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/2023-24/59 August 22, 2023

To,

The Manager- Listing
The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai-400 051.
NSE Symbol: VARROC

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

Dear Sir/ Madam,

Sub: Notice of the 35th Annual General Meeting of the Company ('AGM') and Annual Report for the Financial Year ended March 31, 2023

Ref: 1. Regulation 34(1) and 53(1) read with Regulation 30 and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") and
2. Board Meeting Outcome letter dated May 23, 2023, *inter alia*, intimating date of 35th Annual General Meeting and related information.

Pursuant to the Listing Regulations, we enclose herewith the following for your information and records:

1. Notice of the 35th AGM of the Company scheduled to be held on Wednesday, September 13, 2023, at 11:00 a.m. (IST) through Video Conference ('VC')/Other Audio-Visual Means ('OAVM') without physical presence of the members; and
2. Annual Report for the Financial Year ended March 31, 2023.

In compliance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the applicable circulars as issued by "Ministry of Corporate Affairs ("MCA") and the Securities and Exchange Board of India ("SEBI"), in relation to the subject matter, the AGM Notice and Annual Report has been sent only by electronic mode to all the Members whose email addresses are registered with the Depository Participants or the Company.

The members can also access the Annual Report on the Website of the Company www.varroc.com. Key information about the AGM is reproduced below for ready reference:

Cut-off date for e-voting	Wednesday, September 6, 2023
Commencement of Remote e-voting	9:00 a.m. (IST) on Saturday, September 9, 2023
Conclusion of Remote e-voting	5:00 p.m. (IST) on Tuesday, September 12, 2023
E-voting during AGM	From commencement of the AGM till conclusion of the AGM
Businesses to be transacted by voting through electronic means	Kindly refer the Notice of AGM

Yours faithfully,
For Varroc Engineering Limited

Ajay Kumar Sharma
Digitally signed by Ajay Kumar Sharma
Date: 2023.08.22 22:05:47 +05'30'

Ajay Sharma
Group General Counsel and Company Secretary

Encl: a/a

Going Sustainable. Growing Bigger.

Annual Report 2023

varroc
EXCELLENCE

About

Varroc

Varroc is a global Tier-1 automotive component company, that manufactures and supplies electrical-electronic, polymer, metallic, exterior lighting and advanced safety systems to leading OEMs, with end-to-end capabilities across design, development and manufacturing, offering, progressive technologies to our customers across the globe helping engineer a safer, smarter & sustainable tomorrow.

Highlights of FY2023

Consolidated Financial Performance of Continued Operations

₹68,631MN
Revenue from operations

17.4%
Revenue YoY Growth

₹5,986MN
EBITDA

8.7%
EBITDA Margin

53.8%
EBITDA YoY growth

₹10,042MN
Net Worth

Innovation and Sustainability

7
Technical Centers

500+
R&D Engineers

90+
Patents

24 MN units
from Renewable Sources

55000+
plant plantations

~ 90%
of waste recycled

Note: EBITDA = Revenue+Govt. Incentives+Premium buy-Raw Material Cost-Employee Expenses-Other Expenses

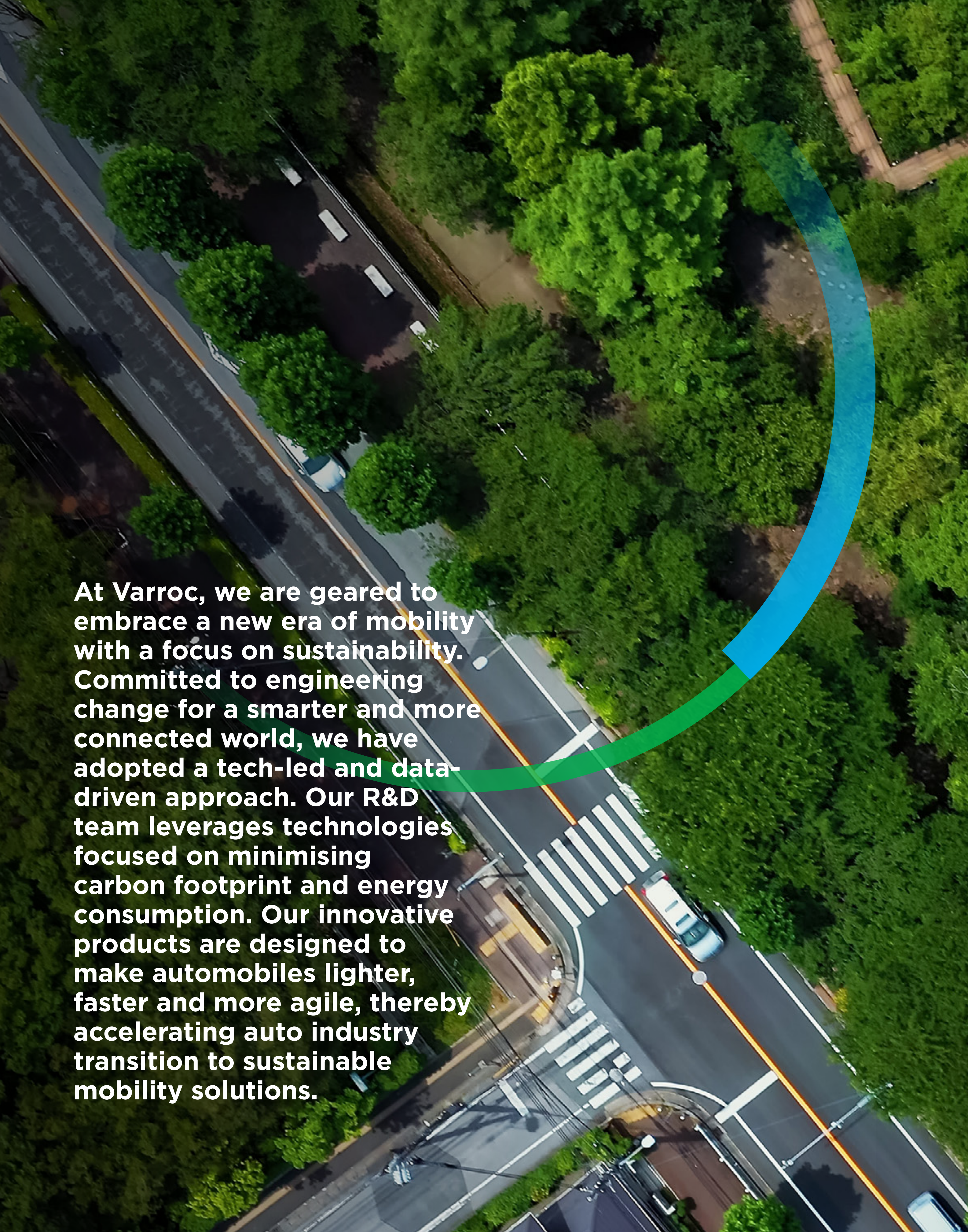
What's Inside

COMPANY OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

NOTICE



At Varroc, we are geared to embrace a new era of mobility with a focus on sustainability. Committed to engineering change for a smarter and more connected world, we have adopted a tech-led and data-driven approach. Our R&D team leverages technologies focused on minimising carbon footprint and energy consumption. Our innovative products are designed to make automobiles lighter, faster and more agile, thereby accelerating auto industry transition to sustainable mobility solutions.

Over the years, we have continued to evolve our expansive product portfolio, covering various domains such as electrical, polymer, metallic components and lighting, among others. Associated with the leading Original Equipment Manufacturers (OEMs) worldwide, we understand the end-user needs of our clients. Additionally, we invest prudently in R&D and harness best-in-class technologies to deliver quality products with precision.

At Varroc, we believe that embedding sustainability in all that we do is the best growth strategy. This is the reason our vision for sustainability extends beyond short-term measures. We aim for long-term growth that considers both environmental and societal factors. With the automotive industry transitioning towards electrification, leading OEMs are exploring this space for increasingly innovative solutions. What this means to us at Varroc is a massive opportunity to create a bigger impact. We see ourselves at the forefront of this tech-enabled change aimed at furthering sustainability for the business as well as the environment.

Our aspiration for the future is one of collaboration and collective growth. We believe that by working together with partners, clients and stakeholders, we can achieve sustained success and make a positive impact on the world. Our objective is not just to grow bigger as a company, but also to go sustainable, contributing to a cleaner, greener and more connected world.

Varroc at **a Glance**

ABOUT US

Varroc is a renowned global auto technology company dedicated to delivering exceptional solutions across various domains. With a diverse product portfolio, we specialise in electrical, electronics, lighting, polymer, metallic, after-market and advanced safety solutions.

Our commitment to innovation and excellence drives us to constantly push the boundaries of what is possible to not only meet industry benchmarks but go beyond. As a trusted industry leader, we strive to meet the evolving needs of our customers by leveraging our deep domain expertise and cutting-edge technologies. Whether designing efficient electrical systems, developing advanced safety features, creating visually striking lighting solutions, or providing high-quality aftermarket components, we are committed to delivering top-notch products and services.

VISION

Create safe, smart and sustainable future mobility solutions for everyone.

QUICK LOOK AT OUR NUMBERS

8
Countries

6,500+
Employees

90+
Patents

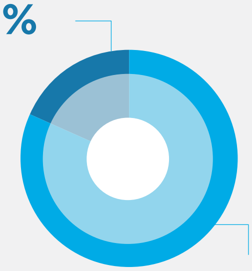
36
Operating manufacturing facilities

7
Technical centres

842
Revenue (USD in million)

Revenue contribution by region

18.3%
Global



81.7%
India

Note : Does not include revenue from Joint venture

OUR BUSINESS UNITS

INDIA

Polymer

This vertical focuses on lightweight and polymer innovation for 2W, 3W, PV and CV.

13
Facilities in India

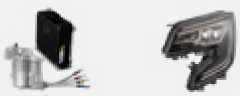
After Market Division

It provides electrical and electronics, lighting, metal forging and casting, engine parts, and consumables.

State of the art
120 thousand sq. ft. warehouse

2000 SKUs of 26 product lines

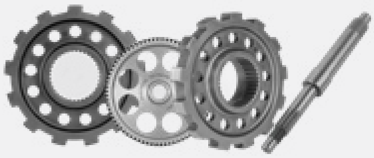
700+
Distributors across 28+ countries



Electrical-Electronic and Lighting

We provide wide solutions in electrical electronics components, lighting and smart e-mobility for 2W, 3W and 4W OEMs.

10
Facilities in India



Metallic

We offer a diverse product line in Valves, Transmission, Engine Parts and Heavy Forging.

5
Facilities in India

2
Facilities in Italy

GLOBAL 4W ELECTRONICS AND LIGHTING

Lighting

We are a global supplier of outdoor lighting systems to OEMs of 2W and 4W PV modules. We have research and development centres in the Czech Republic, Italy, China and Vietnam.

2
Manufacturing facilities in China

3
Manufacturing facilities in Italy, Romania, Vietnam

Electronics

We specialise in ADAS, Driver Monitoring Systems, Surround View Systems, Telematics and other 4W electronics product lines. Our R&D centres are strategically located in Poland, Germany, and India. Manufacturing facility in Romania.

1
Manufacturing facility in Romania

Looking back as
we move forward

1990

We launched our Polymer Business

1996

We went into partnership with Scarpa to Manufacture Durovalves

2005

We collaborated with Umicore tor 2W and 3W Catalytic Converters in India

2019

We acquired 74% stake in CarIQ, a leading Telematics solution provider

2021

We signed an MoU with Candera GmbH to integrate HMI (Human Machine Interface) technology in TFT Instrument Clusters for Automotive applications

2022

- Divested 4W lightning operations in EU and America
- We began localised production of 2W EV components in India
- We extended our product portfolio to ADAS, Driver Monitoring Systems and Video Telematics.
- We received first business award for AUTOSAR compliant Light Control Unit in China

2007

We acquired Forging company, IMES, Italy

2011

We acquired Tri.o.m (Italy), for 2W Lighting

2012

We acquired Visteon's global PV lighting business (now VLS)

2014

- Our PE Investments was done by Omega our technical collaboration with Heraeus, TC Holdings and Tata Capital
- We acquired 50% in Varroc TYC Corporation (China)

2017

- We acquired 90% stake in auto accessories manufacturer Team Concepts (India)
- We went into joint venture with Dell'Orto for Electronic Fuel-Injection Technology for 2W in India
- Our technical collaboration is done with Heraeus, Germany for 2W Catalytic Converters in India

2018

Varroc Engineering Limited got listed on the Indian Stock exchanges (BSE & NSE)

Accentuating innovation **across borders**

We have established an extensive geographical presence, fortifying our position as a global leader in the automotive industry. Our robust global footprint enables us to effectively serve our customers in diverse markets and cater to the specific needs and requirements of each region.

EUROPE

Romania
Poland
Italy
Germany
Czech Republic

ASIA

India
China
Vietnam
Japan

SEGMENTS

2-WHEELER

3-WHEELER

PASSENGER VEHICLE

COMMERCIAL VEHICLE

OFF HIGHWAY VEHICLE

FARM VEHICLE


GERMANY
— Dortmund
POLAND
— Krakow
ROMANIA
— Timisoara
— Targu Mures
CHINA
— Changzhou (VTYC)
— Chongqing (VTYC)
JAPAN
— Tokyo
VIETNAM
— Hanoi
INDIA
— Aurangabad
— Pune
— Chennai
— Pantnagar
— Indore
— Ahmedabad
— Binola
— Greater Noida
— Kolar
— Bengaluru
— Halol
ITALY
— Cambiano
— Sumirago

Innovative offerings

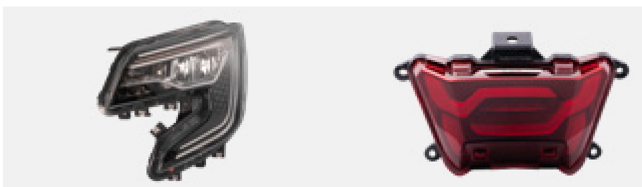
ELECTRICAL AND ELECTRONICS (INCLUDING LIGHTING)

Traction motor & controller

EFI & ECU

Digital instrument cluster

Telematics Control Unit



4W & 2W Lighting

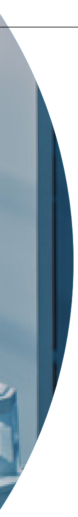
POLYMER

Air filter

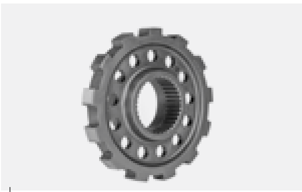
Assemblies mirror

Door trims

Central console



METALLIC



Transmission gears

Valves

Connecting rod

Sun and planetary gears

GLOBAL 2W LIGHTING, ELECTRONICS IN ROMANIA & 4W LIGHTING IN CHINA JV

Smart LCU

VCAM

Lighting

Lighting

Message from the Chairman and Managing Director

Making bold strides in innovation and stringent capital allocation

Varroc is future ready and well positioned to address the technological shift due to change in customer requirement, new trends and government regulations.

Dear Shareholders,

It has always been a pleasure for me to share my thoughts with you at the culmination of an exciting and productive year. The last couple of years have been challenging and uncertain. While we remain optimistic about better prospects, I hope all of you and your loved ones are safe and well. This comprehensive report not only reflects our efforts to make the company more sustainable throughout the year, but also outlines our approach for “Going Sustainable, Growing Bigger” for the years to come.

ANALYSING THE MACRO-ECONOMIC ENVIRONMENT

In my last letter, I spoke at length about the VUCA environment, a world characterised by Volatility, Uncertainty, Complexity and Ambiguity. Reflecting on the year gone by, it is evident that we have continued to navigate this VUCA environment, attempting various strategies to steer our businesses with varying degrees of success. The interplay of geopolitical events and the posturing of global economic and military powers have substantially influenced our decision making, prompting most of us to become more nimble and agile.

The world, which has long acknowledged India as a crucial market, is now beginning to accept that we have a larger role to play in determining the world order. Today India is occupying a key position in the world. As per recent report by world bank where they have emphasized that India is one of the fastest growing economies of the world and is poised to continue on this path, with aspirations to reach high middle-income status by 2047, the centenary of Indian independence.

INDUSTRY SNAPSHOT

If we talk about the automotive sector, it is undergoing an unprecedented transformation that will undoubtedly have a far-reaching impact on both the industry and its users. Across the world, several countries are pursuing zero-emission targets, resulting in the greener, safer and lighter vehicles. Governments have set specific timelines to phase out internal combustion engine vehicles and the demand for zero-emission vehicles is being fuelled by renewable energy sources, government policies, subsidies and tax rebates. Advanced engineering in making vehicle autonomous is resulting in electronic content increase in the vehicles. These trends, along with supply chain constraints and the ongoing war in Ukraine, pose challenges as well as opportunity to the global automotive industry.

There is a change in consumer preferences towards greener & safer vehicles. In stable economies such as the U.S.A., Europe and Japan, factors such as inflation are driving the demand for clean and energy-efficient vehicles. However, in dynamic markets, including China and recently India, factors such as rapid urbanisation and the rise of a young and influential middle class in the workforce have led to a shift in preferences towards sporty SUVs rather than passenger cars. Additionally, two-wheelers, which are primarily associated with leisure and sporting activities in advanced economies, continue to dominate as the primary mode of transportation in India.

Notwithstanding transient challenges, companies that have invested in extensive product development capabilities and state-of-the-art manufacturing systems will clearly emerge as winners in an industry that is rapidly consolidating and unfolding new opportunities.

LOOKING BACK ON THE YEAR GONE BY

Despite the challenging global environment, we completed the transaction of divesting our 4 wheeler lighting business in Europe and America which we started a year before. Moreover, the remaining business outside India is getting integrated with the Indian Business under our "One Varroc" principle.

During the fiscal year under review, we improved our financial performance. This reflects our ability to outperform the market and showcase our efforts to continue to demonstrate resilient performance amid global headwinds going ahead.

Our revenue from continued operations has grown by 17.4%, standing at ₹68,631 million in FY23. Our EBITDA stood at ₹5,986 million, up from ₹3,892 million in FY22. I would like to share that one of the key indicators of our operational success is the improvement in our EBITDA margin, which was 8.7% during FY23, marking a substantial increase of 210 basis points compared to last year. Our PAT was ₹388 million in FY23, as against a loss of ₹783 million in FY22.

Our robust performance and financial stability have been recognised by India Ratings and Research. They rated us with IND A+ rating with a stable outlook. This external validation further instils confidence in our stakeholders and reflects our sound business practices and financial management. In addition, our efforts to bolster our R&D capabilities are bearing fruit. We filed 15 patents from the Group during FY23.

We also commercialized products developed by our R&D like EFI for ICE vehicles and various products like traction motors, traction controllers, TCU, DC-DC convertor etc for EV vehicles. New order win have been very strong in FY 2023 and we won business from 7 prominent EV customers. All of this will help us to grow better than the Industry in coming years.

MAKING SUSTAINABILITY OUR PRIORITY

Sustainability lies at the heart of Varroc's ethos. For us, integrating sustainability into our operations is not just an ethical imperative but a strategic necessity. Our dedication to sustainability enables us to create value for our stakeholders, enhance our competitiveness, and build a resilient future for Varroc and the communities we serve.

During the fiscal year, we formalised our ESG & Sustainability framework. At Varroc, our ESG & Sustainability vision is to co-create a sustainable value for our stakeholders through innovative research, engineering & manufacturing of environmentally sustainable products for mobility sector through environment friendly operations aligning with our corporate vision to 'Create safe, smart, and sustainable future mobility solutions for everyone'.

Currently nearly 13% of our energy sourcing is coming from renewable source which we are looking to more than double this year. Simultaneously, the company completed various projects on energy conservations which resulted in more than 5 lakhs KWh of saving. Nearly 90% of waste is recycled in our Organization with zero liquid discharge initiatives. We planted more than 55,000/- trees. Our strong occupational health & safety management system with zero accident goal enabled us to sustain zero life loss operations historically.

Our ESG endeavours are positioned on six strategic ESG Pillars i.e. Sustainable Products, Sustainable Operations, Employee Growth & Diversity, Sustainable Supply Chain, Community Development through employee engagement and Governance & Sustainable Growth.

WAY FORWARD

Varroc is future ready and well positioned to address the technological shift due to change in customer requirements, new trends and government regulation.

As one of the leading automotive suppliers, we are constantly evolving and developing futuristic products that position us at the forefront of the automotive sector's transformation. The automotive industry relies substantially on research and development. In the upcoming years, as the auto ancillary companies becomes increasingly attuned to global technological trends, we will continue to invest in our core competencies, build effective supply chains and world-class manufacturing systems and sharpen our technological and management capabilities. This will not only help us stay ahead of the technology curve, but also lead to our long-term growth and development.

Moreover, we will focus on profitable revenue growth driven by sustainable improvement in contribution margin, controlling the cost and higher utilisation of the capacity. Free cash flow generation and prudent redeployment of capital to ensure compounding of value is where the organisation is putting all its efforts. Our endeavour remains strengthening our customer relationships, as this will position us as a reliable systems supplier for leading two wheelers, commercial and passenger vehicle manufacturers.

On a concluding note, I would like to take this opportunity to extend my sincere gratitude to all our esteemed shareholders and partners for the trust they have reposed on us. It is their cooperation that has pushed us to raise the bar for ourselves while doing what we do best. I am looking forward to an exciting year ahead.

Warm regards,

Tarang Jain
Chairman and Managing Director

Message from the

Group Chief Financial Officer

Our aim is to create a very good compounding story for the investors through a combination of growth, internal efficiency, FCF generation and prudent capital deployment.

Dear Shareholders,

Our Company had to face lot of turbulence during the last three years due to multiple waves of pandemic, chips shortages, geo-political and associated economic challenges. However, management took some bold decisions at the right time and exited the 4-wheeler lighting business in Europe and America to stem the losses. Though the cash inflow from this divestment was much lower than the initial expectations, it enabled our Company to prevent further deterioration in its financial health.

During the fiscal year 2022-23, our ongoing operations registered a revenue of ₹68,631 million with an impressive 17.4% growth as compared to the previous year. Our EBITDA surged to ₹5,986 million (or 8.7%) from ₹3,892 million (or 6.6%) in FY 2021-22 and PAT was at ₹388 million in comparison to a loss of ₹783 million in FY 2021-22.

As the GCFO, I see tremendous opportunity for value creation in the coming years as we continue to focus more on revenue growth and internal efficiencies. I would like to present an overview of how we would like to embark on this journey towards improved financial performance and value creation. We have already made free cashflow (FCF) as the cornerstone of our performance measurement across businesses. We understand that it is the consistent growth in free cash flows which drives growth in shareholder value.

Our approach is to reap the benefits of operating leverage at every stage so that the growth in profits is higher than growth in revenue as depicted below:

Revenue Growth	• Growing faster than market primarily through content growth
Contribution margin to grow faster than revenue growth	• Supply chain cost reductions and internal efficiencies
EBITDA to grow faster than Contribution Margin	• Tighter control on or reduction in cash fixed costs
PBT to grow faster than EBITDA	• Debt reduction and prudent capex spending

For the next couple of years, our objective is to drive improvements so that operating leverage works at each level to make our bottom-line grow much faster than the topline through the multiplier effect.

We are redefining our business model in such a way that the revenue growth is accompanied by a strong return on incremental invested capital (ROIIC). We are also going to work on various opportunities to improve our contribution margins through cost reductions in existing operations in areas like sourcing, energy, logistics and other elements of conversion costs. We currently source about 13% of energy from renewable sources. We intend to take it to more than 50% in the coming years.

We will also be exploring structural changes to optimize our fixed costs and reduce the break-even levels across businesses.

As most of our production facilities have significant levels of free capacity, we are expecting that the capex spending in the near-term is going to be significantly less than depreciation. With enough opportunities to drive working capital efficiencies, we are expecting our FCF to grow faster than profits.

Our current net debt levels are at 2.1x of consolidated EBITDA and our aim is to reduce it to 1x of EBITDA in the coming years with the help of strong FCF generation. With interest cost currently taking up to 3% of revenue, we see significant opportunity to improve our profits through debt reduction.

In addition, we will also be working on strengthening internal processes and structure to make the organization nimbler. Obviously, all these efforts require quality human resources at various levels in the organization. We are currently recruiting experienced and high-quality human resources in various functions.

We will also be exploring inorganic opportunities in the coming years once our balance sheet is strengthened and the internal efficiencies and process improvements are realized.

In short, our aim is to create a very good compounding story for the investors through a combination of growth, internal efficiencies, FCF generation and prudent capital deployment.

I am cautiously optimistic about the future as we have many opportunities than challenges. The execution of our strategy will take time and we may see some ups and downs in the coming quarters. But we are clear about the path for the long-term and our management team will leave no stone unturned towards flawless execution.

In closing, I would like to thank all the internal and external stakeholders for their confidence in us during the tough times and look forward to their continued support. I also extend my appreciation to our personnel for their dedication and hard work.

Best regards,

K. MAHENDRA KUMAR

GROUP CHIEF FINANCIAL OFFICER

Ways we create
sustainable value

OUR PHILOSOPHY

VISION

Create safe, smart, and sustainable future mobility solutions for everyone.

MISSION

Be the trendsetter in delivering highest value for money mobility solutions

- Extend India Market leader position in 2W mobility, lighting, and driver assistance to the world
- Double profitable growth by 2030 achieved through business excellence
- Be the Partner of Choice for our valued customers through superior customer experience
- Empower and enable all teams committed to speed, excellence, and our values to achieve exceptional success

Continue to be a trusted Indian family-owned enterprise focused on societal and environmental sustainability.

