Secretarial records for the Financial Year 2023-24

M/s. Uma Lodha & Co., Practicing Company Secretaries, a team of Practicing Company Secretaries for more than 26 years. The Firm is specialized in the areas of Corporate Advisory and Compliance Services and has successfully executed many challenging assignments.

4. Re-appointment of Cost Auditors, M/s. S. R. Bhargave & Co. (Partnership Firm Registration No. M-000218) to carry out Audit of Cost Accounting records for the Financial Year 2023-24

S. R. Bhargave & Co. is a firm of Cost Accountants comprising of over 10 qualified Cost Accountants in the practice for more than 21 years. The Firm is specialized in Indirect Taxes and provides consultancy in the areas of Cost Reduction, Maintenance of Cost Records and Cost Audit.

5. Adoption of Environment, Social and Governance (ESG) Policy

The Board of Directors has approved adoption of Environment, Social & Governance (ESG) Policy effective May 23, 2023. Copy of the same is available on the website of the Company i.e., www.varroc.com.

6. Further, the Board of Directors has also, inter alia, considered and approved the following matters w.r.t. the Annual General Meeting:

[i] Date of Annual General Meeting:

The 35th Annual General Meeting ("AGM") of the Company will be held on Wednesday, September 13, 2023, at 11.00 a.m. IST through Video Conferencing / Other Audio-Visual means in accordance with the relevant circulars issued by Ministry of Corporate Affairs and SEBI.

[ii] Dividend

The Board, in view of the losses sustained during the year and with a view to conserve resources for expansion of businesses, has not recommended any Final Dividend for the FY 2022-23.

[ii] Cut-off date

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2014, as amended, the Company has fixed Wednesday, September 6, 2023 as the Cut-off date for the purpose of reckoning Voting Rights of the members who are eligible to cast their vote for the business to be transacted at the ensuing 35th AGM of the Company.

[iii] Re-appointment of M/s S R B C & Co LLP, Chartered Accountants (LLP Identification No: AAB-4318) (FRN 324982E/ E300003) as Statutory Auditors of the Company

The Board has proposed re-appointment of M/s S R B C & Co. LLP, Chartered Accountants, Pune (LLP Identification No: AAB-4318) (Firm Registration Number 324982E/ E300003), "SRBC" as the Statutory Auditors of the Company for the second consecutive term of Five Years from the conclusion of this Thirty Fifth Annual General

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Meeting till the conclusion of Fortieth Annual General Meeting to be held in the year 2028 covering Financial Years from 2023-24 to 2027-28.

SRBC is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India ("ICAI") in the year 2002 and is a Limited Liability Partnership Firm ("LLP") incorporated in India. SRBC is part of S.R. Batliboi & Associates network of Audit Firms, which is registered with ICAI. It has registered office in Kolkata and has branch offices in various cities in India. It is primarily engaged in providing audit and assurance services to its clients and has valid Peer Review Certificate.

[iv] Fund Raising by way of issuance of Non-convertible Debentures

The Board has resolved to seek enabling approval from the shareholders by way of Special Resolution at the ensuing 35th AGM for issuing Secured/Unsecured Redeemable Non-Convertible Debentures for an amount not exceeding Rs.500 crores (Rupees Five Hundred Crores Only) in the Financial Year, in one or more series / tranches, denominated in Indian Rupees or in any foreign currency on a Private Placement basis.

Further details of the 35th AGM and other items to be transacted thereat will be provided in the notice of the 35th AGM which will be issued in due course.

This intimation is also being uploaded on the Company's website i.e., 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

Independent Auditor's Report on the Quarterly and Year to Date Audited 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

To
The Board of Directors of
Varroc Engineering Limited

Report on the audit of the Standalone Financial Results**Qualified Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Varroc Engineering Limited (the "Company") for the quarter and year ended March 31, 2023 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the "Basis of Qualified Opinion" para below, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2023.

Basis for Qualified Opinion

We draw attention to Note 5 to the standalone financial results regarding the sale of VLS Business. As more fully described in the said note, there is disagreement between the parties on the final adjustments against agreed consideration and both the parties have agreed to negotiate to reach an agreement. Pending conclusion of these negotiations, we are unable to comment on the impact of the same on the standalone financial results and financial position as at and for the quarter/year ended March 31, 2023.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company is responsible for the preparation and presentation of the Statement that



gives a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

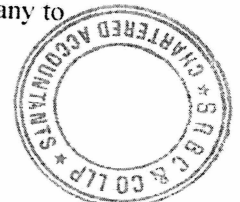
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



SRBC & CO LLP

Chartered Accountants

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

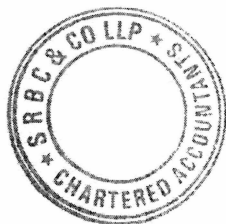
Other Matter

The Statement includes the results for the quarter ended March 31, 2023 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2023 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Paul Alvares

Partner

Membership No.: 105754

UDIN: 23105754BGQUOL9637

Place: Pune

Date: May 23, 2023

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – Standalone

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in million except EPS)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in million)
1.	Turnover / Total income	39,708.89	N/A
2.	Total Expenditure (incl. exceptional item)	53,486.29	N/A
3.	Net Profit/(Loss)	(13,867.94)	N/A
4.	Earnings Per Share	(90.76)	N/A
5.	Total Assets	32,475.95	N/A
6.	Total Liabilities	26,932.21	N/A
7.	Net Worth	5,543.74	N/A
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification:

Sl No.	Particulars	Remarks
a.	Details of Audit Qualification:	Following qualification has been given by the Auditors in the audit report on Standalone financial statements of the Company: We draw attention to Note 52 to the standalone financial statements regarding the sale of VLS Business. As more fully described in the said note, there is disagreement between the parties on the final adjustments against agreed consideration and both the parties have agreed to negotiate to reach an agreement. Pending conclusion of these negotiations, we are unable to comment on the impact of the same on the net loss and financial position as at and for the year ended March 31, 2023.
b.	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	N/A
e.	For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: (ii) If management is unable to estimate the impact, reasons for the same:	N/A 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

SI No.	Particulars	Remarks
	(iii) Auditors' Comments on (i) or (ii) above:	<p>and the Final Closing Adjustment Statement to be prepared as of 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 requisite information/documentation.</p> <p>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 negotiations with the Buyer are under progress, the effect of the proposed adjustments cannot be ascertained for recognition in the standalone financial results as of March 31, 2023.</p> <p>As explained to us by the management, there is disagreement between the parties on the final adjustments against agreed consideration and both the parties have agreed to negotiate to reach an agreement. Pending conclusion of these negotiations, we are unable to comment on the impact of the same on the standalone loss and financial position as at and for the year ended March 31, 2023.</p>