OUR CORE VALUES

Integrity Sincerity Humility

Self-Discipline Passion

INPUT

FINANCIAL CAPITAL

₹10,042 MN
Net worth

₹12,779 MN
Net debt

MANUFACTURED CAPITAL

36
Manufacturing facilities

HUMAN CAPITAL

6,500+
Employees

Focused
on gender diversity

INTELLECTUAL CAPITAL

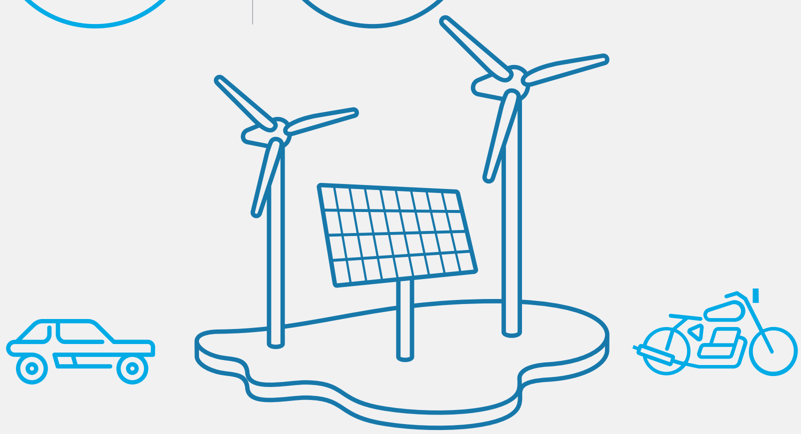
07
Technical Centres

SOCIAL CAPITAL

₹30.1 MN
CSR expenditure

NATURAL CAPITAL

Solar and Wind
Powered Plants



PROCESS

Indian business

Global business

OUR PRODUCT SEGMENTS

- Lightning
- Polymer
- Electrical and electronics
- Metallic

STAKEHOLDER ENGAGEMENT

Customers

Employees

Communities

Stakeholders

OUTPUT

FINANCIAL CAPITAL

₹68,631 MN
Revenue

₹5,986 MN
EBITDA

MANUFACTURED CAPITAL

India Ratings & Research assigned IND A+ with stable outlook

HUMAN CAPITAL

890+
Women employees

INTELLECTUAL CAPITAL

90+
Patents filed in FY23

SOCIAL CAPITAL

270+
Students enrolled in the Varroc academy

NATURAL CAPITAL

24 MN
Units Renewable energy generated

SDG

Strengths that
set us apart

STRONG COMPETITIVE EDGE IN A GROWING MARKET SEGMENT

We are a leading technology supplier to the market for two-wheelers and a prominent supplier of exterior lighting polymer solution to passenger cars. Our emergence as a system supplier in telematics and interior systems for the 4W market, including Advanced Driver Assistance Systems (ADAS), has enabled us to expand our reach and capture new opportunities in the dynamic automotive industry. By leveraging technological advancements and continuously investing in research and development, we are well-equipped to meet the demands of an increasingly connected and autonomous vehicle landscape.

Our inhouse product development for electric vehicle (for 2W & 3W) gives us edge on growing market.

ENDURING CUSTOMER RELATIONSHIPS

We have established long-term partnerships with OEMs in high-end and mass-market segments, focusing on quality, reliability, and customer satisfaction. Our innovative solutions have made us a preferred technology supplier for automotive manufacturers worldwide. Our ability to understand and meet the evolving needs of our customers sets us apart, enabling us to provide tailored solutions that drive their success.

COMPREHENSIVE SOLUTIONS PROVIDER

As a comprehensive solution provider, we offer end-to-end services across design, development and delivery. Our capabilities encompass a wide range of products, including Powertrain, Electrical and Body parts, allowing us to cater to diverse customer requirements. From concept ideation to final product realisation, we leverage our expertise in engineering and manufacturing to deliver innovative and reliable solutions. Our comprehensive approach enables us to seamlessly integrate our offerings, providing customers with a one-stop solution for their automotive component needs. Cross-selling products further enhances our value proposition.

LOW-COST MANUFACTURING FOOTPRINT

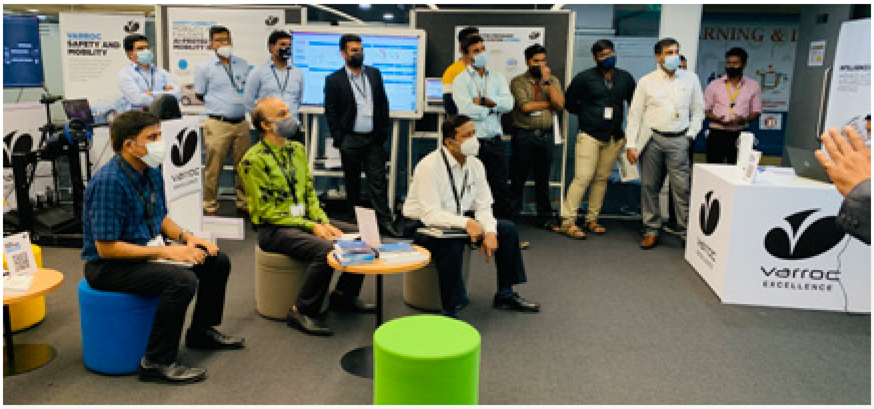
Our low-cost manufacturing footprint spans the globe, providing cost-effective solutions to customers. With a pan-India presence, we efficiently communicate, reduce lead times and improve logistics. Our strategic Asian footprint extends to countries, such as China and Vietnam, tapping into their manufacturing expertise and cost advantages. This enables us to leverage the benefits of these regions while maintaining high-quality standards. Additionally, our presence in Europe, especially in Romania and Italy strengthens our global reach and competitiveness in the European market. Presence in China and Vietnam to meet the need of there region.

CONSISTENT FOCUS ON R&D CAPABILITIES, ENHANCING PORTFOLIO

Our success relies on continuous research and development (R&D) capabilities, focusing on cutting-edge, cost-competitive products that raises the bar for innovation. We are always on the lookout for what is next and stay abreast of global trends. This enables us to ensure that our solutions align with industry needs. We recognise the significance of key trends such as safety digitalisation, electrification and increased electronics usage. With a team of experts in automotive technology, we are poised to capitalise on these opportunities, by delivering intelligent solutions to our growing clientele.

Growing bigger with
our customers

Our customer engagement stands as a cornerstone of our business philosophy. We recognize that fostering meaningful connections with our valued customers is not only pivotal to our success but also essential in delivering products and experiences that truly resonate. With a steadfast commitment to open communication, innovation, and personalized solutions, we strive to create a dynamic environment where customers are not just partners but integral members of the extended Varroc Community.




H-SERIES
INNOLINE

Risk
management

RISK	MARKET RISK	SUPPLY CHAIN RISK	FINANCIAL RISK	INFORMATION TECHNOLOGY RISK
DESCRIPTION	The demand for the Company's products could be impacted by modifications to the automobile industry, consumer preferences or monetary conditions.	Supply chain risks include exposures, threats, and vulnerabilities associated with the products and services traversing the supply chain. Risk associated with single source and sourcing from abroad.	Economic volatility, inflation, rising interest rates and the liquidity crisis have all had a negative impact on the Company's financial assets.	As technology becomes more and more essential to our business, it is crucial to utilise it properly for better productivity.
MITIGATION	We focus on enhancing opportunities of customer engagement based on new and emerging technologies in order to ensure visibility on way forward. To enhance tool development competencies, we benchmark with industry competitions. To address the need to understand technological advancements by visiting international conferences/ exhibitions. To constitute a process for benchmarking competition products and products available Internationally and most importantly define Varroc proposed processes.	To reduce dependence on single source from cost efficiency perspective on one hand we focus on adopting a multi-sourcing strategy for maintaining uninterrupted continuity of operations on the others. To enhance development of local alternatives for currently imported materials	We focus on improving cash flows and financial performance including: - • Focused reduction in debt levels, improvement in working capital by enhancing vendor credit period, • Improving customer realization and Reduction in inventories	We focus on optimum utilization of ERP SAP systems in order to facilitate information needs for business decision-making. To increase collaboration manufacturing Excellence and IT services in order to progress on IOT and other relevant automation technologies. Data collection and reporting to be done through IOT to facilitate more reliable information for analysis and further actions

CYBER AND DATA SECURITY RISK	HUMAN RESOURCE RISK	REGULATORY COMPLIANCE AND ESG RISK
Cyber threats can have an impact on the Company's operations by causing confidential information to be lost and harming its reputation.	We focus on devising a plan for attraction and retention of talent, by improving existing PMS system. Assess reasons for attrition in critical positions and take adequate measures to address the same. Defining clear career paths for high potential employees. Improve Diversity Hiring Implement Systems to cover the entire employee life cycle management process for better controls and monitoring process	The government is continually modifying its policies as a result of the shifting market conditions, which could have an impact on the internal policies of the organisation.
We strengthen IT security landscape for addressing threats of cyber-attacks. We focus on enhancing awareness of employees across the organization on topics related to IT security, usage, restrictions, etc. to reduce vulnerability led by inappropriate user behavior exposing the organization to the threat of cyber-attacks.	We focus on enhancing opportunities of customer engagement based on new and emerging technologies in order to ensure visibility on way forward. To enhance tool development competencies, we benchmark with industry competitions. To address the need to understand technological advancements by visiting international conferences/ exhibitions. To constitute a process for benchmarking competition products and products available Internationally and most importantly define Varroc proposed UVP.	We have a robust Compliance Management System (CMS) covering all existing/new statutes applicable to the Company. Ensure strict adherence through periodic reviews of compliances reported in CMS.

Board of directors

Tarang Jain
34+
Chairman & Managing Director
C C M M C

Gautam Khandelwal
36+
Independent Director
C C C M M

Marc Szulewicz
51+
Independent Director
M

Vijaya Sampath
41+
Independent Director
C M M

Years of experience

Ⓒ Chairperson

Ⓜ Member

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholder's Relationship Committee
- Corporate Social Responsibility Committee
- Finance Committee
- Risk Management Committee
- Environmental, Social and Governance (ESG) Steering Committee

Vinish Kathuria 26+

Independent Director

Tarun Tyagi 29+

Whole-time Director

Arjun Jain 11+

Director & Chief Executive Officer - Business Division-I

Dhruv Jain 4+

Director and Chief Executive Officer - Business Division-II

BOARD SNAPSHOT

50% Independent Directors

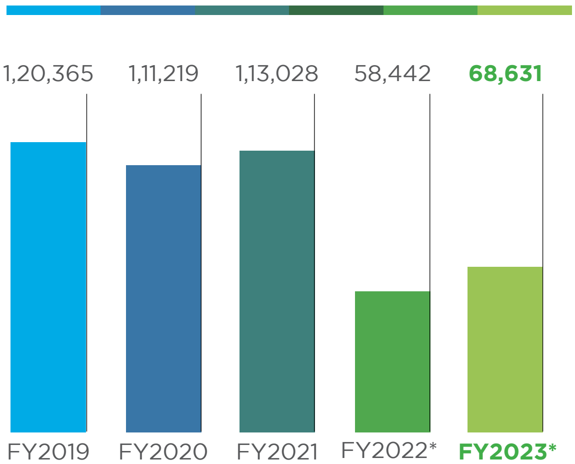
31+ years Average Experience of Board of directors

12.5% Women Directors

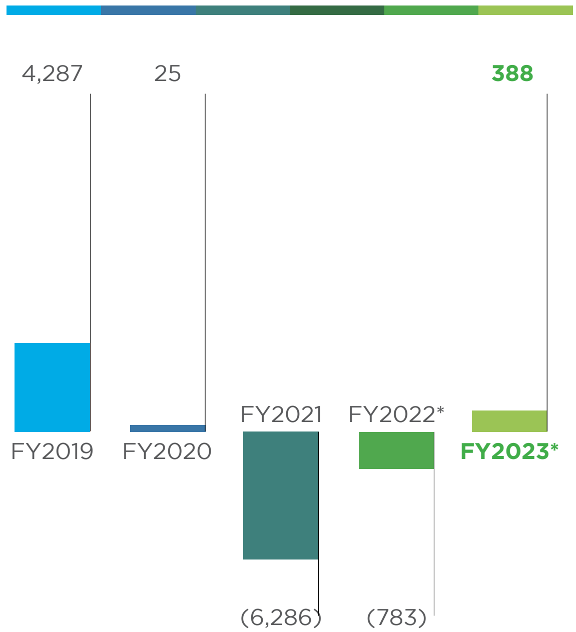
Improving
financial strength

PROFIT AND LOSS METRICS

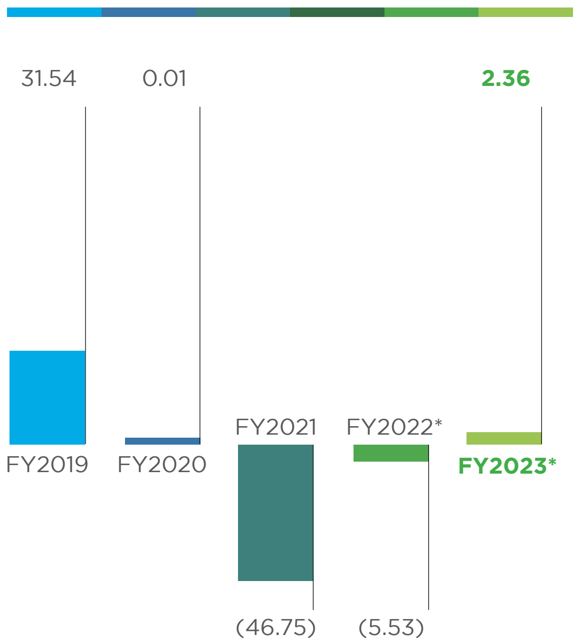
REVENUE
(₹ in million)



PAT
(₹ in million)

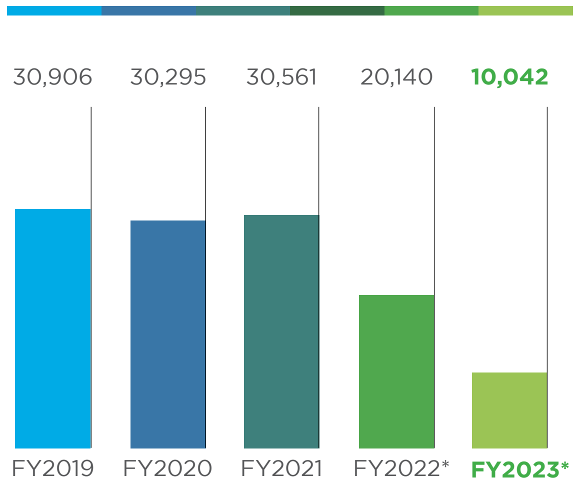


EPS
(₹)



BALANCE SHEET METRICS

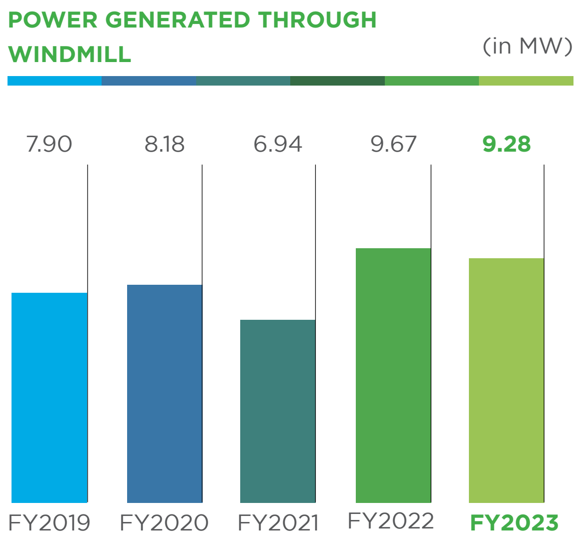
NETWORTH
(₹ in million)

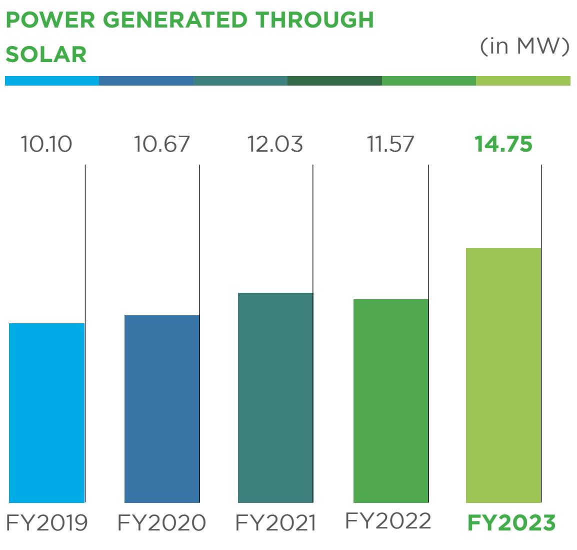


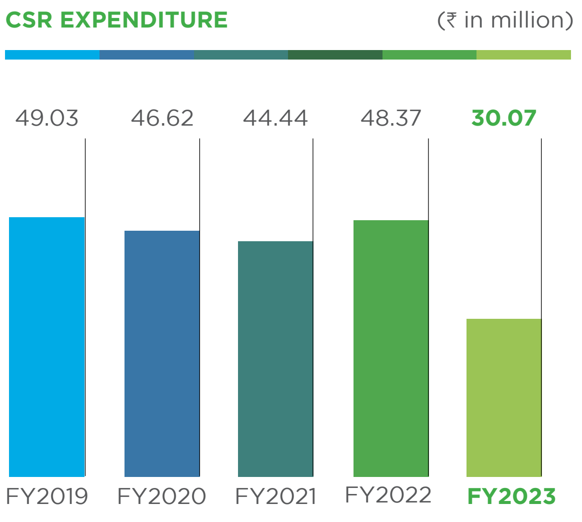
* Details for FY 2022 and FY 2023 represent continuing operations

Making us proud

Beyond Business







Varroc

focused ESG approach

At Varroc, our ESG & Sustainability vision is to co-create a sustainable value for our stakeholders through innovative research, engineering, & manufacturing of environmentally sustainable products for mobility sector through environment friendly operations aligning with our corporate vision to 'Create safe, smart, and sustainable future mobility solutions for everyone'.

Our objective is to reduce the environmental impact of our products and operations on the environment and make a positive impact on society & the communities where we operate. We strategically integrate the endeavour to achieve operational sustainability with societal development by leveraging our core competencies, resources, technology, and employee strengths through their participation. Our sustainability endeavours are relevant to local, national, and global contexts, keeping the environment, product end-users, employees, supply chain, and underprivileged communities as the focus and based on globally agreed sustainable development principles.

Our actions today will determine the quality of life for ourselves and the generations to come. In keeping with this, we strive to integrate sustainability in all that we do through resource efficiency, low-carbon products and compliance.

NGRBC PRINCIPLES:

P1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

P2

Businesses should provide goods and services in a manner that is sustainable and safe.

P3

Businesses should respect and promote the well-being of all employees, including those in their value chains.

P4

Businesses should respect the interests of and be responsive to all its stakeholders.

P5

Businesses should respect & promote Human rights.

P6

Businesses should respect and make efforts to protect and restore the environment.

P7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

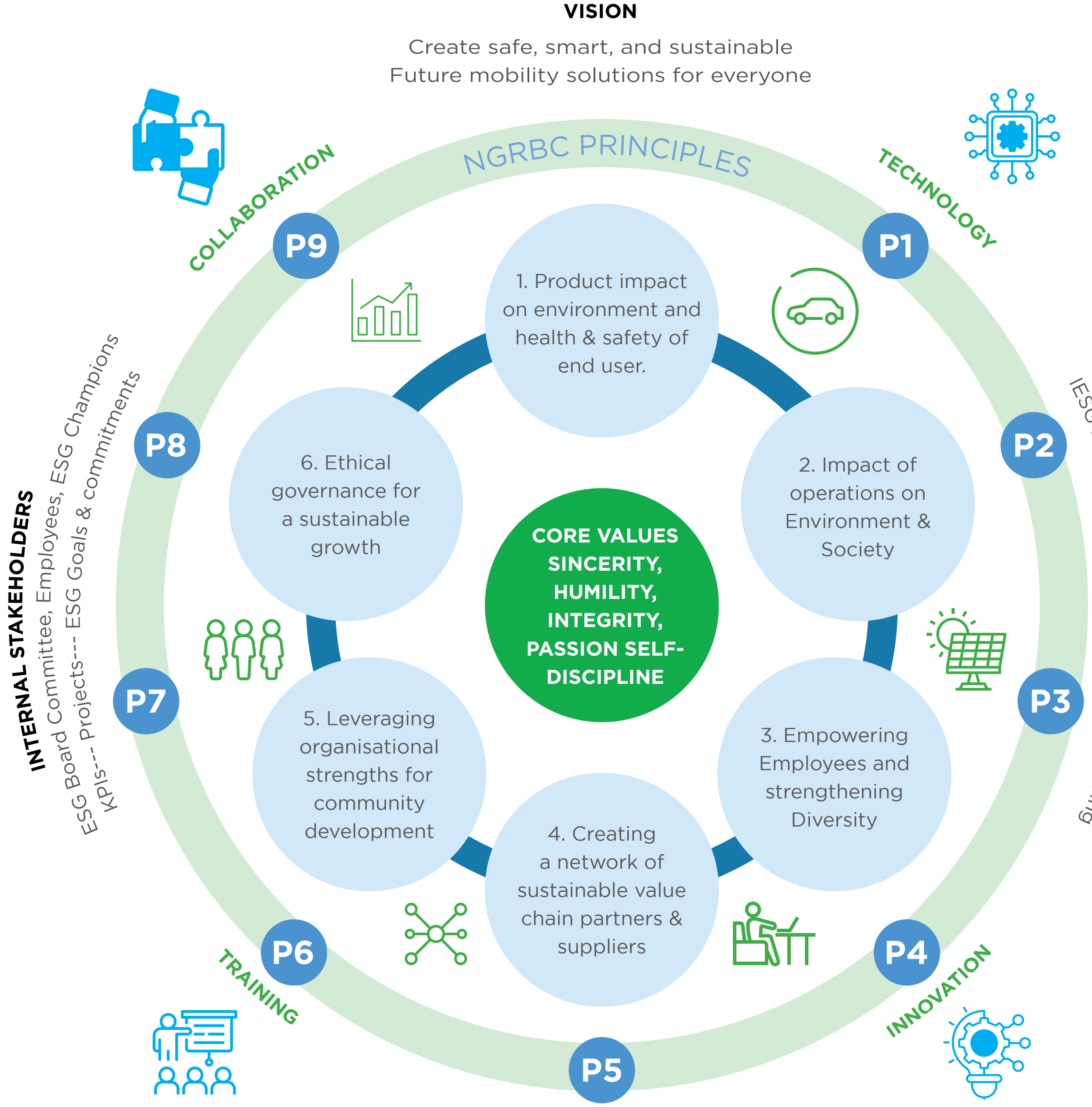
P8

Businesses should promote inclusive growth and equitable development.

P9

Businesses should engage with and provide value to their consumers in a responsible manner.

ESG STRATEGY



Our ESG strategy considers a comprehensive approach to integrate the Company's VMVs (Vision, Mission, and Values) with the ESG related regulatory requirements in the countries where we operate, customer expectations as part of global supply chain industry, national priority areas and global ESG & Sustainability trends. The ESG Excellence Wheel is a strategic model to explain the integration of multiple aspects considered under our ESG Strategy. The core of the ESG strategy form the Values (SHIPS) of our company, underpinning the way we do business. They are Sincerity, Humility, Integrity, Passion, and Self-Discipline. The values demonstrate our fundamental beliefs and approach.

ESG STANDARDS AND FRAMEWORKS

In alignment with our commitment to transparency and accountability, we have integrated three key global standards and frameworks into our strategy: Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals (SDGs). By aligning our efforts with these frameworks, we aim to enhance our sustainability disclosures, meet stakeholder expectations, and contribute to a sustainable future.

ESG GOVERNANCE & POLICY

The ESG related initiatives and projects are administered under a two-tiered governance structure consisting of ESG Steering Committee of the Board and three independent ESG Operational Councils on Environment, Social and Governance. A dedicated ESG cell within the Operational Excellence function manages the ESG implementation process. We have formulated our ESG Policy disclosing our commitment towards sustainable endeavours. Weblink: https://varroc.com/investors/corporate-governance

ESG GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

↓

ESG Steering Committee of the Board

↓ ↓ ↓

ESG Operational Council - Environment | **ESG Operational Council - Social** | **ESG Operational Council - Governance**

Organisational Functions

VARROC ESG PILLARS

Our ESG endeavours are positioned on six strategic ESG Pillars as mentioned below:

- Ethical Governance: We shall ensure ethical governance practices are implemented in the organisation for the sustainable growth of the Company.
- Sustainable Products: We shall ensure the minimum impact of our Products on the environment and the health & safety of end users through design innovations and the manufacturing of sustainable products by adopting the Design for Environment approach.
- Sustainable Operations: We shall ensure that our operations at the manufacturing plants are environmentally sustainable, meet all the necessary environmental norms and compliances, and have a minimum impact on the environment. We ensure to continue our efforts towards increasing the share of renewable energy into our operations therein reducing the GHG emissions, improving on energy conservation initiatives, increasing waste recycle percentage etc.
- Employee Growth & Diversity: We shall ensure that we provide employee growth opportunities through strengthening the employee's capabilities for future technological & business needs. We shall also ensure adequate diversity & inclusion and human rights measures are implemented in the Company.
- Sustainable Supply Chain: We shall ensure to create a network of sustainable value chain suppliers meeting the necessary environmental & social standards and regulatory compliances.