III. Signatories

For and behalf of the Board

JAIN
TARANG
NARESH

Digitally signed by
JAIN TARANG
NARESH
Date: 2023.05.23
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Tarang Jain
Chairman & Managing Director

Place: Pune
Date: May 23, 2023

Karumanchi
Mahendra
Kumar

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Karumanchi Mahendra
Kumar
Date: 2023.05.23 11:26:35
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Mahendra Kumar Karumanchi
Group CFO

Place: Pune
Date: May 23, 2023

GAUTAM
PREMNATH
KHANDELWAL

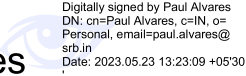
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GAUTAM PREMNATH
KHANDELWAL
Date: 2023.05.23
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Gautam Khandelwal
Chairman of Audit Committee

Place: Lugano, Italy
Date: May 23, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration
Number:324982E/E300003

Paul
Alvares



Digitally signed by Paul Alvares
DN: cn=Paul Alvares, c=IN, o=
Personal, email=paul.alvares@
srb.in
Date: 2023.05.23 13:23:09 +05'30

Paul Alvares
Partner
Membership Number: 105754

Place: Pune
Date: May 23, 2023

Statement of audited standalone financial results for the quarter and year ended March 31, 2023

(Rs. in million)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		Audited (Refer Note 2)	Unaudited	Audited (Refer Note 2)	Audited	Audited
1	Revenue from operations	9,361.08	9,738.37	8,808.22	39,178.90	32,918.07
2	Other income (refer note 4)	133.45	71.78	158.10	530.03	646.14
3	Total Income (1 + 2)	9,494.53	9,810.15	8,966.32	39,708.93	33,564.21
4	Expenses					
	(a) Cost of materials consumed	5,945.28	6,747.01	5,902.53	26,696.99	22,356.90
	(b) Changes in stock of finished goods and work-in-progress	358.10	(58.27)	336.42	(158.22)	(176.70)
	(c) Employee benefits expense	914.70	900.94	815.39	3,661.84	3,304.17
	(d) Finance costs	483.57	472.61	323.99	1,700.98	909.76
	(e) Foreign exchange (gain)/loss (net) (refer note 3)	(23.32)	(38.08)	(92.05)	495.92	230.18
	(f) Depreciation and amortisation expense	565.35	488.26	425.90	1,944.49	1,703.49
	(g) Other expenses	1,517.33	1,419.48	1,203.72	5,822.43	4,789.32
	Total expenses (4)	9,761.01	9,931.95	8,915.90	40,164.43	33,117.12
5	Profit/(loss) before tax and exceptional items (3- 4)	(266.48)	(121.80)	50.42	(455.50)	447.09
6	Exceptional item (refer note 5)	81.90	-	-	13,321.90	-
7	Profit/(loss) before tax (5-6)	(348.38)	(121.80)	50.42	(13,777.40)	447.09
8	Tax expense					
	(a) Current tax	58.85	(59.34)	7.01	137.66	79.92
	(b) Short/(excess) provision in respect of earlier years	(37.18)	(73.72)	8.71	(110.90)	(0.11)
	(c) Deferred tax	(92.28)	9.37	33.81	63.78	107.43
	Total tax expense (8)	(70.61)	(123.69)	49.53	90.54	187.24
9	Profit/(loss) for the period (7-8)	(277.77)	1.89	0.89	(13,867.94)	259.85
10	Other comprehensive Income					
	Items that will not be reclassified to profit or loss in subsequent periods (net of tax)					
	Remeasurement of defined benefit obligation (net of tax)	1.83	-	(19.63)	1.83	(19.63)
	Other comprehensive income/(loss) (10)	1.83	-	(19.63)	1.83	(19.63)
11	Total comprehensive income for the period (9+10)	(275.94)	1.89	(18.74)	(13,866.11)	240.22
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
13	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	5,390.95	19,257.06
14	Earnings per share (of Re. 1/- each) (not annualised): Basic & Diluted	(1.82)	0.01	0.01	(90.76)	1.70





Statement of audited standalone assets and liabilities as at March 31, 2023

(Rs. in million)

Sr. No.	Particulars	As at	As at
		March 31, 2023	March 31, 2022
		Audited	Audited
	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	9,711.63	9,934.88
	(b) Capital work-in-progress	374.84	549.25
	(c) Investment properties	118.69	124.18
	(d) Intangible assets	513.15	678.63
	(e) Intangible assets under development	56.44	69.42
	(f) Right to use asset	1,345.71	544.64
	(g) Investments in subsidiaries and joint venture	9,139.17	10,229.43
	(h) Financial assets		
	(i) Investments	0.15	0.15
	(ii) Other financial assets	293.47	251.67
	(i) Income tax assets (net)	306.77	98.22
	(j) Other non-current assets	443.55	439.83
		22,303.57	22,920.30
2	Current assets		
	(a) Inventories	4,109.16	3,616.33
	(b) Financial assets		
	(i) Investments*	300.05	-
	(ii) Trade receivables	3,033.16	3,971.87
	(iii) Cash and cash equivalents	1,496.36	427.55
	(iv) Bank balances other than (iii) above	45.06	2.56
	(v) Loans	479.58	10,298.77
	(vi) Other financial assets	58.40	72.98
	(c) Other current assets	650.61	729.19
	(d) Assets classified as held for sale	-	36.37
		10,172.38	19,155.62
	Total Assets (1+2)	32,475.95	42,075.92
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	152.79	152.79
	(b) Other equity	5,390.95	19,257.06
		5,543.74	19,409.85
2	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	1,473.78	2,111.03
	(ii) Lease liabilities	890.84	124.82
	(b) Provisions	83.74	131.76
	(c) Deferred tax liabilities (net)	799.43	706.35
	(d) Other non-current liabilities	44.78	40.79
	(e) Deferred government grant	144.39	194.12
		3,436.96	3,308.87
3	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	14,986.05	9,515.71
	(ii) Lease liabilities	112.68	59.72
	(iii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	784.65	1,219.18
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,457.49	5,505.49
	(c) Acceptances	91.01	920.01
	(iv) Other financial liabilities	1,048.87	1,191.82
	(b) Provisions	218.20	149.18
	(c) Other current liabilities	646.22	672.04
	(d) Deferred government grant	150.08	124.05
		23,495.25	19,357.20
	Total Equity and Liabilities (1+2+3)	32,475.95	42,075.92



* Pertains to investment in overnight liquid mutual fund

Statement of audited Standalone Cash Flows for the year ended March 31, 2023

(Rs. in million)

Sr.No	Particulars	Year ended March 31, 2023 (Audited)	Year ended March 31, 2022 (Audited)
A	Cash flow from operating activities		
	Profit/(loss) before tax and exceptional items	(455.50)	447.09
	Adjustments for:		
	Depreciation and amortization expense	1,944.49	1,703.49
	Provision for doubtful debts / advances	16.40	3.36
	Unrealised exchange loss on restatement of intercorporate loan	529.62	278.15
	Finance costs	1,700.98	909.76
	Rent income from investment property	(28.28)	(19.64)
	Provisions/liabilities no longer required written back	(34.07)	(2.43)
	(Profit)/Loss on sale of property, plant and equipment / intangible assets	(3.26)	(1.11)
	Increase in surrender value of key man insurance	(17.39)	(18.86)
	Dividend income	(0.01)	(157.25)
	Interest income	(148.77)	(147.15)
	Income from government grant	(223.06)	(184.93)
	Operating profits before working capital changes	3,736.65	2,363.39
		3,281.15	2,810.48
	Adjustments for changes in working capital		
	Trade receivables	771.01	(343.43)
	Trade payables	(1,359.32)	1,991.59
	Inventories	(492.83)	(495.35)
	Other financial assets	7.07	(110.06)
	Other current and non current assets	75.68	521.16
	Provision	21.00	(8.39)
	Other financial liabilities	50.23	111.65
	Other current and non current liabilities	(21.83)	(14.41)
	Cash generated from operations	2,332.16	4,463.24
	Income tax paid (net of refund)	(206.01)	(186.69)
	Net cash flow generated from operating activities	2,126.15	4,276.55
B	Cash flow from investing activities		
	Loans to subsidiaries	(2,632.18)	(10,400.26)
	Purchase of current investments	(300.05)	-
	Purchase of property, plant and equipment	(1,395.04)	(2,036.23)
	Dividend received	0.01	157.25
	Interest received	5.47	1.03
	Government grant received	166.90	162.72
	Proceeds from sale of non-current investment	65.94	-
	Proceeds from sale of property, plant and equipment	13.54	8.67
	Rent received on investment property	28.28	19.64
	Fixed deposits (placed)/ redeemed (net)	(59.40)	4.29
	Net cash used in investing activities	(4,106.53)	(12,082.89)
C	Cash flow from financing activities		
	Repayment of long term borrowings	(1,389.93)	(1,499.57)
	Proceeds from long term borrowings	3,171.07	4,441.18
	Proceeds from short term borrowings (net)	978.24	796.57
	Payment of principal portion of lease liability	(103.32)	(105.02)
	Payment of interest on lease liability	(54.57)	(14.79)
	Intercorporate deposit taken from Subsidiaries (net)	7,391.20	2,860.00
	Intercorporate deposit repaid to Subsidiaries (net)	(5,311.00)	-
	Interest paid	(1,626.01)	(717.26)
	Net cash flow generated from financing activities	3,055.68	5,761.11
	Net (decrease)/increase in cash and cash equivalents	1,075.30	(2,045.23)
	Opening cash and cash equivalents	421.06	2,466.29
	Closing cash and cash equivalents	1,496.36	421.06
	Cash and cash equivalents consists of :		
	Cash in hand	0.01	0.02
	Current accounts	246.35	427.53
	Deposit with maturity of less than 3 months	1,250.00	-
	Bank overdraft	-	(6.49)
		1,496.36	421.06

Notes:

- 1) The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 on "Statement of Cash flows".
- 2) Prior period comparatives have been reclassified to conform with current period presentation, where applicable.
- 3) Figures in brackets represent outflow of cash and cash equivalents.

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

Particulars	Quarter Ended			Year Ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
Debt Equity ratio [refer note (i)]	(No of times) 2.97	2.58	0.60	2.97	0.60
Debt service coverage ratio [refer note (ii)]	(No of times) 0.92	1.04	1.21	1.03	1.27
Interest service coverage ratio [refer note (iii)]	(No of times) 1.62	1.78	2.47	1.88	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) 5,543.74	5,819.67	19,409.85	5,543.74	19,409.85
Net profit/(loss) after tax	(Rs. In Millions) (277.77)	1.89	0.89	(13,867.94)	259.85
Earning per share (EPS)					
Basic EPS (Not Annualised)	(Rs) (1.82)	0.01	0.01	(90.76)	1.70
Diluted EPS (Not Annualised)	(Rs) (1.82)	0.01	0.01	(90.76)	1.70
Current Ratio [refer note (v)]	(No of times) 0.43	0.45	0.99	0.43	0.99
Long Term Debt To Working Capital [refer note (vi)] ^	(No of times) (1.93)	(1.39)	1.41	(1.94)	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) 0.87	0.82	0.85	0.87	0.85
Total Debts To Total Assets [refer note (ix)]	(No of times) 0.51	0.46	0.28	0.51	0.28
Debtors Turnover [refer note (x)] *	(No of times) 2.90	2.27	2.37	11.19	8.66
Inventory Turnover [refer note (xi)] *	(No of times) 1.38	1.34	1.67	6.87	6.58
Operating Margin [refer note (xii)]	(In %) 0.27%	2.87%	2.46%	1.68%	2.16%
Net Profit Margin [refer note (xiii)]	(In %) -2.97%	0.02%	0.01%	-35.40%	0.79%
Security cover ratio [refer note (xvii)]	(No of times) 1.21	1.20	1.01	1.21	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)/(Interest Expense + 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)/(Interest Expense)]
(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 Exception items) - Other Income) / Revenue from operation]
(xiii) Net Profit Margin = [Net profit after tax / Revenue from operation]
(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, 2023 and March 31, 2022

** numbers are below 0.01

^ Ratio for quarter and year ended March 31, 2023 and quarter ended December 31, 2022 is negative because net working capital is negative.