Community Development: We shall ensure that we leverage organizational strengths in terms of technical know-how and employee volunteer efforts for community development initiatives.

Effective governance for **sustainable growth**

We prioritize and uphold the principles of corporate governance as the cornerstone of our operations. With a steadfast commitment to transparency, accountability, and ethical practices, we ensure that every facet of our business is conducted with the highest standards of integrity. By fostering a culture of responsible decision-making and stakeholder engagement, we continually strive to enhance value for our shareholders, customers, employees, and the communities we serve. Our unwavering dedication to sound corporate governance reflects our drive to not only meet industry benchmarks but to exceed them, setting a benchmark of excellence in the global corporate landscape.

CODE OF CONDUCT

Our Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information is a testament to our commitment. Through this code, we establish a clear framework of procedures and practical guidelines that guide our actions and decisions. Our primary objective is to ensure consistent, transparent, and timely public disclosure of information. By adhering to these principles, we not only foster trust among our stakeholders but also maintain a level playing field for all investors.

WHISTLE BLOWER POLICY

Our Whistle Blower Policy is designed to ensure that every individual associated with Varroc, including employees, directors, and third-party stakeholders such as vendors, suppliers, contractors, dealers, and other external parties, has a platform to report instances of unethical behaviour, suspected fraud, or violations of our company's code of conduct and ethics policy. By encouraging open communication and providing a secure mechanism for reporting, we empower all stakeholders to play an active role in upholding our shared values and standards.

OUR BOARD COMMITTEE

We believe in the power of collaborative and informed decision-making, which is why our Board Committees play a pivotal role in shaping our strategic direction. Comprising accomplished experts and industry leaders, we collectively steer the company towards its goals with precision and foresight. With a shared commitment to transparency and diligence, we ensure that every aspect of our operations is aligned with the highest standards of corporate governance.

Audit committee

Stakeholder relationships committee

Nomination remuneration committee

Corporate social responsibility committee

Risk management committee

ESG steering committee

Net positive

Through CSR

KHAM RIVER ECO RESTORATION PROJECT

The rivers of India play a crucial role in the country's economy, culture, and daily life. They provide water for irrigation, transportation for goods and people, and are a source of hydropower. Additionally, the rivers hold religious and spiritual significance for many communities, with rituals and festivals often taking place along their banks.

As part of our endeavour to contribute to the UNSDG Goal 6, which aims to ensure availability and sustainable management of water and sanitation for all, , we implemented a comprehensive initiative that involved not only cleaning the river, but also beautifying the river through sapling plantation and stone pitching on the banks. The initiative also gained widespread media traction with over 100 news articles featuring it. This project aligns with our overarching goal of sustaining the ecological balance and protecting biodiversity.

The availability of water ponds and fishes has served as an excellent microhabitat for flora and faunal species (including birds) and the overall ecosystem has improved.

Over 3 lakh sq. metres
Area cleaned

59,810 sq. metres
Area greened

3,000
Saplings planted

6,000 metres
Length of banks pitched

10
Signages installed providing site specific information to visitors

RIVERFRONT DEVELOPMENT SPORTS PARK, BABUL GROVE AND GRAMPANI AREAS

At Varroc, we have undertaken various riverfront development initiatives that has transformed these areas into remarkable recreational spaces. Previously plagued by open sewage and litter, these areas have undergone a stellar transition, becoming a clean and green heaven for the community. With careful planning and meticulous execution, we have created natural environment with under-tree seating elements, lush plantations and well-defined walking pathways. Water bodies adorned with blooming lotuses add a touch of serenity and natural beauty.

In addition, we have incorporated numerous seating spaces throughout the area, providing ample opportunities for relaxation and enjoyment. Recognising the importance of fitness and well-being, we have also built an open gym. To cater to the younger generation, dedicated children’s play areas have been constructed, ensuring a safe and engaging space for them to have fun. These projects reflect our commitment to creating spaces that promote recreation, serenity and a sense of community.

We have transformed once neglected areas into vibrant and inviting spaces for people to enjoy and connect with nature.

AMAR SHAHEED UDYAN

We built a dedicated park with monuments to honour those soldiers from the region who have sacrificed their lives for the nation.

RIVERFRONT CITIZEN ENGAGEMENT

We conducted impactful campaigns and events with citizens, involving and inspiring them. Through radio campaigns and events, we engaged the community, garnering the attention and participation of over 3 lakh citizens.

One of our significant achievements was the extensive clean-up and restoration of the river thereby, revitalising its natural beauty. Additionally, we undertook an initiative for stone-pitching the river, further enhancing the river's aesthetics and ensuring its long-term stability.

In addition to our restoration endeavours, we also conducted various events to celebrate and foster a sense of unity within the community. Events such as the Kranti Diwas and Makar Sankranti were among our notable initiatives. These events provided platforms for citizens to come together, exchange ideas and celebrate the rich cultural heritage of our region.

67
events organised

over 3 lakh
citizens participated

KHAM FRESHWATER POND TREATMENT – 4 BIG PONDS WERE COVERED UNDER THIS INITIATIVE NAMELY

Aditya Talav

Surya Kund

Unnati Kund

Bhagwat Talav

RECOGNITIONS FOR OUR EFFORTS AT KHAM RIVER RESTORATION

We received appreciation NIUA at the DHARA summit organised by NIUA for our proactive contribution in Kham River restoration.

Aurangabad became the 3rd city in the country to have its own Urban River Management Plan (URMP).

GIVING BACK TO THE SOCIETY IN WAYS MORE THAN ONE

At Varroc, our commitment to sustainability permeates all organisational facets. We firmly believe that conducting our business ethically and responsibly, is not only an obligation, but also a strategic imperative. Harnessing cutting-edge technology, we integrate sustainability into our designs, production processes and supply chain management to create a positive impact on the environment and the communities in which we operate. As a future-ready organisation, we realise that sustainable practices are key to fostering business resilience.

Our commitment to sustainability extends beyond profitability. We engage in various Corporate Social Responsibility (CSR) initiatives, channelling our resources and expertise to address social and environmental challenges. Through these initiatives, we aim to make a lasting impact on the communities we serve, while promoting inclusive growth, education and empowerment.

VISION

To actively contribute to the social and economic development of the communities in which we operate

MISSION

To contribute to sustainable development and inclusive growth by investing responsibly, thereby reducing socio - economic inequalities among the underprivileged sections of the society

₹30.1 MN

CSR expenditure in FY 2022-23

SOLID WASTE MANAGEMENT

Proper solid waste management is imperative for safeguarding the environment, preserving public health, conserving valuable resources, enhancing aesthetics and fostering sustainable development. As a forward-thinking organisation, we, at Varroc, understand the importance of appropriate solid waste management and have implemented a comprehensive waste management system to address various aspects of waste control and environmental preservation. Through our initiatives, we aspire to lead by example and contribute to a cleaner and greener future.

ACTIVITY	WASTE-COLLECTION MANAGEMENT	MUNICIPAL STAFF TRAINED	GVP REMOVAL
OUR ACTION	We have integrated waste collection methods to ensure efficient and systematic waste disposal.	We have invested in training the municipal staff in proper solid waste management (SWM) practices, equipping them with the necessary knowledge and skills.	We have taken measures to remove the hazardous Gas, Vapour, Particulate (GVP) substances, commonly found in industrial waste.
SCALE OF THE IMPACT	**7,126+** households **35,000+** people	**1,054** personnel	**380 GVPs** closed and reduced

ORGANIC TREATMENT OF NAALA

In our ongoing pursuit of environmental sustainability, we are undertaking a project focused on the organic treatment of Naala. A successful pilot study has validated the concept, and we are currently developing a 24/7 infusion system for treatment, along with a Naala Monitoring Setup, to be implemented post-monsoon. The project aims to achieve several outcomes, including reduced fungal and algal growth, minimised foul odours, improved sewage flow for easier maintenance, decreased mosquito and insect infestation, reduced pollution load in the Kham River, and the utilisation of treated water for irrigation purposes. Through this initiative, we strive to create a cleaner, healthier, and more sustainable environment, demonstrating our commitment to positive change and a better future.

BRIDGE BARRICADING	AWARENESS GENERATION	PLASTIC TRAPPINGS	BOTRAM IMPLEMENTATION
To prevent indiscriminate solid waste dumping, bridge barricading has been put in place, effectively deterring such activities.	We raise awareness about waste management by organising events, effectively engaging the community and promoting responsible waste disposal habits.	As part of our commitment to environmental sustainability, we have also installed plastic trappings in nallas (drainage channels) to trap plastic waste and prevent its entry into water bodies.	The implementation of Biodegradable Organic Waste Treatment and Resource Management (BOTRAM) in various wards, covering a large population, ensures the effective management and sustainable treatment of biodegradable waste.
16 bridges barricaded **(1,120+ metres covered)**	**90+** events **5,790+** citizens engaged	**8** plastic traps	**47** wards **3.5 lakhs+** citizens

Promoting
sustainable livelihoods

VARROC ACADEMY

At Varroc, have collaborated with the Tata Institute of Social Sciences (TISS) to scale our corporate social responsibility (CSR) initiatives. Together, we have established the Learn and Earn Scheme at Varroc Academy, an initiative aimed at empowering individuals through education and skill development. Specifically, this programme focuses on the field of industrial tool manufacturing, offered under the course title ‘B. Voc. in Industrial Tool Manufacturing.’

The Bachelor of Vocation (B.Voc.) programme has gained recognition in various colleges as a highly sought-after, industry-integrated 3-year degree course. This unique curriculum offers students a blend of academic learning and practical, on-the-job training, enhancing their employability upon graduation. Students enrolled in this programme are provided with a monthly stipend, which covers their daily expenses, ensuring financial support throughout their educational journey. Moreover, these individuals receive comprehensive practical training, gaining relevant skills and knowledge for their careers. We are also ensure the safety and well-being of students, during their on-the-job training (OJT) at our plant.

HOLISTIC DEVELOPMENT

At Varroc Academy, we recognise the importance of holistic development. To foster personal growth and enhance professional skills, we conduct grooming workshops for students. These workshops focus on various aspects of personal development and include work-related activities such as Quality Week, Safety Week, Technical Expert Talks, and Trainees' Speeches on technical topics. These initiatives not only enhance their knowledge, but also instil a sense of confidence and competence in them.

Realising the significance of co-curricular activities, throughout the academic year, we celebrated key national events such as Independence Day, Teacher's Day, National Day and Dussehra. These celebrations provided students with an opportunity to showcase their talent, fostering a sense of unity and deepening their connection to our shared heritage.

TRAINING FOR THE FUTURE

In response to the MBU training requirement, we have developed customised training programmes for candidates from the Apprentices/ Trainees and Neem programmes. These initiatives were designed to meet the specific needs of aspiring supervisors and two batches have already been successfully completed. The unique nature of this programme has garnered appreciation from the MBU operation team.

Additionally, recognising the importance of behavioural training, we organised two training programmes on the topic of 'Positive Work Culture' for workmen. These programmes were conducted by Mrs. Sarika Dafal, Director of the Regional Centre of Dattopant Thengadi National Board for Workers Education and Development (DTNBWED), Nashik, which operates under the Ministry of Labor and Employment, Government of India.

100%
monthly attendance by our 152 students, in the fiscal year 2022-2023

33 workmen
from across MBU, EBU and PBU

Actively participated in behavioural training programmes organised by Varroc academy.

275 students
Enrolled under the Learn and Earn Scheme at Varroc Academy

ZERO
major accidents were recorded during the last year

HEALTH AND WELFARE

As Varroc, we realise the significance of investing in health and welfare as part of our CSR initiatives. This commitment is rooted in our core values and the desire to make a meaningful impact on our local communities and the society at large. By prioritising the holistic well-being of the underprivileged, we demonstrate our dedication to build stronger communities.

BLOOD DONATION CAMP

Celebrating our esteemed Chairman and Managing Director, Mr. Tarang Jain's birthday, we organised a 'Blood Donation Drive' on March 21, 2023, held across our corporate office, Plant VII (Valve and Forging), and R&D centre within our premises. Through the unwavering support of all involved, we made a remarkable contribution to a noble cause by giving the gift of life through blood donations, touching the lives of as many as 103 children.

This noble endeavour not only brought hope and relief to those in need but also fostered a profound sense of unity and compassion within our organisation. By uniting for the cause and participating in the blood donation camp, we demonstrated our collective commitment to creating a meaningful impact in society, reflecting the true spirit of benevolence and camaraderie at its best.

SPORTS

Sports participation has been associated with a range of positive developmental indicators, including improved self-esteem, emotional regulation, problem-solving abilities, goal attainment, social skills and academic performance.

Hence, we prioritise creating a space where underprivileged children can utilise their energy and passion through sports, diverting them from unhealthy practices as outlets for negative emotions. By engaging in sports, these children develop essential skills such as communication, problem-solving and self-discipline, learn the value of teamwork and develop sports ethics. By involving children in sports activities, we aim to promote their holistic development and provide them with opportunities for personal growth.

VARROC CRICKET ACADEMY

At Varroc, our commitment to corporate social responsibility (CSR) extends beyond the ordinary. In collaboration with veteran cricketer and former chairman of the national selection committee, Mr. Dilip Vengsarkar, we established the Varroc Cricket Academy in Thergaon, Pune, during the fiscal year 2007-08.

The Cricket Academy has been a hub for nurturing young talent, providing them with valuable opportunities to excel in the sport. Our U-16 team emerged victorious in the MCA Invitation Championship, showcasing their dedication and skills. We are also delighted to share that our U-12 team's outstanding performance resulted in remarkable victories at the Aniket Warty Tournament and the Kokate Trophy.

We are privileged to have Mr. Dilip Vengsarkar's invaluable guidance and expertise, which has contributed to the success of our young cricketers. To keep parents well-informed about our academy and its offerings, we regularly organise awareness sessions through parent meetings.

Further, we held a press conference for the Varroc Cricket Tournament on September 23, 2022, at the Rama International Hotel in Aurangabad. The tournament commenced on November 18, 2022, and featured matches in two categories: the 14th Varroc

Interschool Cricket Tournament and the 16th Varroc Industrial Cricket Tournament.

As a token of appreciation and encouragement, we awarded a cash prize of ₹1,21,000/- to the winning team and ₹85,000/- to the runner-up team in the Industrial Cricket category. Similarly, in the Interschool Cricket category, the winning team received a cash prize of ₹1,00,000/-, while the runner-up team received ₹70,000/-. Moreover, we recognised the outstanding performance of individuals by awarding them with two-wheelers as prizes for being the 'Man of the Series' in both categories.

The achievements of our teams fill us with immense pride, encouraging us to support the growth of cricket in our communities.

We remain dedicated to fostering talent, promoting sports and making a meaningful impact in the lives of aspiring athletes.

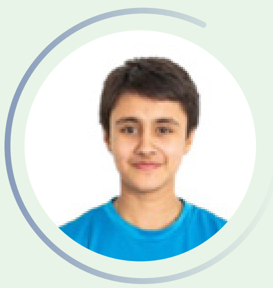
ABHINAV BINDRA FOUNDATION TRUST

We Varroc with Abhinav Bindra Foundation Trust, jointly contributed towards the objective of transforming the lives of athletes in India. Steadily we are bringing about a change in the Indian sporting ecosystem right from the grassroots. We have been able to ensure that athletes continue to receive the best high-performance training which helps greatly in fast-tracking their journey towards excellence. Propelled by the encouragement and support, the **3 athletes** sponsored by Varroc Engineering Ltd, have won a combined **14 medals** in **international tournaments** last year, including **5 gold medals**.

Abhinav Bindra Foundation Trust is a trust created for the purpose of working with the Indian Sporting Ecosystem, bringing Global Best practices through intervention, Education, and Social upliftment.

Primarily, Abhinav Bindra Foundation Trust support 3 Indian Athletes sponsored by Varroc - **Sadvi Dhuri (Swimmer)**, **Mansa Rawat (Badminton)**, and **Priya Kumar (Shooter)**. These athletes are training to represent India at various international competitions.

VARROC SPONSORED ATHLETE ACHIEVEMENTS



Mansa Rawat

Age: 15 | Badminton

Recent Competition:

4 Gold Medals and 2 Silver Medals at 20th Transform Uttarakhand State Badminton Championship 2022

Sadhvi Dhuri

Age: 21 | Swimming

Recent Competition:

3 Silver Medals At Khelo India University Games, 2022.

Management Discussion and Analysis

1. Economic overview

1.1. Global Economy overview

The world economy continues to be stressed on account of geopolitical tensions, the lingering effect of the COVID-19 pandemic and the Russia-Ukraine war. Although the global economy began to show signs of improvement in early 2023, recent banking sector volatility and high prices have clouded the long-term development outlook. The risks are somewhat tilted downwards due to high debt levels and geopolitical tensions.

The pandemic had barely receded when the war in Ukraine erupted in February 2022, causing prices of food, fuel, and fertilisers to soar. Inflation rates accelerated, prompting central banks in advanced countries to tighten monetary policies. Developing countries, especially in South Asia, faced economic stress as weaker currencies and rising import prices took its toll.

In the latter half of 2022, there was some relief for governments and households as commodity prices peaked and then declined. However, some commodities, such as crude oil prices, remained above pre-pandemic levels. For countries dependent on imports paid in dollars, a global slowdown led by the US offers relief as commodity prices, US interest rates and the value of dollar continues to recede.

As 2023 dawned, China opened its borders, reversing its Zero-Covid policy. A warm winter spared households from a significant increase in fuel prices, raising hopes that the Eurozone economies would narrowly avoid a recession. In the US, the headline inflation rate declined, with policy rates set to rise more slowly, and bond yields coming down. This led to faint hopes of the US avoiding a recession altogether, barring any unexpected financial system stress

With lower chances of a downturn in advanced economies and the resumption of economic activity, export-dependent developing economies

are expected to rebound. However, countries that heavily rely on importing essential commodities face some concern. Crude oil prices have begun to climb in anticipation of higher-than-earlier forecasted demand, and wage negotiations are leading to upward revisions on either side of the Atlantic.

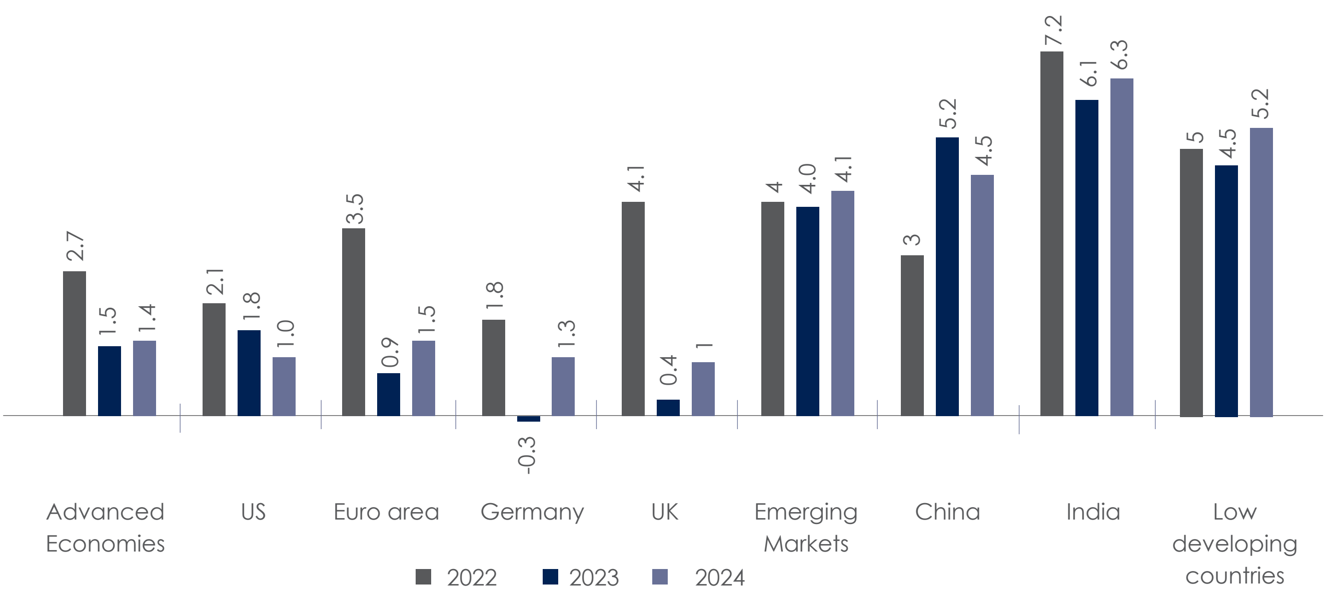
The economic downturn is primarily concentrated in advanced economies such as the Eurozone and the UK. China is bouncing back quickly after reopening its economy, and the supply chain disruptions are winding down. The world economy is expected to recover from the COVID-19 pandemic and Russia's conflict with Ukraine. The monetary policies of central banks are expected to be successful, leading to a decrease in global inflation. Many emerging market and developing economies, including India, are advancing rapidly, and growth rates are expected to increase significantly this year.

Despite the challenges posed by the pandemic and other geopolitical factors, there are signs of a gradual economic recovery. Emerging market and developing economies are leading the way with strong growth rates, and inflation is expected to decrease in the coming years.

Outlook

The International Monetary Fund's forecast suggests that global growth will decline from 3.5% in 2022 to 3.0% in 2023 before stabilizing at 3.0% until 2024. Advanced economies are expected to see a resurgence in growth in 2024, following a decline in 2022 and 2023. While the rate of global inflation is expected to decline from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024, the decline may be slower than initially anticipated. Despite this, there are positive indicators of a slow but steady recovery from the pandemic and supply-chain disruptions. China's recovery is particularly notable, and emerging markets and developing economies are also making strides in the right direction. The success of fiscal and monetary policy action to promote economic growth will be crucial in determining the economic trajectory. While central banks worldwide have been tightening monetary policy, it remains unclear whether these actions will be successful in reducing inflation and promoting sustainable growth. Fiscal measures will be crucial, particularly in supporting those impacted by the pandemic in their businesses and personal lives.[1]

World Economic Outlook Projections



(Source- IMF, World Economic Outlook, July 2023)

[1]https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023

1.2. Indian Economic Overview

Against a backdrop of global uncertainties, India maintained its positive trajectory and ranked among the fastest growing major economies in the world. The economy is expected to grow at 7.2% for the year ending March 2023, following an 9.1% growth in the previous financial year[2]. Consumer price rise has slowed considerably, with the annual inflation rate below 6%. Wholesale prices are rising at below 5%, and the export of goods and services is up 16% compared to the same period in 2021-22.

Despite high oil prices causing the merchandise trade deficit to balloon, concerns over the current account deficit and its financing have eased. Foreign exchange reserve levels are comfortable, and external debt is low. The Indian economy's fundamentals are sound as it enters its Amrit-Kaal, the 25-year journey towards its centenary as a modern, independent nation.

Outlook

Inflation in India is projected to be lower for FY24, in comparison to FY23, and it is expected to remain in the range of 5.0-6.0%. With a surge in demand for non-IT and IT services after the pandemic, India is anticipated to gain market share in these sectors. The self-reliant India programme, Aatmanirbhar Bharat, and the production-linked incentive (PLI) scheme is expected to support the country's economic growth by enhancing domestic production and the global competitiveness of Indian businesses. The country's macroeconomic stability, coupled with these initiatives, will create new job opportunities, fostering long-term economic growth.

2. Industry Overview

2.1. Global Automotive Industry[3]

Overview of Global Automotive Industry

The global automotive industry is a critical component of the world economy. In emerging markets such as China and India, the industry accounts for as much as 7% of GDP. In the 21st Century, four significant trends is impacting the industry:

- The shift towards alternative fuel vehicles.
- The rise of connected cars.
- Vehicles becoming more autonomous
- Shared Mobility

Outlook for Global Automotive Industry

The global market for automotive manufacturing is predicted to continue growing at a CAGR of 3.71% between 2020 and 2030[4]. The market is expected to consist of 122.83 million units by the end of the decade, representing a significant leap from 2020's 85.32 million units.

Challenges Facing Global Automotive Industry

The automotive manufacturing sector has been facing significant challenges, including the impact of the COVID-19 pandemic. Besides, the industry is witnessing a shift towards cleaner energy sources, which requires manufacturers to adapt their processes to produce specific components for electric vehicles. Manufacturers must also overcome technological and regulatory issues, such as autonomous driving, to continue their growth.

Future Directions of Automotive Manufacturing

Four disruptive trends in automotive manufacturing are expected to shape the industry over the next decade: diverse mobility, autonomous driving, electrification, and connectivity. The shift towards electric vehicles will continue, and manufacturers will likely make the shift to electric vehicle production in stages. Shared mobility is also predicted to gain popularity, with one out of ten cars sold in 2030 being put to use as a shared vehicle. Autonomous driving is expected to become more widespread by the end of the decade, with around 15% of all new cars sold being fully autonomous. However, the industry must overcome technological and regulatory issues to achieve this.