Notes to the Audited 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 May 23, 2023 and were subjected to audit by the Statutory Auditors.
- 2) The figures for the quarters ended March 31, 2023 and March 31, 2022 are the derived figures between audited figures in respect of full financial year and the unaudited published year to-date figures upto the third quarter of the respective financial year which were subjected to limited review.
- 3) Foreign exchange loss/(gain) for the quarter ended March 31, 2023, December 31, 2022 and March 31, 2022 and year ended March 31, 2023 and March 31, 2022 includes amounts of Rs (6.50) million, Rs. (21.20) million, Rs. (38.28) million, and Rs. 529.62 million, and Rs. 278.15 million respectively in respect of unrealised foreign exchange loss on loans given to overseas subsidiary.
- 4) Other income for the quarter ended March 31, 2023, December 31, 2022 and March 31, 2022 and Year ended March 31, 2023 and March 31, 2022 includes Government grant of Rs.60.20 million, Rs. 54.60 million, Rs.53.71 million, Rs.223.06 million and Rs.184.93 million respectively.
- 5) Varroc Engineering Limited ("the Company") 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 as amended dated October 05, 2022 and May 12, 2023 (collectively referred to as "SPA") with Compagnie Plastic Omnium SE, France (referred to as "Buyer"), to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ("VLS Business"). The equity value agreed under the SPA was Eur 69.5 million (subject to closing adjustments as provided under the SPA) and accordingly the loss on equity investments and loans given to VLS business of Rs 13,240.00 million was recognised during the quarter ended September 30, 2022 as exceptional item. Further loss of Rs 81.90 million recognised during the quarter ended March 31, 2023 pertains to expenses directly related to sale of investment in VLS business.

As per the terms of the SPA, a specific 'Adjustment Escrow' has been provided for the Final Closing Statement and the Final Closing Adjustment Statement to be prepared as of Closure Date i.e. Oct 6, 2022. The Buyer had a period of 90 working days to come up with the same duly supported by 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 negotiations with the Buyer are under progress, the effect of the proposed adjustments cannot be ascertained for recognition in the standalone financial results as of March 31, 2023.

The auditors in their audit report have included a qualification in respect of this matter.

- 6) As at March 31, 2023, the Company has not complied with some of the covenants under loan agreements. Accordingly, non-current loans of Rs. 2,381.23 million have been reclassified as current. The management does not expect any material impact on the financial statements/cash flows due to the above.
- 7) The total debt as at March 31, 2023 is Rs.16,459.83 million out of which amounts of Rs. 8,267.61 million are due for repayment in the next 12 months from balance sheet date (excluding working capital facilities of Rs.6,718.44 million and including Rs 2,381.23 million reclassified to current on account of non compliance of covenants). 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 year ended March 31, 2023 are prepared based on going concern assumption being appropriate for the next 12 months.
- 8) 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 March 31, 2023 is 1.21 times of the total due amount which is higher than the requirement of 1.10 times as specified in the Debenture Trust Deed.



For and on behalf of Board of Directors
Varroc Engineering Limited


Tarang Jain
Chairman and Managing Director

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

To
**The Board of Directors of
Varroc Engineering Limited**

Report on the audit of the Consolidated Financial Results**Qualified Opinion**

We have audited the accompanying statement of quarterly and year to date consolidated financial results of Varroc Engineering Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures for the quarter and year ended March 31, 2023 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate audited financial statements/ financial results/financial information of the subsidiaries and joint ventures, except for the possible effects of the matters described in the "Basis of Qualified Opinion" para below, the Statement:

- i. includes the results of the following entities

Subsidiaries

Varroc Polymers Limited; Durovalves India Private Limited; CarlQ Technologies Private Limited; Varroc European Holding B.V.; VarrocCorp Holding B.V.; Varroc Japan Co. Ltd.; IMES, Italy; Varroc Italy S.p.A.; Varroc Romania SA.; Varroc 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 Lighting Systems Bulgaria Eood, Varroc Electronics Romania SRL; VL Lighting Solutions Private Limited.*; Varroc Poland s.p.z.oo; Varroc Germany GmBH (* Till the date of disposal)

Joint Ventures

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

- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group for the quarter ended March 31, 2023 and of the consolidated net loss and other comprehensive loss and other financial information of the Group for the year ended March 31, 2023.



Basis for Qualified Opinion

We draw attention to Note 2 to the consolidated financial results regarding the sale of VLS Business. As more fully described in the said note, there is disagreement between the parties on the final adjustments against agreed consideration and both the parties have agreed to negotiate to reach an agreement. Pending conclusion of these negotiations, we are unable to comment on the impact of the same on the consolidated financial results and financial position as at and for the quarter/year ended March 31, 2023.

As disclosed in Note 3 to the Statement, the financial results and other financial information for the quarter/ 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 Statement, is 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 quarter/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.

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group and its joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit/loss and other comprehensive income/loss and other financial information of the Group including its joint ventures in accordance with the applicable accounting standards prescribed under section 133 of the Act 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 respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of their respective company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of their respective company.

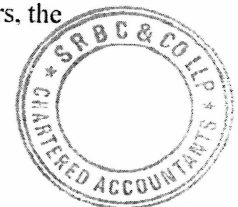
Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the



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planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matter

The accompanying Statement includes the audited financial results/statements and other financial information, in respect of:

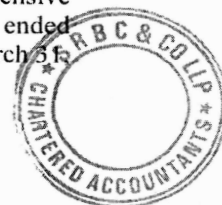
- 4 subsidiaries, part of continuing operations whose financial results/statements (without giving effect of elimination of intra-group transactions) include total assets of Rs 6,696.76 million as at March 31, 2023, total revenues of Rs 1,820.17 million and Rs 7,481.79 million, total net profit after tax of Rs. 226.89 million and Rs. 546.28 million, total comprehensive income of Rs. 174.75 million and Rs. 494.14 million, for the quarter and the year ended on that date respectively, and net cash inflows of Rs. 268.15 for the year ended March 31, 2023, as considered in the Statement which have been audited by their respective independent auditors.
- 1 joint venture, whose financial results/statements include Group's share of net profit of Rs. 4.77 million and Rs. 16.21 million and Group's share of total comprehensive income of Rs. 4.77 million and Rs. 16.21 million for the quarter and for the year ended March 31, 2023 respectively, as considered in the Statement whose financial results/financial statements, other financial information have been audited by their respective independent auditors.

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

Certain of these subsidiaries are located outside India whose financial results/financial statements and other financial information have been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results / financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion 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 audited by us.

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

- 2 subsidiaries, whose financial results/statements (without giving effect of elimination of intra-group transactions) and other financial information reflect total assets of Rs 911.40 million as at March 31, 2023, and total revenues of Rs 250.09 million and Rs 798.66 million, total net profit/(loss) after tax of Rs. 17.35 million and (Rs. 9.91 million), total comprehensive income/(loss) of Rs. 17.35 million and (Rs. 9.91 million), for the quarter and the year ended on that date respectively and net cash inflows of Rs. 1.08 million for the year ended March 31, 2023.



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2023, whose financial results /statements and other financial information have not been audited by any auditor

- 2 joint ventures, whose financial results/statements includes the Group's share of net profit of Rs. 80.28 million and Rs 37.07 million and Group's share of total comprehensive income of Rs. 80.28 million and Rs 37.07 million for the quarter and for the year ended March 31, 2023 respectively, as considered in the Statement whose financial results /statements and other financial information have not been audited by any auditor.

These unaudited financial statements/ financial information/ financial results have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on such unaudited financial statements/ financial information/financial results. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information/financial results are not material to the Group, except those relating to China JV

Our opinion on the Statement is not modified in respect of the above matters 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 those relating to China JV.

The Statement includes the results for the quarter ended March 31, 2023 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2023 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per Paul Alvares

Partner

Membership No.: 105754

UDIN: 23105754BGQUOJ6484

Place: Pune

Date: May 23, 2023



Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Consolidated

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in million except EPS)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in million)
1.	Turnover / Total income (continuing operations)	69,209.47	N/A
2.	Total Expenditure (continuing operations)	68,434.15	N/A
3.	Net Profit/(Loss) (continuing operations)	387.89	N/A
4.	Earnings Per Share (continuing operations)	Rs. 2.36	N/A
5.	Total Assets	46,209.02	N/A
6.	Total Liabilities	36,167.50	N/A
7.	Net Worth	10,041.52	N/A
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification:

Sl No.	Particulars	Remarks
a.	Details of Audit Qualification:	Following qualification has been given by the Auditors in the audit report on Consolidated financial statements of the Company: We draw attention to Note 51 to the consolidated financial statements regarding the sale of VLS Business. As more fully described in the said note, there is disagreement between the parties on the final adjustments against agreed consideration and both the parties have agreed to negotiate to reach an agreement. Pending conclusion of these negotiations, we are unable to comment on the impact of the same on the consolidated loss and financial position as at and for the year ended March 31, 2023.
b.	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	N/A
e.	For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: (ii) If management is unable to estimate the	N/A As per the terms of the Securities Purchase

Sl No.	Particulars	Remarks
b.	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time in the annual financial statements.
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	N/A
e.	For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: (ii) If management is unable to estimate the impact, reasons for the same: (iii) Auditors' Comments on (i) or (ii) above:	N/A 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 operation of the JV, pending which the Group is unable to obtain audited financials and other information from China JV. As explained to us by the management, 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 audited financials and other information from China JV, in the absence of which 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.

III. Signatories

For and behalf of the Board

JAIN TARANG
NARESH

Digitally signed by
JAIN TARANG NARESH
Date: 2023.05.23
11:25:30 +05'30'

Tarang Jain
Chairman & Managing Director

Place: Pune
Date: May 23, 2023

Karumanchi Mahendra Kumar

Digitally signed by Karumanchi Mahendra Kumar
Date: 2023.05.23 11:26:07 +05'30'

K Mahendra Kumar
Group CFO

Place: Pune

Date: May 23, 2023

GAUTAM PREMATH KHANDLWAL

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Gautam Khandelwal
Chairman of Audit Committee

Place: Lugano, Italy

Date: May 23, 2023

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration
Number:324982E/E300003

Paul
Alvares

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Paul Alvares
Partner

Membership Number: 105754

Place: Pune

Date: May 23, 2023

Statement of audited consolidated financial results for the quarter and year ended March 31, 2023

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		Audited (refer note 2 & 10)	Unaudited (refer note 2)	Audited (refer note 2 & 10)	Audited (refer note 2)	Audited (refer note 2)
		(Rs. in Million)				
	Continuing Operations					
1	Revenue from operations	16,900.58	17,167.71	16,519.87	68,630.66	58,442.01
2	Other income (refer note 6 & 7)	211.96	90.12	95.59	578.81	339.33
3	Total income (1+2)	17,112.54	17,257.83	16,615.46	69,209.47	58,781.34
4	Expenses					
	Cost of materials consumed	10,112.10	11,387.65	10,727.51	44,455.49	39,034.78
	Changes in inventories of work-in-progress and finished goods	577.81	(147.12)	491.29	(150.02)	(541.23)
	Employee benefits expense	1,894.32	1,827.75	1,448.64	7,172.97	6,192.64
	Finance costs	525.27	513.95	370.83	1,902.95	1,183.52
	Foreign exchange (gain)/loss (net)	(58.48)	(62.93)	(119.16)	217.54	82.19
	Depreciation and amortisation expenses	921.72	818.98	835.82	3,367.41	3,045.47
	Other expenses	2,813.53	2,814.49	2,900.21	11,467.81	10,080.24
	Total expenses	16,786.27	17,152.77	16,655.14	68,434.15	59,077.61
5	Profit/(loss) before share of profit/(loss) of joint ventures and tax from continuing operations (3-4)	326.27	105.06	(39.68)	775.32	(296.27)
6	Share of profit/(loss) of Joint Ventures (refer note 3)	85.05	9.28	(21.20)	53.28	(4.33)
7	Profit/(loss) before tax from continuing operations (5+6)	411.32	114.34	(60.88)	828.60	(300.60)
8	Tax expense					
	Current tax	181.21	56.04	142.43	660.95	347.97
	Short/ (excess) provision in respect of earlier year	(37.18)	(68.60)	11.31	(105.78)	2.23
	Deferred tax	(132.87)	(90.87)	111.05	(114.46)	132.05
	Total tax expense	11.16	(103.43)	264.79	440.71	482.25
9	Profit/(loss) for the period from continuing operations (7-8)	400.16	217.77	(325.67)	387.89	(782.85)
	Discontinued operations (refer note 2)					
10	Profit/(loss) before tax for the period from discontinued operations	-	-	(2,492.92)	(8,557.23)	(10,348.85)
11	Tax (Income)/expense of discontinued operations	-	-	30.98	1.91	(64.43)
12	Profit/ (loss) for the period from discontinued operations (10-11)	-	-	(2,523.90)	(8,559.14)	(10,284.42)
13	Profit/(loss) for the period (9 + 12)	400.16	217.77	(2,849.57)	(8,171.25)	(11,067.27)
14	Other comprehensive income from continuing operations					
A	Items to be reclassified to profit or loss in subsequent periods					
	Exchange differences in translating the financial statements of foreign operations	174.71	314.11	10.93	472.99	(89.40)
B	Items not to be reclassified to profit or loss in subsequent periods					
	Remeasurement of defined benefit obligation (net of tax)	(55.59)	-	(121.94)	(55.59)	(121.94)
15	Other comprehensive income from discontinued operations					
A	Items to be reclassified to profit or loss in subsequent periods					
	Exchange differences in translating the financial statements of foreign operations	-	-	275.48	(2,344.95)	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	-	81.42
16	Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations (14+15)	119.12	314.11	245.89	(1,927.55)	705.48
17	Total comprehensive income/(loss) for the period (13+16)	519.28	531.88	(2,603.68)	(10,098.80)	(10,361.79)
18	Profit/(loss) for the period attributable to:					
	Shareholders of the Company	396.23	204.04	(2,853.22)	(8,198.35)	(11,098.79)
	Non-controlling interests	3.93	13.73	3.65	27.10	31.52
19	Other comprehensive income/(loss) attributable to:					
	Shareholders of the Company	119.80	314.11	247.27	(1,926.87)	706.86
	Non-controlling interests	(0.68)	-	(1.38)	(0.68)	(1.38)
20	Total comprehensive income/(loss) for the period attributable to:					
	Shareholders of the Company	516.03	518.15	(2,605.95)	(10,125.22)	(10,391.93)
	Non-controlling interests	3.25	13.73	2.27	26.42	30.14
21	Paid-up equity share capital (face value of Re.1)	152.79	152.79	152.79	152.79	152.79
22	Reserves excluding revaluation reserves as per balance sheet				9,609.20	19,734.42
23	Earnings per equity share attributable to Owners [Nominal value per share: Re. 1 (Previous year : Re. 1)] (not annualised)					
	-for continuing operations					
	Basic and diluted (in Rupees)	2.59	1.34	(2.16)	2.36	(5.33)
	- for discontinued operations					
	Basic and diluted (in Rupees)	-	-	(16.52)	(56.02)	(67.31)
	- for continuing and discontinued operations					
	Basic and diluted (in Rupees)	2.59	1.34	(18.68)	(53.66)	(72.64)