[2]https://pib.gov.in/PressReleseDetailm.aspx?PRID=1928682

[3]https://www.azom.com/article.aspx?ArticleID=22236

[4]https://www.researchandmarkets.com/reports/5447681/global-automotive-market-growth-and-forecast

2.2. Indian Automotive Industry

India's economic growth is strongly supported by the automobile sector. In December 2022, India's sales surpassed Japan and Germany, making it the third-largest automobile market globally. In 2021, India held the title of the world's largest manufacturer of two-wheelers and three-wheelers and was ranked the fourth-largest manufacturer of passenger cars. The sector is essential to the Indian economy, contributing 7.1% to the overall GDP and 49% to the manufacturing GDP. Furthermore, it generated 3.7 crore direct and indirect employment opportunities till the end of 2021.

To support the automotive industry, the government has taken various steps. From April 2000 to March 2022, the sector received $32.84 Bn in equity inflows from Foreign Direct Investment (FDI), which accounted for 6% of all FDI in equities during that time. India is the world's largest producer of two and three-wheelers, the second-largest manufacturer of buses, and the biggest producer of vehicles such as tractors.

Automobile Production Trends

(No. of units)

Category	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Passenger Vehicles	3,801,670	4,020,267	4,028,471	3,424,564	3,062,280	3,650,698	45,78,639
Commercial Vehicles	810,253	895,448	1,112,405	756,725	624,939	805,527	10,35,626
Three Wheelers	783,721	1022,181	1,268,833	1,132,982	614,613	758,088	8,55,696
Two Wheelers	19,933,739	23,154,838	24,499,777	21,032,927	18,349,941	17,714,856	1,94,59,009
Quadricycles	1,584	1,713	5,388	6,095	3,836	4,061	2,897
Grand Total	**25,330,967**	**29,094,447**	**30,914,874**	**26,353,293**	**22,655,609**	**22,933,230**	**2,59,31,867**

Automobile Domestic Sales Trends

(No. of units)

Category	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Passenger Vehicles	3,047,582	3,288,581	3,377,389	2,773,519	2,711,457	3,069,499	38,90,114
Commercial Vehicles	714,082	856,916	10,07,311	717,593	568,559	716,566	9,62,468
Three Wheelers	511,879	635,698	7,01,005	637,065	2,19,446	260,995	4,88,768
Two Wheelers	17,589,738	20,200,117	21,179,847	17,416,432	15,120,783	13,466,412	1,58,62,087
Quadricycles	0	0	627	942	-12	124	725
Grand Total	**21,863,281**	**24,981,312**	**26,266,179**	**21,545,551**	**18,620,233**	**17,513,596**	**2,12,04,162**

Outlook

With the world's transition to green energy, the automotive industry is expected to play a critical role in this shift. The Indian domestic electric vehicle (EV) market is projected to have a compound annual growth rate (CAGR) of 49% between 2022 and 2030 , with estimated annual sales of one crore units by 2030[5]. India ranks fifth in the global EV industry and is expected to climb to the third place by 2030, creating 5 crore direct and indirect employment opportunities. Currently, India's automotive industry is valued at approximately $222 Bn, and the EV market is expected to grow to $2 Bn by 2023 and $7.09 Bn by 2025. The automotive industry accounts for 8% of all national exports and 40% of the total global research and development spend.

2.3. Global Auto-Component Industry[6]

In recent years, the automotive industry has experienced significant changes due to technological advancements and shifting consumer preferences. Two major trends that are guiding the growth of the industry are the rising implementation of stringent vehicle emission regulations and the growing introduction of environmentally sustainable automobile products. Despite these challenges, the

[5]https://www.investindia.gov.in/team-india-blogs/electric-vehicle-ev-sector-india-boost-both-economy-and-environment

[6]https://www.expertmarketresearch.com/reports/auto-parts-manufacturing-market/toc

market is expected to witness healthy growth in the forecast period of 2023-2028. This growth is driven by factors such as the rising production and sale of vehicles, the digitisation of distribution systems, and technological advancements and innovations. The global auto parts manufacturing market reached a value of nearly USD 2265.9 billion in 2022, and is expected to grow at a CAGR of 3.2% during the forecast period of 2023-2028. The industry is projected to reach about USD 2737.28 billion by 2028, with a projected CAGR of 3.2% between 2023 and 2028.

2.4. Indian Auto component industry

The Indian auto component industry has witnessed significant growth in recent years, with the sector recording its highest-ever turnover of $6.5 billion in FY 2021-22, a 23% increase from the previous year. This growth can be attributed to the increasing presence of global automobile Original Equipment Manufacturers (OEMs) in India, which has led to a significant increase in the localization of components in the country.

The Indian automotive industry has attracted substantial foreign direct investment (FDI) over the years, with a total inflow of $34.1 billion during the period between April 2000 and December 2022. The industry is also expected to grow significantly, with the $46 billion auto components industry projected to reach $200 billion by 2026.

The export market for Indian auto components is also expected to grow significantly, with exports currently valued at $13.3 billion in FY21 and anticipated to reach $80 billion by 2026. The top export destinations for Indian auto components include the USA, Germany, UK, Thailand, and Italy.

The aftermarket segment, which includes tire, battery, and brake parts, is also expected to grow significantly, with the segment projected to reach $32 billion by 2026, up from $9.8 billion in FY20. In H1 FY23, the Indian auto components industry grew by 34.8% to ₹2.65 lakh crore. This growth is expected to continue, with the sector set to become the third-largest globally by 2025.

To further boost domestic manufacturing and attract investment in the automotive manufacturing value chain, the Union Cabinet announced the Production-Linked Incentive (PLI) Scheme in the Automobile and Auto Components sectors. The scheme proposes financial incentives of up to 18% for the manufacturing of advanced automotive technology products in India, and 95 applicants have been approved under this scheme.

Key Growth Drivers

- At least 90 of the top 100 auto-component suppliers have a presence in India, indicating the country's potential as a global sourcing hub.
- India has reduced its dependence on imports through localised production, making it an attractive option for companies looking to tap into the Indian market.
- India's cost advantage, with costs 10-25% lower than Europe and Latin America, further contributes to its growth.

Role in the Global Value Chain

- India allows 100% FDI through the automatic route, making it easy for foreign players to invest in the country.
- The presence of auto design centres, automotive training institutes, special auto parks, and virtual SEZs for auto components gives India an edge in the global value chain.

Geographic Proximity

- The geographic proximity of key automotive manufacturing countries, including ASEAN countries and South Korea, creates significant opportunities for Indian auto ancillary players.
- Asia is emerging as a growing market due to its cost competitiveness, rising incomes, rapid urbanisation, improved infrastructure, and scope for greater vehicle penetration.

Trade Policy

Trade policy in India is favourable, with nominal restrictions on import-export, making it an attractive destination for businesses.

The Indian Foreign Trade Policy 2023 proposes a number of new programmes, including a one-time amnesty programme for exporters to finish up any outstanding authorizations and begin again. The Status Holder Scheme and the Towns of Export Excellence Scheme both promote the recognition of new towns and exporters, respectively.

3. Company Overview

Varroc is a global Tier-1 automotive component company that has been operating since 1990, when it started with its Polymer business in India. Over the years, the Company has expanded its offerings to design, manufacture, and supply a wide range of products, including electrical electronics component, plastic & polymer components, precision metallic components, exterior lighting systems and advanced safety solutions. Its customer base spans across various segments, including passenger cars, commercial vehicles, two-wheelers, three-wheelers, and off-highway vehicles.

One of the Company's strengths is its R&D capabilities and technological partnerships, which have helped the Company develop products that align with the emerging mega trends of safer, greener, smarter, and connected vehicles in the automotive industry. With over 3 decades of relentless commitment to excellence and performance, it has become the most preferred partner for all leading OEMs in the automotive segment worldwide.

It is a leading global auto technology company with a diverse product portfolio covering electrical, electronics, lighting, polymer, metallic, aftermarket, and advanced safety solutions. The Company has a strong presence in India, where it generates 81.7% of its business value, while the rest comes from its global operations. Varroc has a vast network of 36 operating manufacturing facilities, 7 technical centers, and over 6,500 employees spread across 7 countries.

The Company's vision is to create safe, smart, and sustainable future mobility solutions for everyone. To achieve this vision, the company has set a mission to be the trendsetter in delivering the highest value for money mobility solutions, extend its India market leader position in 2W mobility, lighting, and driver assistance to the world, double its profitable growth by 2030 through business excellence, be the partner of choice for its valued customers through superior customer experience, and empower and enable all teams committed to speed, excellence, and its values to achieve exceptional success. Varroc is committed to being a trusted Indian family-owned enterprise focused on societal and environmental sustainability. Its core values include sincerity, humility, integrity, passion, and self-discipline.

The Company's capabilities span across product development, manufacturing, and delivery. It has end-to-end capabilities across design, engineering, testing/validation, tooling, manufacturing, and delivery.

It is also investing in technology such as safety, connectivity and digitization, personalization, electrification and efficiency, and sustainability, to meet the evolving needs of its customers. Overall, Varroc's commitment to excellence, innovation, and sustainability has helped it become a leading player in the global automotive industry.

Technology

As the demand for efficient and eco-friendly vehicles increases, the Company has implemented cutting-edge technology to stay ahead in the game. From electric scooters to high-performance electric motorcycles, the industry is experiencing a significant shift towards sustainable and efficient modes of transportation.

On the other hand, in the realm of four wheelers, technology is being used to enhance performance and safety. Advanced driver assistance systems (ADAS) such as lane departure warning and adaptive cruise control are becoming increasingly common, while features like automatic emergency braking and blind spot monitoring are becoming standard in many vehicles. In terms of propulsion, hybrid and electric drivetrains are gaining popularity, offering reduced emissions and improved fuel economy.

Overall, technology is playing a critical role in transforming the automobile manufacturing industry. From two to four wheelers, companies are investing in new and innovative solutions to make transportation more sustainable, efficient, and safer for everyone.

[7] https://www.expertmarketresearch.com/reports/auto-parts-manufacturing-market/toc

Technology for Two Wheelers

The current industrial megatrends are driving the development of two-wheeler technology, which aims to allow safer, smarter, connected, and sustainable mobility.

LED headlights and mirrors are among the safety features being adopted for two-wheelers, while connection and digitalization include linked displays, TFT and sensor interfaces, and FOTA in telematics. Additionally, trademark lighting and foam in place seats are customization elements, while electrification and efficiency include traction motor and controller, power assist ISG, and e-Drivetrain energy management system. Finally, electronic fuel injection for ICE cars and BS6 catalytic converters are being deployed for sustainability.

Technology for Four Wheelers

The newest megatrends in four-wheeler technology are safety, personalisation, connection, and digitalization. Advanced driver-assistance systems (ADAS), driver monitoring systems, surround view systems, LED headlights and LCUs, and adaptive front lighting system mirrors are examples of safety features. Signature lighting, interior systems, in-cabin sensors, interior mood lighting, and centre consoles are examples of four-wheeler customization elements. FOTA in telematics, video telematics, AI-powered sensor interfaces, and AUTOSAR compliant modules are also part of connection and digitalization.

Product Portfolio Enhancement

Product portfolio augmentation encompasses a number of subcategories aimed at improving the present product offering. These subcategories include proprietary goods with a continuing focus on creative, cost-competitive designs, R&D and product development, new technological tie-ups to suit market demands, and GoI's DSIR accredited R&D facilities.

In the automobile business, the development of technologies for safer, smarter, more connected, sustainable, and lightweight cars is critical. The incorporation of these elements into automobiles provides increased safety and connection, as well as sustainability and light weighing.

Our 2W and 3W EV Capabilities

The company's 2W and 3W EV capabilities include locally designed, developed, and manufactured products like traction motors, traction controllers, DC-DC convertor, chargers, BMS, telematics etc. Furthermore, the firm has complete vertical integration for electrical production as well as a motor dyno testing facility for 2W and 3W EV testing. The machines are also IOT enabled for mapping the capacity utilisation.

Business Review

Our business are mainly in India and have operations also in Europe and Asia continent.

Business in India are further classified under various units as given below

i. Electrical & Electronics Unit (Including 4W Lighting Business in India) (EBU)

ii. Polymer Business Unit (PBU)

iii. Metallic Business Unit (MBU)

iv. Aftermarket.

Business in Europe and Asia are classified under various units as given below

i. Lighting (mainly 2W) in Italy, Romania and Vietnam

ii. JV in China for 4W Lighting

iii. Electronics in Romania

iv. IMES in Italy

Operational Overview

Indian Operation

The Indian operation is the dominant contributor to the Company's total revenue i.e. over 85%. The Indian operations is divided into four segments.

Polymer & Plastics Segment (PBU) :- PBU has 13 facilities across India and has technical center set up in Pune as well as in Aurangabad. They offer wide range of products and over period has evolved from just component maker for 2W to high end system solution for passenger and commercial vehicle. The product range includes painted & molded body parts, seats, air filters, mirrors, roof rails, console, door trims etc. The company is known for making the vehicles lighter so that fuel efficiency improves. In this segment the company is working on advanced technology for sustainable usage of material like using natural fiber composites (Rice husk, bamboo fiber, coffee schaaf etc). Going ahead the company is looking to develop functional decorative surfaces for the vehicles.

Electrical Electronics (including lighting) (EBU):- EBU has 10 facilities across India and has technical center in Pune where more than 400+ engineers work. The product range is very wide and have developed products required in ICE to EV vehicles. The product includes digital Instrumental cluster, motors & magneto, engine control unit, switches, catalytic convertor, telematics, lighting for 2W, 3W and 4W, EV products (traction motors, traction controllers, DC-DC convertors, battery chargers, BMS, etc. The capability has evolved over a period due to strong R&D team and through various collaborations. The Company has joint venture with Dell'orto for fuel injection system, technical collaboration with Candrea for HMI technology and acquired CAR IQ for telematics solutions.

Metallic (Transmission & Valves) (MBU):- MBU has 5 facilities in India all located in Aurangabad. The product range includes transmission assembly, crank pin, crank shaft, gear, connecting rods and engine valves. The Company has proven its mettle in the metallic business with impeccable design, development, manufacturing and supply of high performance and cost effective components using environment friendly practices such as Zero Liquid Discharge (ZLD) in our plants. The products are not only supplied to leading OEM's and tier-1 suppliers in India but also exported to Europe, North America and Asia.

Aftermarket division (AMD):- The growth in AMD business over years have been better than the remaining business for the company. This is helping the company to reduce the dependency on the OEM sales and also helping the improvement in the profitability of the Company. The product range in aftermarket includes both the product produced by the company inhouse and contract manufacturing. The company has over 700+ distributors in 260 cities in India and also exports to more than 28+ countries its 2000+ SKU's. it has state of the art warehouse of 120 thousand sq ft in Aurangabad. Product portfolio and channel expansion in newer geographies is being looked for continuing the profitable growth of AMD.

European Operation (Including Vietnam in Asia)

The European operation growing business and serves well-known brands such as Aprilia, KTM, Piaggio, Vespa, Yamaha, Honda, Moto Guzzi, Ducati, Zero Motors, Kawasaki, Husqvama, and McLaren. The European operation is divided into three segments - global lighting, electronics, and metallic (IMES). With three manufacturing facilities, the global lighting segment is a leading supplier of exterior lighting systems for Two-Wheeler OEMs and Super Luxury PV. The electronics segment, focuses on ADAS, Lighting Electronics (Light Engines & Light Control Units), and Electronics Manufacturing Services (EMS). We also have 2 manufacturing facilities for the metallic (IMES) segment, manufacturing hot steel forged parts for the construction and oil & gas industries.

China Market (JV)

China is responsible for supplying exterior lighting systems for PV and Aftermarket. This is facilitated through two manufacturing facilities in China.

3.1. SWOT Analysis

Strengths – The automotive industry is continuously evolving with innovation and technological advancements, offering exciting opportunities for growth. Varroc's continuous emphasis on R&D puts us in a unique position to capitalise on megatrends and cater to evolving market demand. Additionally, our strong relationship with leading companies such as Bajaj, Honda, Royal Enfield, Yamaha, and Skoda enable us to remain competitive and focus on cost optimisation, free cash flow and debt reduction.

Weakness - Varroc faced challenges in generating commensurate ROE from its operations in line with Industry. However, the Company has divested loss making segment to concentrate on its growing and profitable business to position itself for future opportunities.

Opportunities - The auto component market is growing due to premiumization, regulatory changes and next-gen features in the vehicle. The strong team of more than 500+ people in R&D across 7 technical centers are helping us to grab this opportunity.Varroc will focus to strengthen its competitiveness in India and globally by developing world class products and services. Varroc will enhance and leverage its global footprint as its a global company with strong roots in India.

Threat - Varroc faces threats from rising input costs due to supply chain pressures resulting from the Russia-Ukraine war and it could affect the bottom line. Fuel price hikes could also hurt the automobile segment. Additionally, supply side issues can prevails and disrupts global auto supply chains, it might act as a bottleneck for our operations.

Outlook

We are poised to take advantage of growth opportunities driven by megatrends in our business environment, including the increasing adoption of electric vehicles, the focus on safety, and compliance with BS-VI regulations. Specifically, we are well-positioned to capitalise on growth opportunities in our electrical-electronics and polymer business units in India as well as our electronics business in Romania and our global 2W lighting business in Italy, Romania, and Vietnam. In Europe, we aim to partner with global OEMs who are gradually embracing electrification. Additionally, our facilities in Romania are focusing on developing capabilities to provide high-tech and cost-effective solutions in the ADAS space. Finally, our Indian businesses, such as the polymer and metallic business unit, are expected to benefit from the thriving Indian market.

4. Financial Overview

Abridged Consolidated Profit & Loss

(₹ in Million)

Particulars	FY 2023	FY 2022
Revenue from continuing Operations	68,631	58,442
Profit/ (loss) before share of Profit/ (loss) of joint ventures and tax from continuing operations	775	(296)
Profit/ (loss) before share of Profit/ (loss) of joint ventures and tax margin from continuing operations	1.1%	-0.5%
Continuing Operations Profit/ (loss) after Tax	388	(783)
Discontinued Operations Profit/ (loss) after Tax	(8,559)	(10,284)
Profit/(loss) for the year	(8,171)	(11,067)

Revenue from Operations

The Company's consolidated revenue from continuing operations increased to ₹68,631 million in FY2023 up 17.4% from ₹58,442 million in FY2022. The company witnessed growth in both India as well as overseas operations. Commercialisation of new products which were developed and growth in aftermarket helped the company to outperform the Industry growth.

Raw Material

Raw material cost (cost of material consumed + changes in inventories of work in progress and finished goods) for continuing operations increased by 15.1% to ₹44,305 million in FY 2023 from ₹38,494 million as Revenue from operations were higher but raw material cost as percentage reduced in FY 2023 as compare to FY 2022 due to business mix and softening of commodity prices.

Employee Cost

In FY 2023 , the employee benefit expense was ₹7,173 million as compare to ₹6,193 million in FY 2022. This is up by 15.8%. Post the divestment of our loss making 4W lighting overseas business in Europe and America, the employee expenses related to overseas continuing operations has increased as we are integrating the process which we have in Indian operations.

Finance Cost

Finance cost has increased by 60.8% as to ₹1,903 million in FY 2023 as compare to ₹1,184 million in FY 2022 as most of the debt in FY 2023 was in India where the cost of funding is higher, interest rate has also increased as central bank across the globe has been raising interest rate to curb inflation and more over the absolute average outstanding gross debt in continuing operations were higher in FY 2023 as compare to FY 2022.

Depreciation & Amortisation (D&A)

The increase in depreciation & amortisation was 10.6% in FY 2023 as compare to FY 2022. The absolute depreciation & amortisation was ₹3,367 million in FY 2023 as compare to ₹3,045 million in FY 2022. This year D&A were higher because of certain accelerated depreciation in our books.

Other Expenses

The other expense has increased from ₹11,468 million in FY 2023 to ₹10,080 million in FY 2022. There has been an increase of 13.8% YoY.

Other expenses does not include foreign exchange loss of ₹217.54 million for FY 2023 and ₹82.19 million for FY 2022.

Profit/ (loss) before tax before share of joint venture

The Company reported profit of ₹775 million before tax and share of joint venture in FY 2023 as against loss of ₹296 million in previous year.

Profit/ (loss) before tax for continuing operations (PBT)

The PBT was also positive in FY 2023 of ₹829 million as against loss reported in FY 2022 of ₹301 million.

Tax Expense

The tax expense in FY 2023 was lower in FY 2023 of ₹441 million as compare to ₹482 million reported in FY 2022.

Profit/ (loss) after tax for continuing operations (PAT)

In FY 2023, the Company reported profit after tax of ₹388 million as business operation across improved as compare to loss reported in FY 2022 of ₹783 million.

Profit/ (loss) from discontinued operations

Loss from discontinued operations were ₹8,559 million in FY 2023 as compare to ₹10,284 million in FY 2022. The discontinued operations was sold in the month of Oct'22.

Profit/ (loss) of the year

The reported loss for the company was ₹8,171 million in FY 2023 as compare to loss of ₹11,067 million in FY 2022 due to losses mainly in discontinued operations.

Net worth

Net worth of the Company in FY 2023 was ₹10,042 million as compare to ₹20,140 million in FY 2022. The difference in net worth has ben mainly due to losses incurred in the discontinued operations.

Key Financials Ratios (Consolidated continuing operations)

Particulars	As on March 31, 2023	As on March 31, 2022
Debtors Turnover Ratio	12.31	7.55
Inventory Turnover Ratio	6.89	6.51
Interest Service Coverage Ratio	3.21	0.52
Current Ratio	0.62	0.54
Debt Equity Ratio	1.63	1.45
Operating Margin	3.14%	-7.29%
Net Profit Margin	0.57%	-8.69%
Return on Net Worth	3.9%	-3.9%

5. Research & Development

Innovation is key to creating a better future, and our company prioritises the importance of Research & Development to diversify its product portfolio. As a leading player in the automotive industry, we have developed in-house research and development (R&D) capabilities in India, China, Italy, Romania, and Poland. Seven (7) technical centers and 90+ patents granted globally, we are constantly discovering new ways to enable mobility.

In order to capture future growth trends, we remain focused on enhancing engineering and software development capabilities to introduce cost-efficient products in major automotive markets. Our core competencies in designing, developing, and manufacturing automotive components for leading OEMs enable us to prioritise the needs of end-users. We are the preferred 'early development partner' for OEMs, providing end-to-end solutions for design, development, testing and validation, manufacturing, and supply chain management.

6. Human Resource

We consider our Human Resource (HR) as the cornerstone of our success and remain committed to fostering a work environment that prioritises the safety and well-being of employees. To ensure employee engagement and create a conducive workplace for employees to thrive and prosper, we recently conducted a Gallup survey to identify areas of improvement.

We place a strong emphasis on encouraging internal movements, allowing employees to explore diverse career opportunities and contributing to the development of a robust talent pipeline. Our culture lies in values such as Collaboration, Passion to Excel, High Standards, and Psychological Safety, fostering an environment where innovation thrives and individuals are empowered to achieve their best.

Our leadership development initiatives prioritize the nurturing of effective people managers and the identification of potential successors, ensuring a steady influx of capable leaders to guide our future endeavors. Organization effectiveness is paramount, aligning goals, optimizing teams, and providing rewarding experiences to foster growth at every level. We offer an unparalleled employee experience, characterized by best-in-class practices that address the holistic well-being of its workforce.

7. Internal Control system and adequacy

Our operations are supported by robust internal controls and systems that are tailored to match our size, scale, and complexity. The Internal Audit function takes a proactive approach in identifying key concern areas for review, resulting in increased operational efficiency and optimal use of our resources. Our processes are evaluated and assessed for compliance with relevant laws and regulations. The Audit Committee approves audit plans, giving the Internal Audit function flexibility to provide timely support through management audits. Every function and plant receives adequate and appropriate coverage, with close monitoring of audit observations and prompt reporting of status updates to management. The Audit Committee of the Board is presented with significant audit observations and corrective actions, along with updates on their status of closure.

8. Cautionary statement

The document contains statements about expected future events and financial and operating results of Varroc Engineering Limited and may be construed as forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Varroc Engineering Limited's Annual Report of FY 2023.

BOARD'S REPORT

Dear Shareholders,

The Directors of your Company take pleasure in presenting the 35th Annual Report on the business and operations of the Company together with financial statements for the financial year ended March 31, 2023.

FINANCIAL RESULTS & APPROPRIATION

As reported last year and pursuant to the Securities Purchase Agreement ["SPA"], your Company has divested its 4-wheeler lighting system operations in Americas & Europe and identified R&D business in India to Compagnie Plastic Omnium SE of France and its Affiliate/Associate Companies, and Subsidiaries by signing Business Transfer Agreement and other related agreements/documents with the subsidiaries and other parties involved.

The deal size of €600 million was adjusted downward by €80 million due to higher raw material inflation, lower demand caused by the Ukraine war, and other geopolitical issues.

The said divestment was concluded on October 06, 2022. Your Company continues its lighting operations in Asia and continues to operate its joint venture in China, other international two-wheeler business in Italy and Vietnam, and global electronics business in Poland and Romania. The said transaction enabled the Company to focus on emerging areas such as electric vehicle components, electronics, and connectivity in the Indian market and the global two-wheeler lighting business.