Statement of audited consolidated Assets and Liabilities as at March 31, 2023

(Rs. in Million)

Sr. No.	Particulars	As at	As at
		March 31, 2023	March 31, 2022
		Audited	Audited
A.	ASSETS		
I	Non-current assets		
	(a) Property, plant and equipment	17,067.34	17,653.55
	(b) Capital work-in-progress	1,209.40	1,124.13
	(c) Investment properties	-	123.92
	(d) Goodwill	469.29	464.93
	(e) Other Intangible assets	727.42	914.49
	(f) Right-of-use assets	2,248.95	1,301.46
	(g) Intangible assets under development	137.38	273.99
	(h) Investments accounted for using the equity method	3,906.20	3,875.95
	(i) Financial assets		
	(i) Investments	0.20	0.20
	(ii) Other financial assets	1,688.13	337.18
	(j) Income tax assets (net)	323.89	119.81
	(k) Deferred tax assets (net)	70.13	89.67
	(l) Other non-current assets	597.96	591.53
	Total non-current assets	28,446.29	26,870.81
II	Current assets		
	(a) Inventories	6,710.04	6,155.91
	(b) Financial assets		
	(i) Investments*	300.05	-
	(ii) Trade receivables	5,971.00	5,175.33
	(iii) Cash and cash equivalents	3,023.13	1,156.48
	(iv) Bank balances other than (iii) above	248.09	21.34
	(v) Loans	0.26	2.15
	(vi) Other financial assets	85.13	79.11
	(c) Other current assets	1,425.03	1,691.26
	Total current assets	17,762.73	14,281.58
III	Assets classified as held for sale (refer note 2)	-	68,827.67
	Total Assets (I+II+III)	46,209.02	1,09,980.06





Statement of audited consolidated Assets and Liabilities as at March 31, 2023

(Rs. in Million)

Sr. No.	Particulars	As at	As at
		March 31, 2023	March 31, 2022
		Audited	Audited
B.	EQUITY AND LIABILITIES		
I	Equity		
	(a) Equity share capital	152.79	152.79
	(b) Other equity	9,609.20	19,734.42
	Equity attributable to owners	9,761.99	19,887.21
	Non-controlling interests	279.53	253.11
	Total equity	10,041.52	20,140.32
II	Liabilities		
(1)	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	4,161.38	2,500.22
	(ia) Lease liabilities	1,485.61	559.44
	(ii) Other financial liabilities	19.43	78.83
	(b) Provisions	278.93	293.47
	(c) Deferred tax liabilities (net)	1,169.28	1,265.74
	(d) Other non current liabilities	44.78	40.79
	(e) Deferred government grant	264.88	332.60
	Total non-current liabilities	7,424.29	5,071.09
(2)	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	12,188.60	13,034.08
	(ia) Lease Liabilities	225.55	157.99
	(ii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	1,138.95	1,583.82
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	10,734.93	10,575.97
	(c) Acceptances	91.01	1,182.45
	(iii) Other financial liabilities	2,405.32	1,870.44
	(b) Provisions	299.51	186.34
	(c) Current tax liabilities (net)	92.94	33.08
	(d) Other current liabilities	1,381.36	1,504.82
	(e) Deferred government grant	185.04	161.28
	Total current liabilities	28,743.21	30,290.27
III	Liabilities directly associated with the assets classified as held for sale (refer note 2)	-	54,478.38
IV	Total Equity and Liabilities (I+II+III)	46,209.02	1,09,980.06

* Pertains to investment in overnight liquid mutual fund





Consolidated Statement of cash flows for the year ended March 31, 2023

Sr. No.	Particulars	(Rs. in Million)			
		For the year ended March 31, 2023		For the year ended March 31, 2022	
		(Audited)		(Audited)	
A	Cash flow from operating activities				
	Profit/(loss) before tax from continuing operations		828.60		(300.60)
	Profit/(loss) before tax from discontinued operations		(8,557.23)		(10,348.85)
	Adjustments for :				
	Depreciation and amortization expense	3,367.41		9,738.64	
	Net loss/(gain) on disposal of property, plant and equipment	(76.37)		11.82	
	Provision for doubtful debts and advances	250.36		149.00	
	Finance costs	2,437.60		1,905.62	
	Loss on sale of VLS business	5,709.12		-	
	Gain on sale of current investments	(0.09)		(1.44)	
	Share in (profit)/loss of Joint Venture accounted for using the equity method	(53.28)		4.33	
	Liabilities no longer required written back	(72.80)		(3.70)	
	Increase in surrender value of keyman insurance policy	(18.86)		(18.86)	
	Government grants	(281.47)		(267.80)	
	Unrealised exchange loss	1,075.96		278.15	
	Interest income	(16.05)	12,321.53	(11.25)	11,784.51
	Operating profits before working capital changes		4,592.90		1,135.06
	Adjustments for changes in:				
	Inventories	(676.81)		(1,674.64)	
	Trade receivables	(253.93)		(1,068.29)	
	Other assets	747.89		(69.36)	
	Trade payables	(3,680.47)		5,525.13	
	Other liabilities and provisions	6,797.16		3,243.54	
	Cash generated from / (used in) operations		2,933.84		5,956.38
	Taxes paid (net of refund received)		7,526.74		7,091.43
	Net cash flow generated from / (used in) operating activities		(920.66)		(735.68)
			6,606.08		6,355.75
B	Cash flow from investing activities				
	Dividend received			199.68	
	Interest received	16.72		11.89	
	Government grant received during the period	255.67		521.70	
	(Purchase)/proceeds from sale of current investments (net)	(299.96)		1.44	
	Proceeds from sale of property, plant and equipment	276.60		99.40	
	Proceeds from sale of VLS business (refer note 2)	3,358.82		-	
	Purchase of property, plant and equipment	(5,305.82)		(6,536.69)	
	Costs incurred on intangible assets	(675.80)		(1,998.51)	
	Fixed deposits (with maturity of more than 3 months) redeemed/(Purchased) (net)	(226.75)		76.02	
	Net cash used in investing activities		(2,600.52)		(7,625.07)
C	Cash flow from financing activities				
	Proceeds from long-term borrowings	7,065.46		5,723.29	
	Repayment of long-term borrowing	(7,469.48)		(7,096.12)	
	Repayment of lease liability	(283.91)		(834.80)	
	Repayment of interest on lease liability	(264.77)		(194.38)	
	Funding support from customers (short term)	432.16		1,931.34	
	Proceeds/(repayments) of short term borrowings (net)	728.07		(1,255.84)	
	Dividend on equity shares including tax thereon related to non-controlling interest			(58.80)	
	Interest paid	(2,367.82)		(1,563.32)	
	Net cash flow from / (used in) financing activities		(2,160.29)		(3,348.63)
	Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)		1,845.27		(4,617.95)
	Opening cash and cash equivalents		2,801.92		7,414.38
	Cash & cash equivalents transferred pursuant to sale of VLS business		(1,525.08)		-
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		(98.98)		5.52
	Total		1,177.86		7,419.87
	Closing cash and cash equivalents		3,023.13		2,801.92

Sr. No.	Particulars	As at	As at
		March 31, 2023	March 31, 2022
		(Rs. in Million)	
	Cash and cash equivalents consists of:		
A	Cash and cash equivalent- discontinued operations (refer note 2)	-	1,645.44
B	Cash and cash equivalent- continuing operations:		
i.	Cash in hand	0.16	0.21
ii.	Bank balances		
	- Current accounts	900.22	1,156.27
	- Deposits with maturity of less than three months	2,122.75	-
		3,023.13	2,801.92

Notes:

- 1 The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 : on "Statement of Cash Flows".
- 2 Figures in brackets represent out flow of Cash and cash equivalents.





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

Particulars	Quarter Ended			Year Ended	Year Ended
	March 31, 2023 *	December 31, 2022 *	March 31, 2022 *	March, 31 2023 *	March, 31 2022 *
Debt Equity ratio [refer note (i)]	(No of times) 1.63	1.67	1.45	1.63	1.45
Debt service coverage ratio [refer note (ii)]	(No of times) 1.69	0.36	0.28	0.68	0.11
Interest service coverage ratio [refer note (iii)]	(No of times) 3.54	2.82	1.15	3.21	0.52
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) 10,041.52	9,522.24	20,140.32	10,041.52	20,140.32
Net profit after tax	(Rs. In Millions) 400.16	217.77	(2,849.57)	387.89	(11,067.27)
Earning per share (EPS)					
Basic EPS (Not Annualised)	(Rs) 2.59	1.34	(18.68)	2.36	(72.64)
Diluted EPS (Not Annualised)	(Rs) 2.59	1.34	(18.68)	2.36	(72.64)
Current Ratio [refer note (v)]	(No of times) 0.62	0.68	0.54	0.62	0.54
Long Term Debt To Working Capital [refer note (vi)] ^	(No of times) (9.70)	(8.38)	(1.16)	(9.70)	(1.16)
Bad Debts To Account Receivable Ratio [refer note (vii)] ***	(No of times) 0.00	0.00	0.00	0.01	0.01
Current Liability Ratio [refer note (viii)]	(No of times) 0.79	0.77	0.85	0.79	0.85
Total Debts To Total Assets [refer note (ix)]	(No of times) 0.35	0.34	0.27	0.35	0.27
Debtors Turnover [refer note (x)] **	(No of times) 2.82	2.48	2.29	12.31	7.55
Inventory Turnover [refer note (xi)] **	(No of times) 1.46	1.45	1.72	6.89	6.51
Operating Margin [refer note (xii)]	(In %) 4.29%	3.13%	-5.87%	3.14%	-7.29%
Net Profit Margin [refer note (xiii)]	(In %) 2.37%	1.27%	-7.86%	0.57%	-8.69%

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) / ((Interest Expense + Principal repayments of long term loan made during the period excluding prepayment))]

(iii) Interest service coverage ratio = [(Earning before Interest and Tax & Depreciation) / (Interest Expense)]

(iv) Net Worth = [Equity share capital + Other equity + Non-controlling interests]

(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-Other Income) / Revenue from operation]

(xiii) Net Profit Margin = [Net profit after tax / Revenue from operation]

(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)]

* Ratios for the quarter ended March 31, 2023, December 31, 2022 & year ended March 31, 2023 have been computed for continuing operations only. Ratios for the quarter and year ended March 31, 2022 have been computed for continuing and discontinued operations together. Accordingly, these are not comparable.

** Ratio not annualised, except for the year ended March 31, 2023 and March 31, 2022

*** numbers are below 0.01

^ Ratio for quarter and year ended March 31, 2023 and quarter ended December 31, 2022 is negative because net working capital is negative.