The equity value agreed under the SPA was €69.5 Million (subject to closing adjustments as provided under SPA). In our standalone financials, the Company has recognised loss on equity investments and loans given to Varroc lighting systems operations ("**VLS Business**") of Rs. 13,240 million during the quarter ended September 30, 2022, as an exceptional item. Further loss of Rs. 81.90 million recognised during the quarter March 31, 2023, pertains to expenses related to sale of investment in VLS business. Pursuant to amendment to SPA on May 12, 2023, a mutual settlement is being attempted for the disagreements between the parties in accordance with the provisions of SPA.

The summarized Financial Results for the year ended March 31, 2023, and for previous year ended March 31, 2022 are as follows:

FINANCIAL RESULTS & APPROPRIATION

The summarized Financial Results for the year ended March 31, 2023, and for previous year ended March 31, 2022 are as follows:

(₹ in Million)

Particulars	STANDALONE		CONSOLIDATED	
	Financial Year 2022-23	Financial Year 2021-22	Financial Year 2022-23	Financial Year 2021-22
Continuing Operations				
Revenue from operations	39,178.90	32,918.07	68,630.66	58,442.01
Other Income	530.03	646.14	578.81	339.33
Earnings before interest, tax, depreciation and amortisation	3,189.97	3,060.34	6,045.68	3,932.72
Less: Finance cost	1,700.98	909.76	1,902.95	1,183.52
Less: Depreciation and amortization	1,944.49	1,703.49	3,367.41	3,045.47
Add/(Loss): Share of Net Profit/(Loss) of Investment accounted for using the equity Method	-	-	53.28	(4.33)
Less: Exceptional item	13,321.90	-	-	-
Profit/(loss) before tax from continuing operations	**(13,777.40)**	**447.09**	**828.60**	**(300.60)**
Less: Current tax expense	137.66	79.92	660.95	347.97
Less: Short/(excess) provision for tax in respect of previous years	(110.90)	(0.11)	(105.78)	2.23
Less: Deferred tax	63.78	107.43	(114.46)	132.05
Net profit/(loss) for the year from continuing operations	**(13,867.94)**	**259.85**	**387.89**	**(782.85)**

(₹ in Million)

Particulars	STANDALONE		CONSOLIDATED	
	Financial Year 2022-23	Financial Year 2021-22	Financial Year 2022-23	Financial Year 2021-22
Discontinued Operations				
Total Income	-	-	38,659.62	69,095.14
Profit/(Loss) before tax from discontinued operations	-	-	(8,557.23)	(10,348.85)
Tax expense	-	-	1.91	(64.43)
Profit/(loss) for the year from the discontinued operations	**-**	**-**	**(8,559.14)**	**(10,284.42)**
Other comprehensive income from continuing operations	1.83	(19.63)	417.40	(211.34)
Other comprehensive income from discontinued operations	-	-	(2,344.95)	916.82
Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations	**1.83**	**(19.63)**	**(1,927.55)**	**705.48**
Total comprehensive income/(Loss) for the year attributable to:	**(13,866.11)**	**240.22**	**(10,098.80)**	**(10,361.79)**
The Shareholders of the Company	-		(10,125.22)	(10,391.93)
Non-controlling interest	-		26.42	30.14
Profit for the year attributable to owners of the Company	**(13,867.94)**	**259.85**	**(8,198.35)**	**(11,098.79)**
Add : Profit/(Loss) brought forward from previous periods	4,273.23	4,033.00	(5,340.83)	5,797.10
Add/(Less): Other comprehensive income	1.83	(19.63)	(54.91)	(39.14)
Balance carried forward in Balance Sheet	**(9,592.88)**	**4,273.22**	**(13,594.09)**	**(5,340.83)**

DIVIDEND AND TRANSFER TO RESERVE

In view of the losses sustained during the year, and with a view to conserve resources for expansion of business, your Directors have thought it prudent not to recommend any dividend for the financial year under review. Further, no transfer to the General Reserve before declaration of Dividend has been considered.

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI Listing Regulations], the Board of Directors of the Company had formulated a Dividend Distribution Policy ('the Policy'). The Policy is available on the Company's website URL: https://varroc.com/investors/corporate-governance

CHANGE IN THE NATURE OF BUSINESS

The Company is engaged in the business of manufacturing automotive components. There has been no change in the business of the Company during the financial year ended March 31, 2023.

CAPITAL & DEBT STRUCTURE

There has been no change in the authorised and paid-up share capital of the Company during the financial year ended March 31, 2023. The paid-up Equity Share capital of the Company as on March 31, 2023 is Rs. 15,27,86,400/- comprising of 15,27,86,400 Equity Shares of Re. 1/- each.

The Company has not issued shares with differential voting rights. The Company has neither issued employee stock options nor sweat Equity Shares and does not have any scheme to fund its employees to purchase the shares of the Company.

Further, the Company has not issued any debt instruments during the year under review.

In the month of April 2023, the Company has acquired additional Equity Shares in its subsidiary Company, CarIQ Technologies Pvt. Ltd. increasing the stake to 95% from its original promoters. Necessary formalities, including intimation, have been completed under Regulation 30 of the Listing regulations to the Stock Exchanges.

The Company is compliant with the minimum public shareholding requirements. The breakup of Promoter and Public Shareholding of the Company post aforesaid sale of shares is provided below:

Category	No. of Equity Shares	% of total paid-up share capital
Promoter and Promoter Group	11,45,89,800	75.00
Public	3,81,96,600	25.00
Non-Promoter - Non-Public	-	-
Total	**15,27,86,400**	**100.00**

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Industry outlook and the operational performance of the Company have been comprehensively covered in the Management Discussion and Analysis section of the Report (MD&A). A separate section on MD&A is included in the Annual Report as required under Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**").

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations, the initiatives taken by the Company from an environmental, social, and governance perspective are provided in the Business Responsibility and Sustainability Report [BRSR] which is included as a separate section in the Annual Report.

CORPORATE GOVERNANCE

The Board of Directors affirm their continued commitment to good corporate governance practices. During the year under review, the Company complied with the provisions relating to corporate governance as provided under the Listing Regulations. The Corporate Governance Report, together with the requisite certificate from Uma Lodha & Co., practicing Company Secretaries, confirming the compliance, is provided in the Report on Corporate Governance, which forms part of the Annual Report.

CREDIT RATING

The Credit rating of the Company is managed by ICRA Limited. During the Financial Year under review, your Company's long rating, including NCD was at '[ICRA]A (stable)'. The rating on the Company's short-term bank facilities and commercial paper programme has been reaffirmed at '[ICRA]A2+'.

In addition to this, India Rating has assigned 'IND A1' commercial paper programme in February 2023. The Company has also been assigned credit rating of IND A+(Stable)/IND A1 by India Rating for long term/ short term facilities in April 2023.

INVESTOR RELATIONS (IR)

The Company strives for excellence in its investor relations ("IR") engagement with international and domestic investors. There is a structured conference call every quarter to discuss published results. The management has periodic interactions with the financial Community, including investors and analysts, through individual meetings and investor conferences.

The Company participated in investor meetings and conferences organized by reputed broking houses during the year. It is ensured that critical information related to the Company is uploaded on the Company's website and made available to the stock exchanges so that it can be accessed easily and equally by all.

DEPOSITS FROM PUBLIC

During the year under review, the Company has not accepted any deposits from the public. As on March 31, 2023, there were no deposits that were unclaimed and due for repayment.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 9 (Nine) times during the Financial Year 2022-23 and the particulars of the meetings held and attended by each Director are given in the Corporate Governance Report which forms part of this Annual Report. The intervening gap between consecutive meetings was not more than one hundred and twenty (120) days as prescribed by the Companies Act, 2013 ("the Act"), and the Listing Regulations. The details of the Board and various Committee meetings are given in the Corporate Governance Report.

COMPOSITION OF AUDIT COMMITTEE

The Board has constituted the Audit Committee, which has Mr. Gautam Khandelwal as Chairman, Mrs. Vijaya Sampath and Mr. Vinish Kathuria Independent Directors as Members and Mr. Tarang Jain, Chairman & Managing Director as Member. More details on the committee are given in the Corporate Governance Report forming part of this annual report. During the year under review, the recommendations made by the Audit Committee were duly accepted by the Board.

DIRECTORS & KEY MANAGERIAL PERSONNEL

At the Thirty Fourth Annual General Meeting (AGM) of the Company held on September 29, 2022, the shareholders approved the following appointment/ re-appointment:

- Re-appointment of Mr. Rohit Prakash (DIN: 02425849) as Director of the Company, liable to retire by rotation.
- Re-appointment of Mr. Tarang Jain (DIN 00027505) with the designation of Chairman & Managing Director of the Company, being liable to retire by rotation, for a further period of three (3) consecutive years from February 6, 2023 to February 5, 2026.
- Re-appointment of Mr. Arjun Jain (DIN 07228175) with the designation of whole-time Director of the Company, being liable to retire by rotation, for a further period of three (3) consecutive years from August 7, 2023, to August 6, 2026.
- Re-appointment of Mr. Vinish Kathuria (DIN 01951771) as an Independent Director of the Company, not being liable to retire by rotation, for his second term from February 6, 2023 upto February 5, 2028.
- Appointment of Mr. Dhruv Jain (DIN 09710448) with the designation of Non-executive Non-independent Director of the Company, being liable to retire by rotation.
- In accordance with the provisions of the Act and in terms of the Articles of Association of the Company, Mr. Tarang Jain (DIN 00027505) is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment. A Resolution seeking the Shareholders' approval for his re-appointment along with other required details forms part of the Notice.

In terms of Section 149 of the Act and the Listing Regulations, Mr. Gautam Khandelwal, Mrs. Vijaya Sampath, Mr. Marc Szulewicz and Mr. Vinish Kathuria are the Independent Directors of the Company as of the date of this report. All the Independent Directors have submitted declarations that each of them meets the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, and there has been no change in the circumstances that may affect their status as independent Directors during the year. The profile of the Independent Directors forms part of the Corporate Governance Report.

During the year, the Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of Directors and Committee(s) of the Company. The details of remuneration of the Independent Directors are mentioned in the Corporate Governance Report.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfil the conditions specified in the Act as well as the Rules made thereunder and are independent of the management.

KEY MANAGERIAL PERSONNEL

Based on the recommendation of the Nomination and Remuneration Committee and the Audit Committee, the Board of Directors of the Company had approved the appointment of:

- Mr. T.R.Srinivasan resigned as Group Chief Financial Officer of the Company w.e.f. close of working hours on August 31, 2022. The Board of Directors places on record its appreciation for the services rendered by him over the years.
- Mr. K. Mahendra Kumar appointed as Group Chief Financial Officer of the Company w.e.f. September 28, 2022.

In terms of the provisions of Section 203 of the Act, as on March 31, 2023, the Company has the following Key Managerial Personnel:

(a) Mr. Tarang Jain, Chairman & Managing Director

(b) Mr. Arjun Jain, Whole-time Director

(c) Mr. Rohit Prakash, Whole-time Director

(d) Mr. K. Mahendra Kumar, Group Chief Financial Officer

(e) Mr. Ajay Sharma, Group General Counsel and Company Secretary

FORMAL ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Board, the Committees of the Board and independent Directors continuously endeavour for the efficient functioning of the Board and its Committees and better corporate governance practices. A formal performance evaluation was carried out at the meeting of the Board of Directors held on May 23, 2023, where the Board made an annual evaluation of its own performance, the performance of Directors individually, as well as the evaluation of the working of its various Committees for the Financial Year 2022-23 on the basis of a structured questionnaire on performance criteria. The Board expressed its satisfaction with the evaluation process.

The evaluation process endorsed showiness amongst Directors, the openness of the management in sharing the information with the Board (including committees thereof) and placing various proposals for the Board's (including committees thereof) consideration and approval.

The Independent Directors met on May 23, 2023, without the presence of other Directors or Members of management. All the Independent Directors were present at the meeting. In the meeting, the Independent Directors reviewed the performance of Non–Independent Directors, the Board as a whole, and the Chairman. They assessed the quality, quantity, and timeliness of the flow of information between the management of the Company and the Board. Post the review by the Independent Directors, the results were shared with the entire Board and its respective committees. The Independent Directors expressed satisfaction over the performance and effectiveness of the Board, individual non-Independent Directors, and the Chairman. They also expressed satisfaction with regard to the flow of information between the management of the Company and the Board.

The Members of the Audit Committee without the presence of Members of management also had a separate meeting with credit rating agencies.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In adherence to the provisions of Section 134(3)(e) and 178(1) & (3) of the Act, the Board of Directors upon recommendation of the Nomination and Remuneration Committee, has approved a policy on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters. The said Policy is uploaded on the Company's website at https://varroc.com/ investors/corporate-governance/.

The main objective of the said Policy is to ensure that the level and composition of remuneration are reasonable and sufficient to attract, retain, and motivate the Directors, Key Managerial Personnel (KMP) and senior management employees. The remuneration involves a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the workings of the Company and its goals. The extract of the said Policy is also covered in the Corporate Governance Report which forms part of this Report.

POLICIES AND CODE ADOPTED BY THE COMPANY

The Board of Directors has, from time to time, framed and approved policies/codes as required by the Listing Regulations as well as under the Act. These policies/codes will be reviewed by the Board at periodic intervals. The Company has adopted the following policies/codes:

(i) Policy for Board Diversity-Appointment-Remuneration-Training and Evaluation of Directors and Employees (ii) Material Subsidiary Policy (iii) Policy for determination of materiality threshold for Disclosure of Events (iv) Code for Disclosure of Unpublished Price Sensitive Information (v) Code of Conduct for Insider Trading (vi) Policy on Preservation of Information and Archival of documents (vii) Policy on Related Party Transactions (viii) Code of Conduct for Directors and Senior Management Personnel (ix) Enterprise Risk Management Policy (x) Whistle Blower Policy (xi) Dividend Distribution Policy (xii) Environment, Social & Governance [ESG] policy (xiii) Corporate Social Responsibility [CSR] policy (xiv) Policy on prevention of sexual harassment.

The above policies are available on the Company's website on the link https://varroc.com/investors/corporate-governance/

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, based on the representation received from the Management to the best of their knowledge and ability, confirm that:

(a) in the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the loss of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis;

(e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDITORS & AUDITORS REPORT

a. STATUTORY AUDITOR

M/s SRBC & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 324982E/E300003), were appointed as Statutory Auditors of the Company for a term of 5 (five) years at the 30th AGM held on September 05, 2018, to hold office from the conclusion of the said meeting till the conclusion of the 35th AGM to be held in the year 2023. The term of office of M/s SRBC & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company will conclude with the close of the forthcoming AGM of the Company.

The Board of Directors at their meeting held on May 23, 2023, re-appointed M/s S R B C & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of the 35th AGM till the conclusion of the 40th AGM to be held in the year 2028, based on the recommendation of the Audit Committee and subject to the approval of the shareholders at the ensuing 30th AGM. The Statutory Auditors have confirmed their independent status and eligibility for the said re-appointment.

The Audit report on the **Consolidated financial statements** of the Company contains the following qualifications:

- As disclosed in Note no. 50 to the consolidated financial statements for the year ended March 31, 2023, the Financial Results and other financial information for the year ended March 31, 2023, in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, are unaudited. Hence, we are unable to determine the possible impact of Group's share of profit/loss from China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income, and earnings per share for the year ended March 31, 2023 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2023.

Management Response:

The Group's investment in Varroc TYC Corporation BVI ('VTYC' or 'China JV'), a joint venture accounted for under the equity method, which is carried at Rs. 3,751.57 million as at March 31, 2023, and the Group's share of VTYC's net profit of Rs. 15.58 million, which is included in the Group's income for the year then ended, are based on management certified accounts and were not subjected to audit. The Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding the operation of the JV, pending which the Group is unable to obtain audited financials and other information from the China JV.

- As provided in Note no. 51 to the Consolidated Financial Statements for the year ended March 31, 2023, regarding the sale of Varroc Lighting Systems Business, there is disagreement between the parties on the final adjustments against the agreed consideration, and both parties have agreed to negotiate to reach an agreement. Pending the conclusion of these negotiations, we are unable to comment on the impact of the same on the consolidated loss and financial position as of and for the year ended March 31, 2023.

Management Response:

As per the terms of the Securities Purchase Agreement ("SPA") entered into among Varroc Engineering Limited ("VEL") and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of VEL) (together referred to as "Sellers") and Compagnie Plastic Omnium SE, France ("Buyer"), a specific 'Adjustment Escrow' has been provided for the Final Closing Statement and the Final Closing Adjustment Statement to be prepared as of the Closure Date, i.e., October 6, 2022. The Buyer had a period of 90 working days to come up with the same, duly supported by the requisite information/ documentation.

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

The Audit report on the **Standalone financial statements** of the Company contains the following qualifications:

- As provided in Note no. 52 to the standalone financial statements regarding the sale of Varroc Lighting Systems Business, there is disagreement between the parties on the final adjustments against the agreed consideration, and both parties have agreed to negotiate to reach an agreement. Pending the conclusion of these negotiations, we are unable to comment on the impact of the same on the net loss and financial position as of and for the year ended March 31, 2023.

Management Response:

As per the terms of the Securities Purchase Agreement ("SPA") entered into among Varroc Engineering Limited ("VEL") and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of VEL) (together referred to as "Sellers") and Compagnie Plastic Omnium SE, France ("Buyer"), a specific 'Adjustment Escrow' has been provided for the Final Closing Statement and the Final Closing Adjustment Statement to be prepared as of the Closure Date i.e., October 6, 2022. The Buyer had a period of 90 working days to come up with the same, duly supported by the requisite information/documentation.

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

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

The total fees for all the services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor, and all entities in the network firm/network entity of which the statutory auditor is a part, is given below:

Audit Spending (including pertaining to discountinued operations)

(₹ in Million)

Particular	For the year ended March 31, 2023
Statutory Audit fees (Including limited reviews)	48.95
Tax Audit Fees	-
Others (including certifications)	36.40
Re-imbursement of Expenses	0.99
Total	**86.34**

b. COST AUDITOR

The cost accounts and records are required to be maintained under Section 148(1) of the Act. They are duly made and maintained by the Company. In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors of the Company has, on the recommendation of the Audit Committee, appointed M/s S. R. Bhargave & Co., (Partnership Firm based in Pune Registration No. M – 000218), Cost Accountants, as Cost Auditor of the Company to conduct the cost audit of the Company for the financial year ending

March 31, 2024, at a remuneration as mentioned in the Notice convening the 35th AGM.

As required under the Act read with the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to Cost Auditors must be placed before the Members at a general meeting for ratification. Hence, a Resolution for the same forms part of the notice of the ensuing AGM.

M/s S. R. Bhargave & Co., has confirmed the cost records for the financial year ended March 31, 2023, are free from any disqualifications as specified under Section 141 (3) and the proviso to Section 148(3) read with Section 141(4) of the Act. They have further confirmed their independent status. The Cost Audit Report for the Financial Year 2022-23 will be filed within the stipulated period.

c. **SECRETARIAL AUDITOR**

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Uma Lodha & Co. (C.P. No.2593), Company Secretary in Practice, Mumbai, as the Secretarial Auditor for conducting the Secretarial Audit of the Company for the Financial Year ended March 31, 2023.

The Secretarial Audit Report of the Company and Varroc Polymers Ltd. ("VPL"), a material subsidiary of the Company, for the Financial Year 2022-23 is annexed herewith and forms an integral part of this report. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark. The Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India ('ICSI').

ANNUAL SECRETARIAL COMPLIANCE REPORT

As per Regulation 24A of the Listing Regulations, the Company has undertaken an audit for the Financial Year 2022-23 for all applicable compliances as per SEBI Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report has been submitted to the Stock Exchanges.

The annual secretarial compliance report contains the following qualifications:

- Non-disclosure of the extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements

Management response: "This was an inadvertent error and going forward, due care will be taken in this regard.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings, and outgo as required under Section 134 (3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure – I to this report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT

The particulars of loans given, investments made, guarantees given, and securities provided as per Section 186 of the Act by the Company are disclosed in the standalone financial statements.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, inter-alia, the ratio of remuneration of Directors to median remuneration of employees, percentage increase in the median remuneration, are annexed to this Report as Annexure-II.

A statement containing the particulars of the top ten employees and the employees drawing remuneration in excess of limits prescribed under Section 197(12) of the Act, read with Rules 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is an annexure forming part of this Report. In terms of the proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid annexure. The said statement is kept open for inspection during working hours at the Registered Office of the Company. Any member who is interested in obtaining these, may write to the Group General Counsel & Company Secretary at the Registered Office of the Company.

The said statement is also available on your Company's website, the weblink to which is https://varroc.com/investors/corporate-governance/.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were in the ordinary course of business and on an arm's length basis. In accordance with Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, there were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or others, that may have a potential conflict with the interests of the Company at large or that warrant the approval of the shareholders. No material contracts or arrangements with related parties were entered into during the year.

The Company has nothing to report in Form AOC-2, hence, the same is not annexed.

The related party transactions are placed before the Audit Committee for prior approval, as required under applicable law. Only independent Directors who are Members of the Audit Committee approve the same. Prior omnibus approval of the Audit Committee is also obtained for transactions that are repetitive in nature and entered in the ordinary course of business on an arm's length basis. A statement of all related party transactions is placed before the Audit Committee for review on a quarterly basis, specifying the nature and value of the transactions.

In line with the requirements of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Policy on Related Party Transactions (RPTs), including any amendments thereto for identifying, reviewing approving and monitoring of RPTs. The said policy has been revised in line with the amendment in Listing Regulations and the same is available on the Company's website https://varroc.com/wp-content/uploads/bsk-pdf-anager/2022 /2/ Policy on Related Party Transactions.pdf

The details of RPTs during FY 2022-23, including transaction(s) with persons or entities belonging to the promoter/ promoter group that hold 10% or more shareholding in the Company are provided in the accompanying financial statements.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

On recommendations of the Audit Committee, the Board of Directors has approved and adopted a Whistle Blower Policy that provides a formal mechanism for the Directors, employees, and other stakeholders of the Company to report their concerns about unethical behaviour, actual or suspected fraud, or violations of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimisation of employees who avail themselves of the mechanism. The Audit Committee oversees the functioning of this policy. The Whistle Blower Policy has been uploaded on the website of the Company at www.varroc.com.

RISK MANAGEMENT

Your Company has a defined risk control and management policy in place that is consistent with the provisions of the Act and the SEBI Listing Regulations. The Company has established procedures to periodically place before the Board/Audit Committee, the risk assessment and minimisation procedures being followed by the Company and the steps taken by it to mitigate the Risks. The Board of Directors of the Company have constituted a Risk Management Committee consisting of Board Members and Senior Management Personnel and has delegated the function of formulating, implementing, monitoring, and reviewing the risk management policy to the Committee. Further details in respect of the Committee are covered under the heading "Risk Management Committee" in the Corporate Governance Report.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUECY

The Company has a defined organisational structure, documented policy guidelines, and a defined authority matrix that ensures efficiency of operations, compliance with internal policies and applicable laws and regulations, as well as protection of resources. The Company believes that a strong internal control system and processes play a critical role in the day-to-day operations of the Company.

To this end, the Company has put in place an effective internal control system to synchronise its business processes, operations, financial reporting, fraud control, and compliance with extant regulatory guidelines and compliance parameters. The Company ensures that a standard and effective internal control framework operates throughout the organisation, providing assurance about the safekeeping of the assets and the execution of transactions as per the authorisation in compliance with the internal control policies of the Company.

The internal control system is supplemented by extensive internal audits, regular reviews by the management, and guidelines that ensure the reliability of financial and all other records. The management periodically reviews the framework, efficacy, and operating effectiveness of the Internal Financial Controls of the Company.

The Internal Audit reports are periodically reviewed by the Audit Committee. The Company has, in material respects, adequate internal financial control over financial reporting, and such controls are operating effectively. Internal Audits are carried out to review the adequacy of the internal control systems and compliance with policies and procedures. Internal Audit areas are planned based on inherent risk assessment, risk score, and other factors such as probability, impact, significance, and strength of the control environment. Its adequacy was assessed, and the operating effectiveness was also tested.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Pursuant to a fresh certificate of incorporation issued by the Registrar of Companies, Maharashtra, Mumbai, on September 13, 2022, the status of Varroc Polymers Pvt. Ltd. was changed to Varroc Polymers Ltd.

The Company has 14 subsidiaries, including step-down subsidiaries, and 3 joint venture Companies as on March 31, 2023. During the year, the Board of Directors has reviewed the affairs of its material subsidiaries.

As stipulated by Regulation 33 of the Listing Regulations, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. The audited Consolidated Financial Statements, together with Auditors' Report, form part of the Annual Report.

Pursuant to Section 129(3) of the Companies Act, 2013, the report on the performance and financial position of each of the subsidiary and joint venture companies and the salient features of their financial statements is provided in the prescribed Form AOC- 1 and forms part of the Financial Statements of the Company. Details of subsidiaries of the Company and their performance are covered in the Management Discussion and Analysis section of the Annual Report.

Further, pursuant to the provisions of Section 136 of the Act, the standalone and consolidated financial statements of the Company and separate audited financial statements in respect of subsidiaries are available on the website of the Company https://varroc.com/investors/financial-results/.