Audited Consolidated Segment wise Revenue, Results, Assets and Liabilities

Particulars	(Rs. in Million)				
	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Audited (refer note 2 & 10)	Unaudited (refer note 2)	Audited (refer note 2 & 10)	Audited (refer note 2)	Audited (refer note 2)
1) Segment Revenue					
(i) Automotive	16,204.74	16,405.53	15,621.66	65,895.07	55,509.00
(ii) Others	695.84	762.18	898.21	2,735.59	2,933.01
Total Segment Revenue from continuing operations	16,900.58	17,167.71	16,519.87	68,630.66	58,442.01
Segment revenue from discontinued operations (automotive segment) (refer note 2)	-	-	19,730.10	38,544.87	68,899.04
Revenue from continuing and discontinued operations	16,900.58	17,167.71	36,249.97	1,07,175.53	1,27,341.05
2) Segment Results					
(i) Automotive	634.06	476.24	403.45	2,180.26	1,079.65
(ii) Others	117.85	79.89	(132.31)	200.49	(417.60)
Total segment results from continuing operations	751.91	556.13	271.14	2,380.75	662.05
Segment results of discontinued operations (automotive segment) (refer note 2)	-	-	(2,303.14)	(8,037.74)	(9,626.76)
Add/ (Less):					
(a) Finance Cost	(525.27)	(513.95)	(560.61)	(2,437.61)	(1,905.61)
(b) Net unallocated (expenditure) / income	184.68	72.16	38.82	365.97	220.87
Profit/(loss) before tax	411.32	114.34	(2,553.79)	(7,728.63)	(10,649.45)
3) Segment Assets					
(i) Automotive	35,989.43	38,168.93	33,886.39	35,989.43	33,886.39
(ii) Others	2,551.26	2,448.76	2,458.67	2,551.26	2,458.67
Total segment assets of continuing operations	38,540.69	40,617.69	36,345.06	38,540.69	36,345.06
Add: Segment assets of discontinued operations (automotive segment) (refer note 2)	-	-	66,417.12	-	66,417.12
Add: Unallocated	7,668.33	6,196.08	7,217.88	7,668.33	7,217.88
Total assets	46,209.02	46,813.77	1,09,980.06	46,209.02	1,09,980.06
4) Segment Liabilities					
(i) Automotive	17,079.59	18,523.82	16,734.68	17,079.59	16,734.68
(ii) Others	852.26	916.70	1,081.07	852.26	1,081.07
Total segment liabilities of continuing operations	17,931.85	19,440.52	17,815.75	17,931.85	17,815.75
Add: Segment liabilities of discontinued operations (automotive segment) (refer note 2)	-	-	40,304.38	-	40,304.38
Add: Unallocated	18,235.65	17,849.54	31,719.61	18,235.65	31,719.61
Total liabilities	36,167.50	37,290.06	89,839.74	36,167.50	89,839.74



Notes :

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 23, 2023 and were subjected to audit by the Statutory Auditors.
- 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 as amended dated July 01, 2022, October 05, 2022 and May 12, 2023 (collectively referred to as "SPA") with Compagnie Plastic Omnium SE, France (referred to as "Buyer"), to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ("VLS Business"). The equity value agreed under the SPA was Eur 69.5 million (subject to closing adjustments as provided under the SPA) and accordingly the loss on sale of VLS Business was recognised during the quarter ended September 30, 2022.

As per the terms of the SPA, a specific 'Adjustment Escrow' has been provided for the Final Closing Statement and the Final Closing Adjustment Statement to be prepared as of Closure Date i.e. Oct 6, 2022. The Buyer had a period of 90 working days to come up with the same duly supported by 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 negotiations with the Buyer are under progress, the effect of the proposed adjustments cannot be ascertained for recognition in the consolidated financial results as of March 31, 2023.

The auditors in their audit report have included a qualification in respect of this matter.

The management assessed that such sale of VLS business satisfies the criteria prescribed under Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" for classification as discontinued operation. 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.

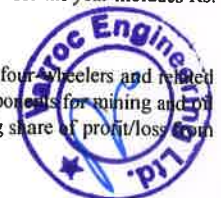
Details of income and expenses attributable to discontinued operations are as follows:

Particulars	(Rs. in Million)				
	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023**	March 31, 2022
Total income	-	-	19,769.15	38,659.62	69,095.14
Total expenses	-	-	22,262.07	47,216.85	79,443.99
Profit/(loss) before tax	-	-	(2,492.92)	(8,557.23)	(10,348.85)
Tax expense	-	-	30.98	1.91	(64.43)
Profit/(loss) for the period*	-	-	(2,523.90)	(8,559.14)	(10,284.42)

* Profit/ (loss) for the year ended March 31, 2023 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 does not impact the net loss calculation in respect of the discontinued operations.

- 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 operation of the JV, pending which the Group is unable to obtain audited financial and other information from China JV. The auditors in their audit report have included a qualification in respect of this matter.
- As at March 31, 2023, the Group has not complied with some of the covenants under loan agreements. Accordingly, non-current loans of Rs. 2,381.23 million have been reclassified as current. The management does not expect any material impact on the financial statements/cash flows due to the above.
- The total debt at Group level has decreased from Rs. 29,296.29 million as at March 31, 2022 to Rs. 16,349.98 million as at March 31, 2023 mainly because of the sale of VLS business. Loans amounting to Rs. 9,565.12 million are due in the next 12 months from balance sheet date (excluding working capital facilities of Rs. 2,623.48 million and including Rs. 2,381.23 million reclassified to current on account of non compliance of covenants). Taking into account the expected cash generation from operations 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 year ended March 31, 2023 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 March 31, 2023, December 31, 2022, March 31, 2022 and year ended March 31, 2023 and March 31, 2022 includes income from government grant of Rs. 90.57 million, Rs. 60.00 million, Rs. 56.55 million, Rs. 281.47 million and Rs. 215.98 million respectively.
- During the year, one of the subsidiaries had sold land pertaining to one of its plant located at Patherdi, Rajasthan. Accordingly, other income for the year includes Rs. 102.63 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.



- 9 During the previous year, the Group issued 3,750 Number of Debentures 8% Secured Listed Non-convertible 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 Varroc Engineering Limited. The asset cover in respect of the Non-convertible Debentures as on March 31, 2023 is 1.21 times of the total due amount which is higher than the requirement of 1.10 times as specified in the Debenture Trust Deed.
- 10 The figures for the quarters ended March 31, 2023 and March 31, 2022 are the derived figures between audited figures in respect of full financial year and the unaudited published year to date figures upto the third quarter of the respective financial year which were subjected to limited review.

Place : Pune
Date : May 23, 2023



For and on behalf of Board of Directors
Varroc Engineering Limited


Tarang Jain
Chairman and Managing Director