The details of changes in Company's subsidiaries, joint venture or associate companies, for the FY 2022-23, are as following:

Companies which have become subsidiaries:

- Varroc Germany GmBH
- Varroc Poland S.p.z.oo
- VL Lighting Solutions Private Limited

Companies which have ceased to be subsidiaries of the Company:

- Varroc Lighting Systems SRO, Czech Republic
- Varroc Lighting Systems S.de.R.L.De.C.V., Mexico
- Varroc Lighting Systems Inc. USA
- Varroc Lighting Systems GmBH, Germany
- Varroc Lighting Systems Morocco SA
- Varroc Lighting Systems s.p.z.oo, Poland
- Varroc Lighting Systems Turkey Endüstriyel Ürünler İmalat ve Ticaret Anonim Şirketi
- Varroc Do Brasil Industria E Comercia LTDA
- VL Lighting Solutions Private Limited

Companies which have become a Joint Venture of the Company: Nil

Companies which have ceased to be a Joint Venture of the Company: Nil

Entities which have ceased to be an Associate of the Company: Nil

Entities which have become an Associate of the Company: Nil

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) is an integral part of Varroc culture. The Company is committed to undertaking various need-based activities in compliance with Section 135 of the Act read with Schedule VII to the Act and the Company's Corporate Social Responsibility ("CSR") Policy. The Company continued its efforts on promoting and nurturing young and emerging sports talents by providing financial assistance, which helps them get the best training and makes them competent to participate in national and international sporting events. Further, the Company has also undertaken rejuvenating the Kham River to build a sustainable environment in Aurangabad, Maharashtra.

The CSR Policy is uploaded on the Company's website www.varroc.com. The CSR Report for the Financial Year 2022-23 is annexed to this report as **Annexure-III**. In terms of Section 135 of the Act read with Rule 4(5) of the Companies (Corporate Social Responsibility Policy) Rules, 2015, the Director and Group Chief Financial Officer of the Company have provided the requisite certificate that the funds disbursed by the Company to Varroc Foundation and for other CSR activities during the financial year 2022-23 have been utilised for the respective purposes and in the manner as approved by the Board.

During the year under review, the Company was required to spend Rs. 15.00 million on CSR activities, against which it has spent Rs. 19.42 million.

CERTIFICATES/CONFIRMATIONS/DECLARATIONS/ AFFIRMATIONS DURING THE YEAR UNDER REVIEW

- There were no material changes and commitments affecting the financial position of the Company, that occurred between the end of the financial year of the Company to which the financial statements relate, viz., March 31, 2023, and the date of this Report.
- There were no significant material orders passed by the regulators or courts or tribunals impacting the Company's going concern status and its operations in the future.
- The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.
- There was no fraud reported by the Statutory Auditors and the Secretarial Auditors of the Company under Section 143(12) of the Act to the Audit Committee.
- The Certificate duly signed by the Chairman & Managing Director and Chief Financial Officer on the Financial Statements of the Company for the year ended March 31, 2023, as submitted to the Board of Directors at its meeting held on May 23, 2023, is annexed to this report.
- The declaration by the Chairman & Managing Director regarding compliance by the Board Members and senior management personnel with the Company's Code of Conduct is annexed to this report.
- The details of an application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year – Nil.
- The details of the difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking a loan from the Banks or Financial Institutions along with the reasons thereof: Nil
- During FY 2022-23, Mr. Tarang Jain, Chairman & Managing Director, and Mr. Arjun Jain, Whole-Time Director, received remuneration of Rs. 32.31 million and Rs. 1.11 million, respectively, from material subsidiary Varroc Polymers Ltd.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

a) TRANSFER OF UNCLAIMED DIVIDEND / DEBENTURE REDEMPTION / DEBENTURE INTEREST TO IEPF:

As required under Section 124 of the Act, no Unclaimed Dividend/ Debenture redemption/ Debenture Interest has been lying with the Company for a period of seven years. Accordingly, no amounts have been transferred to the Investor Education and Protection Fund established by the Central Government.

b) TRANSFER OF SHARES TO IEPF

As required under Section 124 of the Act, no Equity Shares, in respect of which dividends have not been claimed by the Members for seven consecutive years or more, have been transferred by the Company to the Investor Education and Protection Fund Authority (IEPF) during the Financial Year 2022-23.

ANNUAL RETURN

As required under Sections 92(3) and 134(3)(a) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), Annual Return in Form MGT - 7 is available on Company's website at the link https://varroc.com/investors/corporate-governance/.

DISCLOSURE AS REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has a Sexual Harassment Policy in place in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contract, temporary, and trainees) are covered under this Policy.

During the year under review, the Company had arranged an online orientation programme under the POSH Act at the PAN India level in order to make the employees and the committee Members proficient to discharge their duties. The training was attended by all the Internal Committee Members & employees at PAN India. The Company has in place a module on "PREVENTION OF SEXUAL HARASSMENT IN THE WORKPLACE (POSH) at its internal platform, for sensitising the employees with the provisions under POSH.

The Policy is gender neutral. During FY 2022-23, the Committee received 2 (Two) complaints pertaining to sexual harassment. Both complaints were resolved with appropriate action. No cases of child labour, forced labour, involuntary labour, and discriminatory employment were reported during the period.

GREEN INITIATIVES

In commitment to keeping in line with the Green Initiative and going beyond it to create new green initiations, an electronic copy of the Notice of the 35th Annual General Meeting of the Company shall be sent to all Members whose email addresses are registered with the Company/ Depository Participant(s).

ACKNOWLEDGEMENTS

Your Directors place on record their acknowledgement for the co-operation received from the Customers, Vendors, Bankers, Associates, Collaborators and the Employees of the Company, without which it would not have been possible for the Company to achieve its performance and growth.

The Directors also thank the Government of India, the Government of various states in India, the Government of various countries, and the concerned government departments and agencies for their co-operation.

For and on behalf of the Board of Directors
Varroc Engineering Limited

Tarang Jain
Chairman and Managing Director
(DIN 00027505)

Date: May 23, 2023
Place: Pune

Annexure - I

INFORMATION AS PER SECTION 134 (3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2023

A) CONSERVATION OF ENERGY

Energy usage optimisation programmes continue at all the manufacturing units. These have resulted in savings in both costs and specific energy consumption.

During the year under review, the windmills installed by the Company at Satara and Supa in Maharashtra State and Badabagh in Rajasthan State generated 92,84,531 units of electricity (including 71,74,851 units of captive consumption). The Company earned an income of Rs. 55.20 million (including captive consumption of Rs. 43.57 million) from the generation of wind power.

Further, the solar plant installed by the Company at Shivaji Nagar, Dist. Dhule, Maharashtra State, generated 56,44,402 units of electricity. The said units were captively consumed by the Company. The total amount of captive consumption is Rs. 35.56 million.

The Company ensures that the manufacturing operations are conducted in a manner whereby optimum utilisation and maximum possible savings of energy are achieved.

i) THE STEPS TAKEN OR IMPACT ON CONSERVATION OF ENERGY:

The Company has constantly been emphasizing the optimization of energy consumption in every possible area of its units. Various avenues are being identified at periodic intervals, and after careful analysis, measures are being initiated to minimize the consumption of energy by maximizing the utilization of energy consuming equipment. During the year under review, measures were initiated/ adopted for conservation and optimization of energy utilization at various plants & units of the Company, which also included, improvements and/or installations at various other units as of previous years'. Such measures are as below:

- Capacitors and new APFC maintained to sustained power factor to unity
- Installation on new energy efficient compressors in utility area
- Compressed Air line leakages identification and rectification
- Variable Frequency Drivers (VFD's) provided for Colling Towers, EOT cranes
- Heater jackets provided to molding machines to reduce the heat loss
- Provided timer circuits to vibration welding machine to avoid idle running of pump
- Water level controller installed for water pump operation
- Compressed air line leakages identified and rectified
- Auto timer provided in ideal condition for vacuum blower
- Most of the plants are using LED lights and solar panels for security lighting and lights in older units (including street light) are being converted to LED
- Variable Frequency Drivers (VFD's) provided for Colling Towers, Air Compressor and Hydraulic power packs
- Reduced electrical power consumption of cooling Tower pump motor & fan auto ON/ OFF with the temperature
- Servo motor provided on injection molding machines for less power consumption along with variable displacement pump
- In injection molding machines below 650Ton machine, highly technologically advanced all electric machines implemented to have minimum power consumption
- Use of LED indication lamps on new machine, control panels, shop floor and street light
- Variable Frequency Drivers (VFD's) provided for Cooling Towers, Air Compressor, Hydraulic power packs, Moulding machines, Base Coat Metalizing and cooling tower

- Interlocking provision of Air use in Lock rod Poka-yoke
- Automatic timer control installed for street lights and shop floor lights
- HVLS fan arrangement made instead of wall mounting fans
- Modification in Annealing for Energy savings
- Auto lights provided with Motion sensor
- Injection Molding machine induction motor converted to Servo systems
- Quatz glass replaced for UV lamps to avoid excess energy consumption
- Implemented of inverter type ACs are provided for less energy consumption
- Installation of PNG system in Paint shop area for Ovens
- Use of Solar Water Heater system for Foam Molds in Foam Plant in Day Time
- Use of LED indication lamps on new machines and control areas
- Harmonic filter installed to control harmonics
- Heater jackets provided to moulding machines to prevent heat loss
- Using cooling tower water for metalizing machines instead of chiller water
- Natural roof exhausts installed in place of electrical exhausts in shop floor
- Xpress feeder line overhead line replace with underground cable & reduce power failure
- Pneumatic line re-aligned and stopped air leakages
- Daily monitoring of power usage throughout the year
- Continue to create awareness amongst team Members on energy conservation through campaigns and events

ii) THE STEPS TAKEN BY THE COMPANY FOR UTILIZING ALTERNATE SOURCE OF ENERGY

- Installation of roof top solar at various plants of the Company under OPEX model implemented by CMES Infinity Private Limited.
- The Company is further exploring the use of green source power like solar and/ or wind for its plant operations as an alternative source to thermal power

(iii) THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS

The Company is in continuous process for making efforts on energy conservations and such measures includes efforts at planning stage of expansion or modernization or replacement etc. (as the case may be). Accordingly, such expenses are considered in annual budgets and cost. Considering size and extent of operations and turnover of the Company, any specific capital investment detail(s) in this respect, will be insignificant to segregate and separately report.

B) TECHNOLOGY ABSORPTION

Research & Development:

We place a significant emphasis on continual R&D in order to improve and expand our product offering. We invest in R&D for each of our business lines, including through investments in testing equipment, software, human resources, and R&D centres. We aim to respond to innovation in our industry to ensure a strong value proposition for our lighting and electrical products. For example, the integration of software into products is becoming more important for us as markets are become more technology - focused. Moreover, nimbleness and continued efforts placed on supporting customers’ new product development programmes are critical to winning new business and ensuring that we retain our share of customers' business.

Our R&D efforts at our India Business seek to capitalize on emerging trends such as the emergence of EVs, the increased use of electronics, stricter environmental regulations, digitalization, fuel efficiency, emission reduction, and light-weighting of vehicles, as well as the emergence of new technologies such as multi point fuel injection. For instance, given the expected growth in the EV markets, we are developing manufacturing capabilities in relation to components of EVs. We have an arrangement for supply of traction motors and controllers with a leading two-wheeler OEM in India.

Technical Absorption (EBU)

EBU & Lighting R&D

Research & Development play a pivotal role in delivering innovative products and new technologies and in supporting operational improvements to increase productivity. The EBU & Lighting R&D team works closely with customers to capture their voice, of customers to enable first time right design, and achieve the highest level of customer satisfaction.

EBU & Lighting R&D mainly focus on scanning the market, developing new products and efficient processes, innovating to disrupt the existing market, finding new markets, and maintaining the current market by improving products and reducing costs. Aligning with the major mega trends in automotive, EBU R&D broadly focuses on the following areas:

- Electrification and efficiency
- Connectivity and smart Human Machine Interface
- Powertrain and Efficiency
- Switch, Sensors, and actuators
- Lighting (Two-wheeler, PV and CV) (Safety and Individualisation)

EBU & lighting R&D technology road map for the next five years is cantered around these focus areas. The EBU & Lighting R&D organization is structured based on improved organizational alignment and decision making, retention of technical talents, efficient processes, communication, and innovation. As per the structure, the advance engineering department is working on future innovative products and technologies; product teams are working on New Product Development (NPD), processes are being improved; and the market in being maintained by improving the products. It also includes the Center of Competency (CoC) for Software, Hardware/power electronics, Mechanical design and CAE, Engineering quality, safety, optics, tooling and product testing, supporting new product development & technologies across the product lines.

The Company has invested significantly in R&D, building state of art of the product development software tools, prototyping labs to realize concepts faster, and state of art of product testing laboratories. The product testing laboratory is very well equipped to take up all types of environmental, EMI/EMC, and performance testing for Varroc's electronics, electrical, & lighting products. The test facility also has a dyno set up to test traction motors and controllers in house, catering to the e-mobility trend. The product testing laboratory is also NABL accredited. We also have SMT printing to realize the PCB assembly faster and a 3D printing facility to make prototypes.

Our new Varroc Connect telematics solution is mature enough to provide system solutions to all types of OEMs. This includes FOTA and remote vehicle management. A strategic joint venture between Dell 'Orto and Varroc to design and develop fuel injection systems for the Indian market is also thriving by introducing new customers and deciding on a road map to design new hardware and software. EBU & Lighting's R&D structures are also aligned to work with these acquisitions and joint ventures.

Technology Imports in last three year – Nil

To ensure Varroc's competency in the global automotive market, the R&D process is frequently evaluated and updated. EBU R&D has already introduced Auto SPICE-L2 and agile development in software development. The introduction of "Design for Six Sigma" (DFSS) and "DMAIC" as part of the development process is also bearing fruit now. We have trained 40% of engineers, and 12 of them are Green Belt certified and one is Black Belt certified. This methodology is also implemented in the product development process.

FY 2022-23 also saw a significant shortage of semiconductor devices, resulting in the need for design changes in many products using alternate components and testing. The R&D scaled up to do faster design changes and testing to meet the production demands.

We also integrated PV lighting into EBU R&D after the Varroc Lighting System dis-investments. 30-60-90 plans were in place to integrate the PV lighting team. The team is very well integrated and has started working with CoCs on all the customer's projects.

FY22-23, We have also started implementing PLM for product development. Phase-1 of the PLM will be completed by Oct-23. This is also a great initiative towards bringing discipline and quality to the product development process.

Advance Engineering

EBU & Lighting R&D have also invested significantly in advance engineering, focusing on future product development and aligning Varroc's vision to become India's leading Tier-1 supplier in automotive components. Advance Engineering is focused on developing new products in the areas of E-mobility and connectivity. There is a significant push to move towards power intensive electronic products and system know-how to bring Varroc's USP to our new products. This team is also focusing on leveraging technologies such as machine learning and data analytics to develop special use cases in automotive to address issues such as safety.

New acquisition ready products such as highly efficient traction motors, traction motor controllers and integrated starter generator, establish new expertise in technology within R&D. Expertise in electromechanical design and analysis of traction motor design, thermal management of high wattage products such as traction motor ECUs and DC-DC converters, power electronics design in traction motor controllers and DC-DC converters, engine dynamics, and system know-how in ISG are some examples.

We successfully launched a 20A DC-DC converter in FY 22-23. Advance engineering also introduced indirect tyre pressure monitoring and blind spot detection systems as new proofs of concepts. The advanced engineering lab is also well equipped with people and tools to explore new products and system level experimentation to feed the team with new insights on design aspects. Advance Engineering is also responsible for driving innovation culture in the organization by capturing innovative ideas from the employees and feeding them into the idea funnel. In FY-22-23, we started a second collaborative project with the Indian Institute of Technology Mumbai, to develop new technology for traction motors without rare earth magnets.

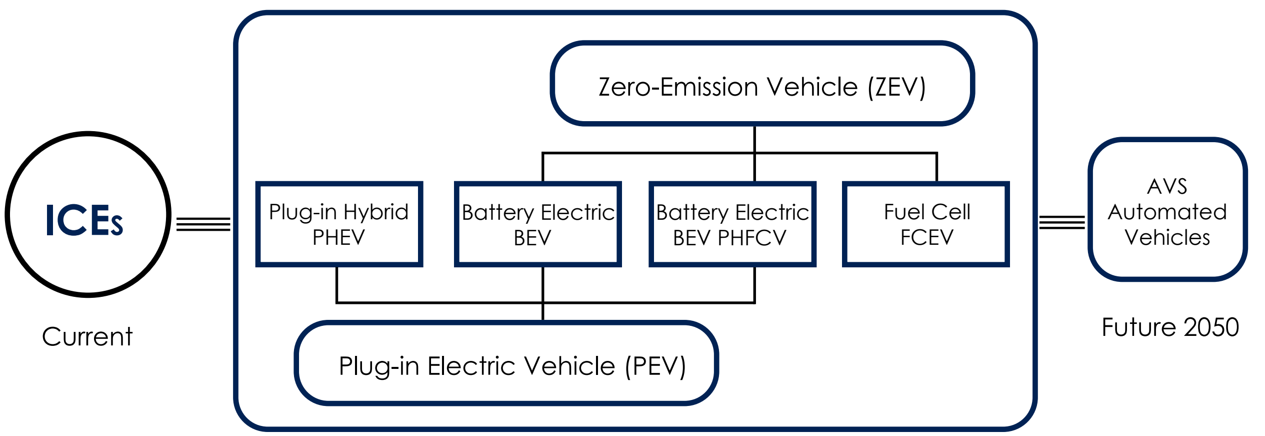
Lighting R&D has also introduced new technologies as per the mega trends in the automotive market. Some examples are hollow effect-based LED tail lamps, road projection lamps, bending lights, etc. There is also a road map for advanced technology in PV lighting. It is important to focus on innovation in PV lighting after the dis-investment of Varroc Lighting system in Plastic Omnium. This is going to be the focus starting FY23-24.

Intellectual Property.

EBU R&D also gives lots of impetus to protecting Varroc's IP based on the insight gained from new product or technology development. In the years 22-23, the EBU R&D team has filed various patent/design applications.

MBU R&D - Efforts & Approach towards R&D

Varroc MBU R&D understands the intensity of the migration ahead from ICE to Hybrids, EVs, and eventually to AVs. The shift in technology is certainly for the good of the humanity from the perspective of global ecology & economy. It warns us to be future ready; not only to retain or remain in the metal business but to play ahead of curves.



Change is continuous and often rapid. Contemporary speculations indicate a radical shift to reduced/ zero emission-EVs at different levels, be they mass, governments or Economics. MBU R&D is taking an upward leap to develop capabilities and internalize upstream process technologies to be next-gen relevant.

R&D Transmission– What we did recently:

MBU R&D is tightening the belt to make this challenge an opportunity. In the past two & half years, in-spite of the Covid-19 pandemic, the Tech excellence centre has been conceptualized and approved, encompassing ~2000 square meters. Out of 4 phases, 2 are completed. Work is on for 3rd phase activities with full vigour.

With the obsolescence of ICEs, specifically in 2 wheelers & last mile segment, the threat is direct & immediate to the engine valves business. Keeping this in mind, the upcoming Tech Centre has been envisioned to extend MBU's portfolio for PVs, CVs, HCVs, & EV segments. We have critically inscribed the below product offerings:

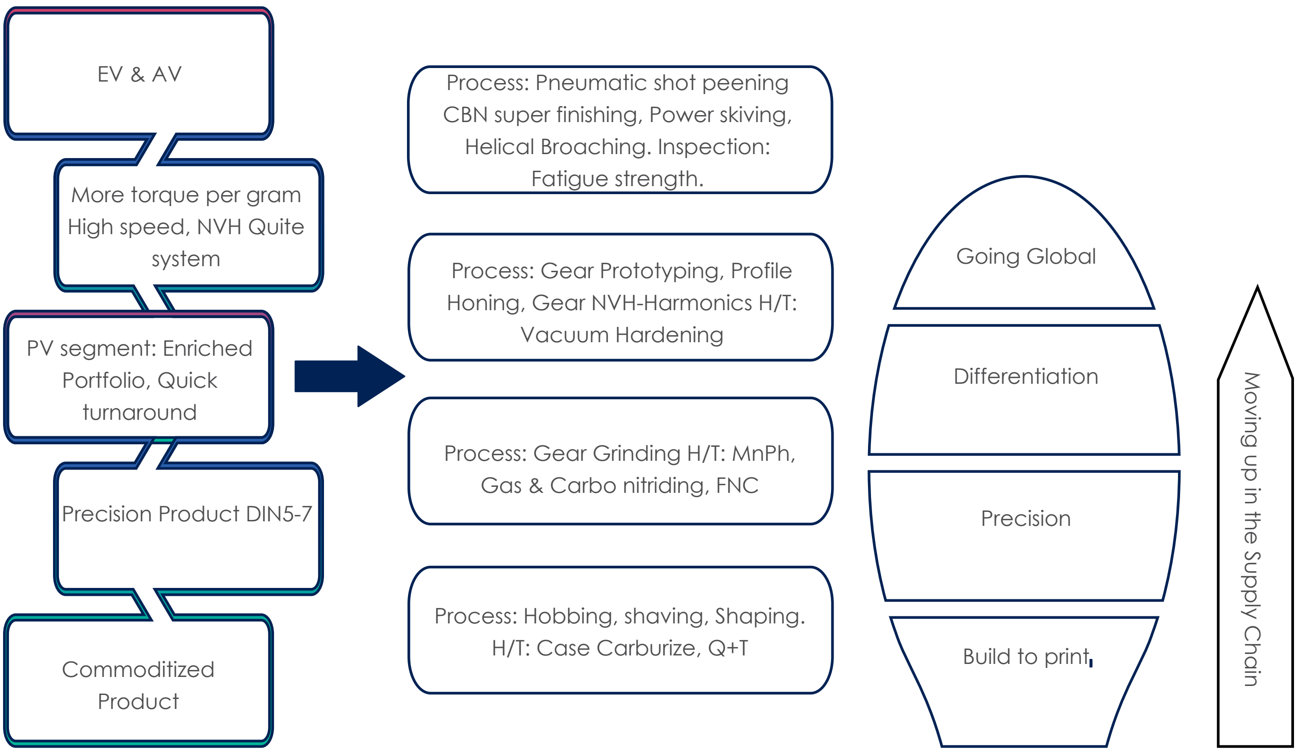
Some of targeted commodities are:

- Planetary Gears (future products; high Gear ratios)
- Driveline & steering components (remains in EVs)
- Differential Gears (integral part of drivetrain; remains in EVs)
- High end precision gearing (Industrial applications with stringent torque & NVH)
- Forged & Machine parts (non-Auto, Hyd. & industrial usage)

MBU R&D – Going forward

Transmission be it for torque transfer or motion control have to undergo bulk of life-threatening challenges viz. high reduction ratios (10+), quieter i.e. stringent NVH , Compactness i.e. more torque per gram or unit cross section, wide range of rapidly changing RPMs are to mention few.

Recently @ R&D MBU conceptualized Tech Centre @ Waluj VEL7; Proto cell, Fixturing & tooling validation setup & technical support centre along with captive standard room, DG set & compressor have been installed & started working.



Further R&D team aspires to add servo 5th axis to enhance prototyping capabilities. Met-lab, clean room & NABL accreditation are also in radar. Previously Gear grinding technology, CNC internal & face grinder and state of art MnPh plant has already been internalized and is in production currently.

To be future ready and 'Ahead of the curve', below pro-active market centric orientation plan is chalked out:

Customer portfolio: 2030 strategy has been drafted and discussed with various stakeholders. High value added precision parts, exports segments have been targeted.

Design Capabilities: Ansys, Autodesk, Creo, KISSsoft, Delcam, Hypermesh, Ripple Analysis, Gear Profile topography.

Upstream process technologies viz. Hot Ring rolling, Turn-mill Centre, HMC / VMC with 5th axis, helical broaching, gear skiving, profile grinding & power honing are in consideration for a WOW PV-EV line.

Durability & fatigue improvement: Honing, double stage pneumatic shot peening, Vacuum hardening, Gas Nitriding, FNC, Laser welding are the processes in focus.

Testing & Validations viz. Barkhausen noise analysis, Ripple analysis for NVH simulations, contact less gear analyser, Vision system for inspections. Rig test, XRD & NVH analysis.

Knowledge Partners Pioneer in Gearing viz. EMAG, GROBE, Gleason, Klingelnberg, Kissoft, In-gear, Aichelin, Rosler, Peentech, Profilator, Pittler, AVL, CWST, Mossini, Daichi, Sakamura, Hatebur, Prawema, Fidgeon, Stresstech, Ricardo.

R&D (Polymer BU)

Varroc PBU has established an international level R&D infrastructure, which includes a Tier down and benchmarking facility, Proto shop, well equipped Tool Room, Test Lab, Analytical lab. The R&D team is equipped with Various Software tools Like Catia, UG, Mould Flow, DVA. Various Inhouse developed tools and process like the Varroc Product Development Framework has been effectively used to deliver projects on time and quality. To achieve the First Time Right target, various templates and Macros have been developed to enable automation and reuse of knowledge.

Various projects like Change Management, VAVE Framework, Team Mudra, Team Eagle, & Team PXL-Phoenix Groups have been implemented to contentiously improve product design & the process front.

Varroc PBU has achieved a key milestone this year by successfully delivering FSS capabilities in the 4W passenger car segment, working with global OEMs. R&D has worked closely with multiple global 4W OEMs in designing and developing new products and systems. Taking up the responsibility to deliver products like Door Trims, Consoles, Cladding, Glow boxes, Instrument Panel has been successfully designed and developed Internally. Many of these vehicles are now launched and successfully running at the Customer's end.

PBU is working with global 2W manufacturers to develop world-class quality products in Mirrors, Body Parts, Air Filters, and Seats. 15 Patents filed, 2 Granted and 3 are under discussion. 17 research papers published. In the 2W Indian market, we focus on new innovations and patents to add value to our customers, keeping in mind the stringent cost targets. Various VAVE and benchmarking initiatives help R&D come up with ready-to -launch products that are highly appreciated by our customers.

Looking at the cost sensitive Indian market PBU R&D is focused on various technological Innovations to enable cost and weight reductions. Various advance materials are being studied and tested for recyclability and the environmental aspect of plastics. Technology tie-ups with various RM suppliers are under discussion. Varroc is working to reduce its carbon footprint and come up with environmentally friendly Materials. Keeping in mind the electric vehicle focus, PBU is focused on developing various light-weighting components and metal-to-plastic conversions to achieve better fuel efficiency and mileage.

We strongly believe in the collaboration and partnership strategies for innovation and research. In this context, various international collaborations are in place to enable technology transfer and product enhancement. We also leverage the partner D&D capabilities to balance the cyclic workload during the product development life cycle. Long term strategic partnerships are under discussion to enable the launch of new products and technologies for the Indian market. Subject matter experts are being onboarded to bring niche Knowhow and resolve complex technology problems.

(iv) **Expenditure on R & D:**

(₹ in Million)

Particular	As at March 31, 2023
Capital	113.77
Recurring	747.18
Total	**860.95**
Total R&D expenditure as a Percentage of total turnover	2.20%

C) FOREIGN EXCHANGE EARNINGS & OUTGO

Actual Foreign Exchange used and earned:

(₹ in Million)

	Particular	Amount
A	**Used for:**	
1	Capital Goods	281.65
2	Raw Materials	2,682.25
3	Components, Stores & Spares	17.60
4	Foreign Travels	9.83
5	Consultancy Charges	162.42
6	Interest on term loan	3.50
7	Royalty	106.08
8	Others	224.34
	TOTAL	**3,487.67**
B	**Earned:**	
1	Exports	2,410.23
2	Others	371.89
	TOTAL	**2,782.12**

Annexure - II

Disclosure of remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for FY 2022-23 as well as the percentage increase in remuneration of each Director, Chief Financial officer, Company Secretary is as under:

Name of the Director/ KMP	Particular	Ratio to Median Remuneration	% change in Remuneration over previous year
Mr. Tarang Jain	Chairman and Managing Director	10391%	0%
Mr. Arjun Jain	Whole Time Director	3824%	(7.83%)
Mr. Gautam Khandelwal	Independent Director	NA	36%
Mr. Marc Szulewicz	Independent Director	NA	11%
Mrs. Vijaya Sampath	Independent Director	NA	46%
Mr. Vinish Kathuria	Independent Director	NA	48%
Mr. Rohit Prakash	Whole Time Director	5313%	(2.27%)
Mr. Dhruv Jain@	Non-executive Non-Independent Director	N.A.	N.A.
Mr. T. R. Srinivasan$	Group Chief Financial Officer	N.A.	N.A.
Mr. K. Mahendra Kumar#	Group Chief Financial Officer	N.A.	N.A.
Mr. Ajay Sharma	Group General Counsel & Company Secretary	2966%	4.56%

@ Mr. Dhruv Jain was appointed as a non-executive non-independent Director w.e.f. September 01, 2022.

$ Mr. T.R.Srinivasan resigned as Group Chief Financial Officer of the Company w.e.f. the close of working hours on August 31, 2022.

Mr. K. Mahendra Kumar was appointed as Group Chief Financial Officer of the Company w.e.f. September 28, 2022.

Note:

- Remuneration to Independent Directors includes the sitting fee paid to them for attending Board and/or Committee meetings. The commission paid to Independent Directors is paid as per the statutory provisions and within the limit approved by the shareholders. The Non-Executive Director did not receive any remuneration from the Company.
- In the Financial Year 2022-23, there was an increase of 11.79% in the median remuneration of the employees.
- There were 3,669 permanent employees on the payroll of the Company as on March 31, 2023.
- For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2021-22 and Financial Year 2022-23, the average increase in remuneration was 9.03%. The average increase in remuneration for Managerial Personnel in the financial year 2022-23 was 7.27%.

B. Affirmation:

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and other employees is as per the Remuneration Policy of the Company.

C. Justification for Average increase in Salary

The average increase in salary is in line with average industry standards and comparable to the prevalent mark.

Annexure – III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

FOR THE FINANCIAL YEAR 2022-23

1. **Brief outline on CSR Policy of the Company**

   Our Company's Vision is to create more sustainable environment. Our commitment to CSR emanates from the business mission that guides us to set new standards in good corporate citizenship. Therefore, our CSR programmes have been structured to be made sustainable, measurable, replicable, and scalable which will enable us to carve out a reputation for being one of the most socially and environmentally responsible companies. The CSR Policy of your Company outlines the approach and direction given by the Board, considering the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the annual CSR action plan. Further, Company shall continue identify and undertake all its CSR programmes/ projects/ activities under the following broader thrust areas of CSR:

   - Skill Development and Vocation based education;
   - Waste management and Sanitation;
   - Environmental sustainability;
   - Women and youth empowerment;
   - Protection of national heritage, art, and culture;
   - Rural Development Projects;
   - National Missions.

2. **Composition of CSR Committee:**

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Tarang Jain	Chairperson	2	2
2.	Mr. Gautam Khandelwal	Member	2	1
3.	Mr. Arjun Jain	Member	2	2

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

Composition of CSR Committee	https://varroc.com/investors/board-of-directors committees/
CSR Policy	https://varroc.com/investors/corporate-governance/
CSR projects	https://varroc.com/beyond-business/social-programs/

4. **Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:** Not Applicable.

5. **Net profit calculation:**

(₹ in Million)

Sr. No.	Particular	Amount
(a)	Average net profit of the Company as per sub-section (5) of Section 135	748.32
(b)	Two percent of average net profit of the Company as per sub-section (5) of Section 135	15.00
(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	Nil
(d)	Amount required to be set-off for the financial year, if any	Nil
(e)	Total CSR obligation for the financial year [(b)+(c) -(d)]	**15.00**

6. **Details of CSR spent:**

(₹ in Million)

Sr. No.	Particular	Amount
(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	19.42
(b)	Amount spent in Administrative Overheads	Nil
(c)	Amount spent on Impact Assessment, if applicable	Nil
(d)	Total amount spent for the Financial Year [(a)+(b) +(c)]	**19.42**

(e) CSR amount spent or unspent for the Financial Year:

(₹ in Million)

Total Amount Spent for the Financial Year. (Rs. in million)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per sub-section 6 of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section 5 of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
19.42	Nil	-	-	Nil	-

(f) Excess amount for set off, if any:

(₹ in Million)

Sr. No.	Particular	Amount
(i)	Two percent of average net profit of the Company as per sub-section 5 of section 135	15.00
(ii)	Total amount spent for the Financial Year	19.42
(iii)	Excess amount spent for the financial year [(ii)-(i)]	4.42
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years. [(iii)-(iv)] (available till March 31, 2026)	4.42
(vi)	Amount available for set off in succeeding financial years. [(iii)-(iv)] (available till March 31, 2025)	4.26

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:**

Sr. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance amount in unspent CSR account under sub-section 6 of section 135 (in Rs.)	Amount spent in the financial year (In Rs.)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any.		Amount remaining to be spent in succeeding financial years (in Rs.)	Deficiency, If any
					Amount (in Rs).	Date of transfer		
1	2	3	4	5	6		7	8
				Nil				

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No

If yes, enter the number of Capital assets created/ acquired.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin-code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered Address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and the area of the immovable property as well as boundaries)

9. **Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135:** Not applicable.

Tarang Jain
Chairman, CSR Committee
(DIN 00027505)

Date: May 23, 2023
Place: Pune

Form MR-3
SECRETARIAL AUDIT REPORT

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

To,
The Members of
Varroc Engineering Limited
Plot No. L-4, MIDC, Waluj,
Aurangabad- 431136.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Varroc Engineering Limited (CIN: L28920MH1988PLC047335) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided me with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Varroc Engineering Limited books, papers, minute books, forms, and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents, and authorized representatives during the conduct of the secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanisms in place to the extent, in the manner, and subject to the reporting made hereinafter:

I have examined the books, papers, Minutes' books, Forms and Returns filed, and other records maintained by Varroc Engineering Limited for the financial year ended March 31, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations any Byelaws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Registrars to issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2021;

(vi) I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

- Motor Vehicles Act, 1988 and the Rules made thereunder;
- The Explosive Act, 1884 and Gas Cylinders Rules, 2016
- The Petroleum Act,1934 and the Rules made thereunder;
- The Environment (Protection) Act, 1986 read with Bio-Medical Waste Management Rules, 2016
- The Water (Prevention and Control of Pollution) Act, 1974

- The Water (Prevention and Control of Pollution) Cess Act, 1977 and rules made thereunder.
- The Air (Prevention and Control of Pollution) Act, 1981
- The Batteries (Management and Handling) Rules, 2016.
- The Public Liability Insurance Act, 1991 and rules made thereunder.
- The Competition Law
- The legal metrology Act, 2009 and the rules made thereunder.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR").

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that there were no events/actions in pursuance of:

- The Securities and Exchange Board of India (Delisting of Equity Shares), Regulations, 2009;
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014)

I further report that:

As per the explanation given by the Company, all the existing related party transactions of the Company with its related parties are in the ordinary course of business and on an arm's length basis or as per the contracts existing at the commencement of the Act, 2013, and have been approved by the Audit Committee, where applicable.

The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors, Woman Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

I further report that during the audit period there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except following:

1. *As per Regulation 54(2) of SEBI (LODR), 2015, the Company was required to disclose the extent and nature of security created and maintained with respect to secured listed NCDs in the Financial Results for the quarter ended June 30, 2022. The Company had received Notice from BSE in this regard vide email dated September 14, 2022, imposing a fine of Rs. 34,220 which the Company paid on September 15, 2022 vide UTR no. 225811189741.*

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363E000325531
Peer Review Certificate No- 950/2020
Place: Mumbai
Date: May 23, 2023

Note: This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A

To
The Members
VARROC ENGINEERING LIMITED

My report of even date is to be read along with this letter.

- Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- I have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.
- Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on a test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363E000325531
Peer Review Certificate No- 950/2020

Place: Mumbai
Date: May 23, 2023

Form MR-3
SECRETARIAL AUDIT REPORT

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

To
The Members of
Varroc Polymers Limited
Plot No. L-4, MIDC, Waluj,
Aurangabad -431136

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VARROC POLYMERS LIMITED (CIN: U25209MH1995PLC090037) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided me with a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the VARROC POLYMERS LIMITED books, papers, minute books, forms, and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms, and returns filed and other records maintained by VARROC POLYMERS LIMITED for the financial year ended March 31, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under.

(ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the Rules made there under.

(iii) The Depositories Act, 1996 and the Regulations any Byelaws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

- Motor Vehicles Act, 1988 and the Rules made thereunder;
- The Petroleum Act,1934 and the Rules made thereunder;
- The Environment (Protection) Act, 1986
- The Water (Prevention and Control of Pollution) Cess Act, 1977 and rules made thereunder.
- The Public Liability Insurance Act, 1991 and rules made thereunder.
- The legal metrology Act, 2009 and the rules made thereunder.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

As per the explanation given by the Company, all the existing Related Party transactions of the Company with its Related Parties are in the ordinary course of business and on arm's length basis or as per the contracts existing at the commencement of the Act, 2013 and have been approved by the Board of Directors.

The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors & Key Managerial Personnel (KMP), Non-Executive Directors and Independent Directors *except for a Woman Director*. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings; the agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

During the year under review, the Company was converted from a Private Limited Company to a Public Limited Company w.e.f. 13/09/2022 in accordance with the applicable provisions of the Companies Act 2013, read with the Rules made thereunder.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, except for the following:

As per Section 149 of the Companies Act, 2013, the Company has yet to appoint a Woman Director on its Board.

I further report that during the audit period there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, Rules, Regulations, Guidelines

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363E000331183
Peer Review Certificate No- 950/2020

Place: Mumbai
Date: May 23, 2023

Note: This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A

To
The Members
VARROC POLYMERS LIMITED

My report of even date is to be read along with this letter.

- Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- I have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.
- Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
ACS/FCS No: 5363
C.P. No.2593
UDIN: F005363E000331183
Peer Review Certificate No- 950/2020

Place: Mumbai
Date: May 23, 2023

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the Financial Year ended on March 31, 2023, has been issued in compliance with the requirements of Regulation 34(3) read with Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and forms a part of the Report of the Directors to the Members of the Company.

1. Company Philosophy:

The Company's philosophy on Corporate Governance mirrors its belief that principles of transparency, fairness and accountability towards the stakeholders are the pillars of a good governance system. The Company believes that the discipline of Corporate Governance pertains to systems, by which Companies are directed and controlled, keeping interests of Members, while respecting interests of other stakeholders and society at large. It aims to align interests of the Company with its Members and other key stakeholders. Accordingly, this Company's philosophy extends beyond what is being reported under this Report and it has been the Company's constant endeavour to attain the highest levels of Corporate Governance.

The foundation of the Company's Corporate Governance rests in its core values – 'SHIPS' as outlined below:

- Sincerity – To speak and act from the heart
- Humility – To walk with everyone
- Integrity – To do what is right
- Passion – To go the distance against all odds
- Self-Discipline – To make it happen

The Company's Code of Conduct serves as a guide to each Director, Senior Management and employee on the ethical standards and values and the business principles which govern their conduct. The Directors and Senior Management have affirmed that they have complied with the Code of Conduct and a certificate to this effect forms part of the Annual Report.

2. Board of Directors

The Board of Directors ensures that the Company runs its business on fair and ethical principles and plays an important role in creation of core VARROC value for its stakeholders. All statutory and other significant and material information including information mentioned in Regulation 17(7) read with Part A of Schedule II of the Listing Regulations is placed before the Board of Directors to enable them to discharge their responsibilities of strategic supervision of the Company with due compliance of laws and as trustees of stakeholders. The Managing Director and Executive Directors are responsible for the day-to-day management of the Company, subject to the supervision, direction and control of the Board of Directors. The Executive Directors are ably assisted by the business heads and functional heads, and they implement the decisions and the strategic policies of the Board of Directors.

Information supplied to the Board

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to the officers of the Company. In addition to items required to be placed before the Board for its noting and/or approval, information is provided on various significant items.

In terms of quality and importance, the information supplied by the management to the Board of Directors of the Company is precise and provided with relevant details that is necessary for the Directors to enable them to fulfil their duties. The independent Directors of the Company expressed satisfaction on the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.1 Composition

As on March 31, 2023, the Board of Directors of the Company consists of Eight (8) Directors of whom, Three (3) are 'Executive' Directors, One (1) Non-Executive and Non-Independent Director and Four (4) are Independent Directors including One (1) Woman Independent Director.

Mr. Tarang Jain is the Chairman and Managing Director, Mr. Arjun Jain, Whole time Director and Mr. Rohit Prakash, Whole-time Director are the Executive Directors.

The details of the Board of Directors as on March 31, 2023, are as follows:

Name of Director	Category of Director	Particulars
Mr. Tarang Jain (DIN 00027505)	Chairman and Managing Director, Executive/ Non-Independent	Re-appointed as Managing Director for the next term of 3 years effective from February 06, 2023 - Appointed as Chairman effective from November 10, 2020.
Mr. Arjun Jain (DIN 07228175)	Whole-time Director Executive / Non-Independent	Re-appointed as Director and Whole-time Director for the next term of 3 years effective from August 07, 2023
Mr. Gautam Khandelwal (DIN 00270717)	Non-Executive/Independent	Re-appointed as an Independent Director for a further period of 5 years effective from July 20, 2020
Mrs. Vijaya Sampath (DIN 00641110)	Non-Executive / Independent	Re-appointed as an Independent Director for a further period of 5 years effective from July 20, 2020
Mr. Marc Szulewicz (DIN 01911768)	Non-Executive/ Independent	Re-appointed as an Independent Director for a further period of 5 years effective from July 20, 2020
Mr. Vinish Kathuria (DIN 01951771)	Non-Executive/Independent	Re-appointed as an Independent Director for the next term of five (5) years effective from February 06, 2023.
Mr. Rohit Prakash (DIN 02425849)	Whole-time Director Executive/ Non-Independent	Appointed as Whole-time Director for five (5) years effective from April 29, 2020.
Mr. Dhruv Jain (DIN 09710448)	Non-Independent and Non-Executive Director	Appointed as Non-Independent and Non-Executive Director effective from September 1, 2022.

2.2 Details of Board Meetings, Annual General Meeting and attendance:

During the Financial Year ended on March 31, 2023, Nine (9) Board meetings were held on April 28, 2022 (Two meetings); May 16, 2022; May 30, 2022; August 12, 2022, October 6, 2022, November 14, 2022, February 7, 2023, and March 30, 2023. The Annual General Meeting was held on September 29, 2022. The Attendance of the Directors at the Board meetings and the Annual General Meeting during the year is as under:

Name of Director	No. of Board Meetings			Attendance at the AGM held on September 29, 2022
	Held	Eligible to attend	Attended	
Mr. Tarang Jain	9	9	9	Y
Mr. Arjun Jain	9	9	9	Y
Mr. Gautam Khandelwal	9	9	5	N
Mrs. Vijaya Sampath	9	9	9	Y
Mr. Marc Szulewicz	9	9	9	Y
Mr. Vinish Kathuria	9	9	9	Y
Mr. Rohit Prakash	9	9	8	Y
Mr. Dhruv Jain	9	5	4	Y

The Company Secretary is the Secretary of the Board of Directors and the Chief Financial Officer, who is a permanent invitee to the meetings of the Board of Directors, has attended all meetings of the Board of Directors.

2.3 Directorships and Committee Membership

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 of Listing Regulations across all listed Companies in India of which they are a Director.

The Independent Directors do not serve in more than 7 Listed companies. None of the Independent Directors are Whole-time Directors in any Listed Company hence the limitations mentioned in Regulation 25 of the Listing Regulations are not applicable.

Directorships (including names of Listed Companies) and membership in Committees held by Directors as on March 31, 2023, are given below:

Name of the Director	No. of Directorships Held in Public Companies*	No. of Committees of which Chairman@	No. of Committees of which Member@	Names of Listed Company and Category of Directorship
Mr. Tarang Jain	2	-	2	1. Varroc Engineering Limited, Chairman and Managing Director
Mr. Arjun Jain	2	-	2	1. Varroc Engineering Limited, Whole-time Director
Mr. Gautam Khandelwal	4	3	4	1. Varroc Engineering Limited, Independent Director 2. Nagpur Power and Industries Limited, Executive Director 3. Informed Technologies India Limited, Executive Director
Mrs. Vijaya Sampath	7	-	6	1. Varroc Engineering Limited, Independent Director 2. Ingersoll Rand Limited, Independent Director 3. Safari Industries (India) Limited, Independent Director 4. Intellect Design Arena Limited, Independent Director 5. Va Tech Wabag Limited, Independent Director
Mr. Marc Szulewicz	2	-	-	1. Varroc Engineering Limited, Independent Director
Mr. Vinish Kathuria	2	-	3	1. Varroc Engineering Limited, Independent Director
Mr. Rohit Prakash	1	-	-	1. Varroc Engineering Limited, Wholetime Director
Mr. Dhruv Jain	1	-	-	1. Varroc Engineering Limited, Non-Executive & Non-Independent Director

Note:

* This excludes Directorships in Private Companies, Foreign Companies and Companies licensed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956. These include Directorship and Committee Membership of Varroc Engineering Limited.

@ This relates to membership of Committees referred to in Regulation 26(1) of the Listing Regulations, viz. Audit Committee and Stakeholders Relationship Committee of all public limited companies, whether listed or not and excludes private limited companies, foreign companies and companies licensed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956

2.4 Inter-se relationships among Directors

Mr. Tarang Jain - Chairman and Managing Director, Mr. Arjun Jain – Whole-time Director and Mr. Dhruv Jain, Non-Executive Director are family Members and related to each other. Mr. Tarang Jain is the father of Mr. Arjun Jain and Mr. Dhruv Jain.

Mr. Rohit Prakash, Whole-time Director is a professional executive. The Independent Directors are eminent industrialist and/or professionals having expertise in their respective field and bring with them the reputation of independent judgement and experience, which they exercise in the decision making process. The Independent Directors satisfy the criteria of independence.

2.5 Shareholding of Directors and Key Managerial Personnel

Details of the shareholding of Directors and Key Managerial Personnel in the Company as on March 31, 2023, are as under:

Name	Designation	No. of shares held
Mr. Tarang Jain	Chairman and Managing Director	6,07,29,800
Mr. Tarang Jain$		3,38,50,000
Mr. Arjun Jain	Wholetime Director	5,000
Mr. Dhruv Jain	Non-executive Director	5,000
Mr. Rohit Prakash	Wholetime Director	Nil
Mrs. Vijaya Sampath	Independent Director	703
Mr. Marc Szulewicz	Independent Director	Nil
Mr. Vinish Kathuria	Independent Director	Nil
Mr. Gautam Khandelwal	Independent Director	Nil
Mr. T. R. Srinivasan*	Chief Financial Officer	540
Mr. K. Mahendra Kumar**	Chief Financial Officer	Nil
Mr. Ajay Kumar Sharma	Company Secretary	7,800

$ Held by Mr. Tarang Jain in his capacity as the trustee of TJ Holdings Trust.

* Ceased to be a Group Chief Financial Officer of the Company w.e.f. August 31, 2022

** Appointed as a Group Chief Financial Officer of the Company w.e.f. September 28, 2022

During the Financial Year 2021-22, the Company had issued 3,750 Number of Debentures 8.25% Secured Listed Non-Convertible Debentures of Rs. 1 million each aggregating to Rs.3,750 million on a Private Placement Basis. Directors and Key Managerial Personnel of the Company do not hold any Debentures in the Company. Further, during the Financial Year 2022-23, the Company has not issued any Securities.

2.6 Familiarization Programme for Independent Directors

The Company has established a Familiarization Programme for Independent Directors. The discussions at various Board Meetings provide the Board Members with a realistic view of the Company's businesses, the challenges and its potential.

At the Board Meetings, the following aspects are presented to the Board:

- Nature of the industry in which the Company operates – detailed information on the industry trends, industry challenges, industry innovations vis-à-vis business operations, business plans and strategy are presented by the Chairman and Managing Director, Whole Time Director and Group Chief Financial Officer
- Business model of the Company including risks and challenges being faced by the Company;
- Changes in business environment and impact thereof on the working of the Company;
- Strategic future outlook and way forward to achieve Company's Vision.

To create awareness amongst the Directors about recent regulatory changes, note on recent regulatory changes made in the Listing Regulations, the Companies Act, 2013 and other allied corporate laws is circulated for their perusal, from time to time.

The framework together with the details of the Familiarization Programme conducted has been uploaded on the website of the Company. The web-link to this is https://varroc.com/investors/corporate-governance/.

2.7 Key Board qualification, expertise and attributes

The Company's Board comprises qualified Members who bring in the required skills, competencies and expertise that allow them to make effective contribution to the Board and its committees.

The table below summarises the key skills/competencies and expertise identified by the Board in the context of its business and those actually available with the respective Director of the Board.

Leadership	Extended leadership experience in organizations with demonstrated strengths in developing talents, fostering growth and bringing a positive change through alternative thinking
Global Business	Experience in driving business success on global platform, with an understanding of diverse business environments, cultural differences and regulatory framework
Technology	Background in technology with an ability to extend or create new business models, adopting state-of-the-art technology
Ethics & Corporate Governance	To lead by example best ethical and Corporate Governance practices
Financial knowledge	Proficiency in complex Financial Management, capital allocation and financial reporting process
Mergers and Acquisitions	A history of leading growth through acquisitions and other business combinations, analysing the strategic fit of target entity vis-à-vis Company's vision and mission
Management & Business Excellence	Follow best management practices and work towards business & operational excellence and research and development of the niche

The details of Directors who have such skills/ expertise/ competence are provided herein below:

Name of Director	Leadership	Global Business	Technology	Ethics & Corporate Governance	Financial knowledge	Mergers and Acquisitions	Management & Business Excellence
Mr. Tarang Jain – Chairman & Managing Director	Y	Y	Y	Y	Y	Y	Y
Mr. Arjun Jain – Whole Time Director	Y	Y	Y	Y	Y	Y	Y
Mr. Rohit Prakash – Whole Time Director	Y	Y	Y	Y	Y	-	Y
Mrs. Vijaya Sampath – Independent Director	Y	Y	-	Y	Y	Y	Y
Mr. Marc Szulewicz – Independent Director	Y	Y	Y	Y	Y	Y	Y
Mr. Gautam Khandelwal – Independent Director	Y	-	Y	Y	Y	Y	Y
Mr. Vinish Kathuria – Independent Director	Y	Y	Y	Y	Y	Y	Y
Mr. Dhruv Jain – Non-Executive & Non-Independent Director	Y	Y	Y	Y	-	-	Y

2.8 Director(s) seeking Appointment/Re-appointment

In compliance with the provisions of section 152 and other applicable provisions of the Companies Act, 2013, Mr. Tarang Jain (DIN 00027505) will retire by rotation at the ensuing Annual General Meeting, and it is proposed to re-appoint him as a Director of the Company.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on August 9, 2023, appointed Mr. Tarun Tyagi as an Additional Director (Executive, Non-Independent) of the Company, to hold office as an Additional Director up to the forthcoming Annual General Meeting of the Company. Further, he is also appointed as Whole-time Director of the Company with effect from August 9, 2023, for a period of Three (3) years, which the Board recommends for approval of the Shareholders at the ensuing Annual General Meeting of the Company.

The information about above Directors proposed to be re-appointed/appointed is mentioned in the Notice convening the Annual General Meeting and therefore is not mentioned separately in this Report.

2.9 Code of Conduct

The Code of Conduct adopted by the Board of Directors, is applicable to the Directors and all Senior Management Personnel of the Company. This Code of Conduct emphasizes the Company's commitment to compliance with the highest standards of legal and ethical behaviour. The Code of Conduct is available on the website of the Company at https://varroc.com/investors/corporate-governance/under heading 'Policies'.

All Directors, Key Managerial Personnel and Senior Management Personnel have adhered to the Code of Conduct of the Company during the year and have signed declarations and given affirmation of compliance to the Code of Conduct. Further, the Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large. A certificate signed by Mr. Tarang Jain, Chairman and Managing Director on behalf of Board of Directors as required under Regulation 34 (3) of Listing Regulations affirming compliance of said code is given in this Annual Report.

2.10 Independent Directors

Independent Directors play a key role in the governance processes of the Board and in shaping various strategic initiatives of the Company. These Directors are professionals, with expertise and experience in general corporate management, business, finance and information technology. This wide knowledge of their respective fields of expertise and best-in-class boardroom practices helps foster varied, unbiased, independent and experienced perspective and also prevent possible conflicts of interest that may emerge in such decision making.

Your Company has several Subsidiaries, both in India and overseas. In order to leverage the experience of Independent Directors of the Company for the benefit of and for improved Corporate Governance and better reporting to the Board, some of the Independent Directors also serve on the Boards of material Subsidiary Companies.

All the Independent Directors of the Company have been appointed as per the provisions of the Act and the Listing Regulations. Formal letters of appointment are issued to the Independent Directors after their appointment by the Members. As required by Regulation 46 of the Listing Regulations, the terms and conditions of their appointment have been disclosed on the website of the Company at https://varroc.com/investors/corporate-governance/.

An Independent Director is the Chairman of each of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee.

Further, the Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

During the year under review, none of the Independent Directors have resigned.

Criteria of making payments to Non-executive Independent Directors:

Non-executive Independent Directors are experts with broad industry experience and expert knowledge. They provide the Board with professional advice based on their knowledge on important issues that have been brought to their attention. By skilfully bringing neutrality to debates in Board and Committee meetings, they effectively carry out their responsibilities as Independent Directors.

The Board of Directors decides the basis for determining the compensation to the Non-Executive Directors, including Independent Directors. The Board of Directors while determining the compensation, takes into consideration various factors such as:

a. Director's participation in Board and Committee meetings during the year,

b. Other responsibilities undertaken, such as membership or Chairmanship of Committees,

c. Time spent in carrying out their duties,

d. The role and functions of the Independent Directors as envisaged in Schedule IV of the Act and Listing Regulations, as amended from time to time, and,

e. Such other factors as the Board may considers fit.

The Board determines the compensation for Non-Executive Directors within the overall limits specified in the Shareholder Resolution.

Meeting of Independent Directors:

In compliance with Schedule IV to the Act and Regulation 25(3) of the Listing Regulations, for the Financial Year 2022-23, the Independent Directors held a separate meeting on August 12, 2022 without the attendance of non-independent Directors and the Management, to review the performance of Non-Independent Directors and the Board, as a whole; and to assess the quality, quantity, and timeliness of the flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.11 Confirmation as regards independence of Independent Directors

The Company has received a declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of the Listing Regulations.

In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board, the Independent Directors fulfil the conditions of independence specified in the Act and the Listing Regulations and are independent of the Management.

2.12 Pecuniary transactions with Non-Executive Directors/ Independent Directors

During the year under review, there were no pecuniary transactions with any of the Non-Executive Director / Independent Directors of the Company except payment of sitting fees, commission and professional fees as disclosed in this report.

The Register of Contracts is maintained by the Company under Section 189 of the Act and the same is placed before the Board for approval at the Board Meeting(s). The register so placed before the Board is signed by all the Directors present at such meetings.

2.13. Directors Remuneration

The Non-Executive & Independent Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. They are also entitled to commission not exceeding 1% of the Net Profits of the Company. The Chairman and Managing Director, Whole-time Directors and Non-Executive & Non -Independent Director do not receive sitting fees for attending the meetings of the Board or any Committee thereof nor do they receive any commission on net profits. None of the Directors had any material pecuniary relationship or transaction with the Company during the year.

The remuneration paid to the Chairman and Managing Director and the Whole-time Directors was duly approved by the Board of Directors and members.

The Company has obtained a Directors and Officers Liability Insurance Policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

(₹ in Million)

Name	Category	Sitting Fees	Commission	Salary as per section 17(1) of the Income-tax Act, 1961	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Others	Total
Mr. Tarang Jain	Chairman & Managing Director	-	-	52.27	-	-	52.27
Mr. Arjun Jain	Whole Time Director	-	-	19.24	-	-	19.24
Mr. Rohit Prakash	Whole Time Director	-	-	26.73	-	-	26.73
Mrs. Vijaya Sampath	Independent Director	1.80	1.70	-	-	-	3.50
Mr. Marc Szulewicz	Independent Director	1.20	0.97	-	-	-	2.17
Mr. Gautam Khandelwal	Independent Director	1.30	2.10	-	-	-	3.40
Mr. Vinish Kathuria	Independent Director	1.80	1.60	-	-	-	3.40
Grand Total		**6.10**	**6.37**	**98.24**	**-**	**-**	**110.71**

Other than the above, no other payments are made to the Non-Executive & Independent Directors of the Company.

3. Committees of the Board

The Board of Directors have constituted the following Committees:

3.1 Audit Committee

3.2 Nomination and Remuneration Committee

3.3 Stakeholders Relationship Committee

3.4 Corporate Social Responsibility Committee

3.5 Risk Management Committee

3.6 Finance Committee

3.7 Environmental, Social and Governance (ESG) Steering Committee

The composition, terms of reference, attendance and other details of these Committees are mentioned hereunder.

No voluntary recommendation(s) were made by the aforesaid Committees to the Board.

3.1 Audit Committee:

3.1.1 Constitution and Composition

The Audit Committee was constituted on February 06, 2018, in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(1) of Listing Regulations.

The constitution of the Audit Committee as on March 31, 2023, is as follows:

Name	Position in the Committee	Category
Mr. Gautam Khandelwal	Chairman	Non – Executive, Independent Director
Mr. Tarang Jain	Member	Chairman and Managing Director, Executive, Non-Independent Director
Mrs. Vijaya Sampath	Member	Non – Executive, Independent Director
Mr. Vinish Kathuria	Member	Non – Executive, Independent Director

The Group Chief Financial Officer is a permanent invitee to all meetings of the Audit Committee. The Company Secretary is the Secretary of the Audit Committee. All the Directors are financially literate, and Mr. Gautam Khandelwal, Mr. Tarang Jain and Mrs. Vijaya Sampath have accounting and related financial management expertise.

The Statutory Auditors and Internal Auditors are invited to the meetings to discuss with the Directors the scope of the audit, their comments and recommendation on the accounts, records, risks, internal procedures and internal controls of the Company and to discuss the Internal Audit Reports. Minutes of the Audit Committee meetings are circulated to all the Directors and discussed at the Board meetings.

As per Regulation 18(1)(d) of the Listing Regulations, the Chairperson of the Audit Committee should be present at the Annual General Meeting to answer Shareholder queries however, Mr. Gautam Khandelwal, Chairperson of the Audit Committee could not attend the last Annual General meeting because of un-avoidable circumstance/bad health condition and therefore the queries of the Shareholders were addressed by Mr. Tarang Jain, Chairman and Managing Director.

3.1.2 Terms of reference

The terms of reference of the Audit Committee cover all the areas mentioned under Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the Listing Regulations. The broad terms of reference of the Audit

Committee therefore include all Financial Results, Statements and Disclosures and recommend the same to the Board, review the Internal Audit Reports and discuss the same with the Internal Auditors, review Internal Control Systems and procedures, evaluation of Internal Financial Controls and Risk Management Systems and their effectiveness, to meet the Statutory Auditors and discuss their findings, their scope of Audit, Post-Audit discussion, Auditor's independence, adequacy of Internal Audit Functions, Audit Qualifications, if any, appointment / removal and remuneration of Auditors, changes in accounting policies and practices, if any, and disclosure of all Related Party Transactions and compliance with Company Law and other statutory provisions. Detailed terms of reference of the Committee are available on the Company's website https://varroc.com/investors/board-of-directors-committees/.

3.1.3 Internal Audit

The Internal Audit Department of Varroc Engineering Limited conducts internal audit on a pan India basis and is also supported by external agency in some of the areas of internal audit. The Chief Internal Auditor presents his Report to the Audit Committee at periodic intervals.

3.1.4 Attendance

During the Financial Year ended on March 31, 2023, five (5) Audit Committee meetings were held on May 30, 2022; August 12, 2022; October 06, 2022, November 14, 2022, and February 07, 2023.

The Attendance of the Committee members at these Audit Committee meetings is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal	5	5	3
Mrs. Vijaya Sampath	5	5	5
Mr. Tarang Jain	5	5	5
Mr. Vinish Kathuria	5	5	5

It can be seen from the above table that the frequency of the Committee Meetings was in compliance with the limit prescribed under applicable regulatory requirements and the gap between two Committee Meetings was not more than 120 days.

The Minutes of the Meeting of the Audit Committee are discussed and noted by the Board of Directors at the subsequent Board Meeting.

The functional / Business Representatives also attend the Committee Meetings periodically and provide such information and clarifications as required by the Committee Members, which gives a deeper insight into the respective business and functional areas of operations. The Cost Auditors and the Statutory Auditors attend the Audit Committee Meetings for their respective agenda items relating to Cost Audit Report and Limited Review Report on Quarterly Financial Results. Group Chief Financial Officer attended all the Audit Committee Meetings.

3.2. Nomination and Remuneration Committee

3.2.1 Constitution and Composition

The Nomination and Remuneration Committee was constituted on February 06, 2018, in compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19(1) of Listing Regulations.

The constitution of the Nomination and Remuneration Committee as on March 31, 2023, is as follows:

Name of Director	Position in the Committee	Category
Mr. Gautam Khandelwal	Chairman	Non – Executive, Independent Director
Mrs. Vijaya Sampath	Member	Non – Executive, Independent Director
Mr. Marc Szulewicz	Member	Non – Executive, Independent Director

3.2.2. Terms of Reference

The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under Section 178 of the Companies Act, 2013 and Regulation 19 (4) of the Listing Regulations. The broad terms of reference of the Nomination and Remuneration Committee therefore include analysing, monitoring and reviewing various human resource and compensation matters; remuneration and employment terms of Whole-time Directors and Senior Management Personnel, adherence to and review of the Remuneration/Employment Policy as approved by the Board of Directors, formulating the criteria and identify persons who may be appointed as Directors or Senior Management of the Company, preliminary evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting non-compliances to the Board of Directors and any other matters which the Board of Directors may direct and/or are statutorily prescribed from time to time. Detailed terms of reference of the Committee are available on the Company's website https://varroc.com/investors/board-of-directors-committees/

3.2.3. Attendance

During the Financial Year ended on March 31, 2023, Two (2) Nomination and Remuneration Committee meeting were held on May 30, 2022, and August 12, 2022. The Attendance of the Directors at this Committee meeting is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal	2	2	2
Mrs. Vijaya Sampath	2	2	1
Mr. Marc Szulewicz	2	2	2

As per Regulation 19(3) of the Listing Regulations, the Chairperson may be present at the Annual General Meeting to answer the Shareholders' queries however, Mr. Gautam Khandelwal, Chairperson of the Nomination and Remuneration Committee could not attend the last Annual General meeting because of un-avoidable circumstance/bad health condition and therefore the queries of the Shareholders were addressed by Mr. Tarang Jain, Chairman and Managing Director.

3.2.4 Performance Evaluation of Directors

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees, Chairperson and Directors. The manner in which such formal annual evaluation was made by the Board during the year 2022-23 is given below:

- Performance evaluation criteria for the Board, Committees of the Board and Directors as approved by the Board at its meeting held on February 06, 2018 were revised on the recommendation of Independent Director, in line with SEBI's Guidance Note dated January 5, 2017 on Board Evaluation, by the Board at its meeting held on November 11, 2018 and the same were placed on the Company's website www.varroc.com.

- Based on the said revised criteria, rating sheets were filled up by each of the Directors towards the end of the year with regard to evaluation of the performance of the Board, its Committees, Chairperson and Directors (except for the Director being evaluated) for the year under review.

- A consolidated summary of the ratings given by each of the Directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman and Managing Director/CHRO/ID in respect of the performance of the Board, its Committees, Chairperson and Directors during the year under review.

- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board at their meetings held on May 23, 2023.

The Directors have received briefings and updates on key financial, legal and governance matters. The Independent Directors have ensured governance and good conduct, adherence to laws, mitigating risks and growth. The evaluation covered the overall performance of the Board and its Committees, individual reviews of each Director and an analysis of the performance of the Chairman. The evaluation concluded that the Board remained of high calibre and was functioning well, with open and challenging debate and transparent information flow. An assessment of individual Directors concluded that they contributed effectively and proactively to debates at all meetings and devoted adequate time. The Committees have also operated effectively.

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, the performance of the Directors and the working of its committees, based on the evaluation criteria defined by the Nomination and Remuneration Committee (NRC) for the performance evaluation process of the Board, its Committees and Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of committees, effectiveness of Committee meetings, etc.

The performance assessment of Non-Independent Directors, Board as a whole and the Chairman were evaluated at separate meetings of Independent Directors. The same was also discussed in the meeting of the NRC and the Board. Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

3.3. Stakeholders Relationship Committee

3.3.1 Constitution and Composition

The Stakeholders Relationship Committee was constituted on February 06, 2018, in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The constitution of the Stakeholders Relationship Committee as on March 31, 2023, is as follows:

Name of Director	Position in the Committee	Category
Mr. Gautam Khandelwal	Chairman	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Wholetime Director, Executive, Non-Independent Director
Mr. Vinish Kathuria	Member	Non – Executive, Independent Director

As per Regulation 20(3) of the Listing Regulations, the Chairperson shall be present at the Annual General Meeting to answer the Shareholders' queries, however Mr. Gautam Khandelwal, Chairperson of Stakeholders Relationship Committee could not attend the last Annual General meeting because of un-avoidable circumstance/bad health condition and therefore the queries of the Shareholders were addressed by Mr. Tarang Jain, Chairman and Managing Director.

3.3.2. Terms of Reference

The terms of reference of the Stakeholders Relationship Committee cover all the areas mentioned under Section 177 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The broad terms of reference of the Stakeholders Relationship Committee therefore include redressal of grievances of the Shareholders, Debenture Holders and other Security Holders, analysis of reports received periodically from the Registrar and the Share Transfer Agent ("RTA"), Allotment of Shares, approval of transfer or transmission of Shares, Debentures or any other securities and dividend related matters. Detailed terms of reference of the Committee are available on the Company's website https://varroc.com/investors/board-of-directors-committees/.

3.3.3. Attendance

During the Financial Year ended on March 31, 2023, one (1) meeting of the Stakeholders Relationship Committee was held on May 30, 2022. The Attendance of the Directors at this Committee meeting is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal	1	1	1
Mr. Arjun Jain	1	1	1
Mr. Vinish Kathuria	1	1	1

3.3.4 Compliance Officer

Mr. Ajay Kumar Sharma, Company Secretary is the Secretary of this Committee and the Compliance Officer, and his contact details are given below:

The Company Secretary
Varroc Engineering Limited
Regd. Office: Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra State, India
Phone: (0240) 6653662
Email: investors@varroc.com

3.3.5 Pledge of shares

No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2023.

3.3.6 Details of Complaints from Security Holders

No. of complaints remaining unresolved as on 01.04.2022	0
No. of complaints received during the year	0
No. of complaints resolved during the year	0
No. of complaints unresolved as on 31.03.2023	0

The Company did not receive any complaints from the Security holders during the year.

The Registrar and Share Transfer Agents (RTA), M/s. Link Intime India Private Limited, attend to all grievances of the Shareholders received directly or through SEBI, Stock Exchanges or the Ministry of Corporate Affairs. Most of the grievances/ correspondences are attended within a period of 7 days from the date of receipt of such grievances.

The Company maintains continuous interaction with the RTA and takes proactive steps and actions for resolving Shareholder complaints/queries. Likewise, the Company also has regular interaction with the Debenture Trustees to ascertain the grievances, if any, of the Debenture holders.

3.4. Corporate Social Responsibility Committee

3.4.1 Constitution and Composition

The Corporate Social Responsibility Committee was constituted on April 07, 2014, in compliance with the provisions of Section 135 of the Companies Act, 2013.

The constitution of the Corporate Social Responsibility Committee as on March 31, 2023, is as follows:

Name of Director	Position in the Committee	Category
Mr. Tarang Jain	Member	Chairman and Managing Director
Mr. Gautam Khandelwal	Member	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Whole-time Director

3.4.2. Terms of Reference

The terms of reference of this Committee are to comply with the requirements of section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and all other relevant compliances. Detailed terms of reference of the Committee are available on the Company's website https://varroc.com/investors/board-of-directors-committees/.

Further Corporate Social Responsibility Policy is available on the Company's website https://varroc.com/investors/corporate-governance/ .

3.4.3. Attendance

During the Financial Year ended on March 31, 2023, 2 (Two) meetings of the Corporate Social Responsibility Committee were held on May 30, 2022, and November 14, 2022. The Attendance of the Directors at these Committee meetings is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	2	2	2
Mr. Gautam Khandelwal	2	2	1
Mr. Arjun Jain	2	2	2

3.5. Risk Management Committee

3.5.1 Constitution and Composition

The Risk Management Committee was constituted on April 03, 2019, in compliance with the provisions of Regulation 21 of the Listing Regulations.

Name of Director	Position in the Committee	Category
Mrs. Vijaya Sampath	Chairperson	Non – Executive, Independent Director
Mr. Vinish Kathuria	Member	Non – Executive, Independent Director
Mr. Tarang Jain	Member	Chairman and Managing Director
Mr. Arjun Jain	Member	Whole-time Director
Mr. T. R. Srinivasan*	Member	Group CFO
Mr. K. Mahendra Kumar**	Member	Group CFO
Mr. Lalit Dua	Member and Convener	Head Internal Audit

* Ceased to be a Group Chief Financial Officer of the Company and eventually a member of the Committee from the close of business hours on August 31, 2022.

** Appointed as a member of the Committee effective from November 14, 2022.

The Company Secretary is the Secretary to the Risk Management Committee.

3.5.2. Terms of Reference

The terms of reference of this Committee are to comply with the requirements of Regulation 21 of the Listing Regulations. The broad terms of reference of the Committee therefore include the ensuring adequacy of the Company's processes for managing risk; the policies and procedure that have been established and implemented to identify, assess, monitor and manage material business risks including cyber security; formulation of an action plan to address areas of identified risk and monitor implementation programs and any incident involving fraud or other break down of the Company's internal control; review and making recommendations on the strategic direction, objectives and effectiveness of the Company's risk management policies; review of Company's insurance program, having regard to the Company's Business and the insurable risks associated with its business; and perform such other functions as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such Committee. Detailed terms of reference of the Committee are available on the Company's Website https://varroc.com/investors/board-of-directors-committees/

3.5.3. Attendance

During the Financial Year ended on March 31, 2023, 2 (Two) meetings of the Risk Management Committee were held on August 12, 2022, and February 7, 2023. The Attendance of the Directors at the said Committee meeting is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mrs. Vijaya Sampath	2	2	2
Mr. Vinish Kathuria	2	2	2
Mr. Tarang Jain	2	2	2
Mr. Arjun Jain	2	2	2
Mr. T. R. Srinivasan*	2	1	1
Mr. K. Mahendra Kumar**	2	1	1
Mr. Lalit Dua	2	2	2

* Ceased to be a Group Chief Financial Officer of the Company and eventually a member of the Committee from the close of business hours on August 31, 2022.

** Appointed as a member of the Committee effective from November 14, 2022.

3.6. Finance Committee

3.6.1 Constitution and Composition

The Finance Committee was constituted on February 06, 2018. The constitution of the Finance Committee as on March 31, 2023, is as follows:

Name of Director	Position in the Committee	Category
Mr. Tarang Jain	Chairman	Chairman and Managing Director
Mr. T R Srinivasan*	Member	Chief Financial Officer
Mr. K. Mahendra Kumar**	Member	Chief Financial Officer
Mr. Arjun Jain	Member	Whole-time Director

* Ceased to be a Group Chief Financial Officer of the Company and eventually a member of the Committee from the close of business hours on August 31, 2022.

** Appointed as a member of the Committee effective from November 14, 2022.

3.6.2 Terms of Reference

The terms of reference of this Committee are to comply with the powers delegated by the Board of Directors under the provisions of Section 179 of the Companies Act, 2013 and subject to the Memorandum and Articles of Association other matters related to banking, security creation, legal matters – litigation and authorisation, forex and related risk cover etc. The Committee is required to oversee and approve matters pertaining to the finance and operations of the Company in the normal course of business.

3.6.3 Attendance

During the Financial Year ended on March 31, 2023, 3 (Three) meetings of the Finance Committee were held on August 26, 2022, November 2, 2022, and February 8, 2023. The Attendance of the members at the said Committee meetings is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	3	3	3
Mr. Arjun Jain	3	3	1
Mr. T. R. Srinivasan*	3	1	1
Mr. K. Mahendra Kumar**	3	1	1

* Ceased to be a Group Chief Financial Officer of the Company and eventually a member of the Committee from the close of business hours on August 31, 2022.

** Appointed as a member of the Committee effective from November 14, 2022.

3.7. Environmental, Social and Governance (ESG) Steering Committee

3.7.1 Constitution and Composition

The Environmental, Social and Governance (ESG) Steering Committee has been constituted on May 23, 2023. The constitution of the Environmental, Social and Governance (ESG) Steering Committee is as follows:

Name of Director	Position in the Committee	Category
Mr. Tarang Jain	Chairman	Chairman and Managing Director
Mr. Gautam Khandelwal	Member	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Whole-time Director

The Group Chief Financial Officer, Chief Human Resource Officer and Head - Manufacturing Excellence of the Company shall be the permanent invitees of the Committee.

3.7.2 Terms of Reference

The terms of reference of this Committee are to comply with the powers delegated by the Board of Directors time to time and subject to the Memorandum and Articles of Association. The said Committee shall oversee and provide direction for establishing ESG strategy, goals and commitments. It shall monitor and review the performance against strategic ESG goals and commitments and report the same to the Board. The Committee shall also fulfil the requirements of statutory and regulatory requirements under national and international governing laws in terms of reporting disclosures. Detailed terms of reference of the Committee are available on the Company's Website https://varroc.com/investors/board-of-directors-committees/

3.7.3 Attendance

During the Financial Year ended on March 31, 2023, no meeting of the Committee was held.

4. General Body Meetings

4.1 Annual General Meetings

During the preceding three years, the Annual General Meetings (AGMs) of the Company were held at its Registered Office at Plot No L-4, MIDC Industrial Area, Waluj, Aurangabad – 431136, Maharashtra.

The details AGMs for preceding three years are tabulated below

AGM	Date and time of AGM	Details of Special Resolution(s) passed at the AGMs
32nd	August 14, 2020 11:00 A.M.	1. Appointment of Mr. Rohit Prakash (DIN: 02425849) as Whole time Director of the Company for a period of 5 years 2. Re-appointment of Mrs. Vijaya Sampath (DIN: 00641110) as Independent Director of the Company for a further period of 5 years 3. Re-appointment of Mr. Gautam Khandelwal (DIN: 00270717) as Independent Director of the Company for a further period of 5 years 4. Re-appointment of Mr. Marc Szulewicz (DIN: 01911768) as Independent Director of the Company for a further period of 5 years 5. Issue of Non-Convertible Debentures on Private Placement Basis
33rd	August 25, 2021 11:00 A.M.	1. Approval for payment of remuneration to Mr. Tarang Jain, Chairman and Managing Director 2. Approval for payment of remuneration to Mr. Arjun Jain, Whole Time Director 3. Issue of Non-Convertible Debentures on Private Placement Basis
34th	September 29, 2022, 11:00 A.M.	1. Approval for payment of remuneration to Mr. Rohit Prakash, Whole Time Director of the Company 2. Approval for re-appointment and remuneration of Mr. Tarang Jain as Chairman and Managing Director of the Company 3. Approval for re-appointment and remuneration of Mr. Arjun Jain as Whole Time Director of the Company 4. Approval for re-appointment of Mr. Vinish Kathuria as Independent Director of the Company 5. Payment of remuneration to Non-Executive Directors (including independent Directors but excluding Nominee Directors) of the Company 6. Issue of Non-Convertible Debentures on Private Placement Basis 7. Appointment of Mr. Dhruv Jain as Non-Executive Director of the Company

4.2 Extra-ordinary General Meetings ("EGMs") held during the preceding three years:

No Extraordinary General Meeting was held during the three years preceding the Financial Year 2022-2023.

4.3 At the ensuing 35th Annual General Meeting to be held on Wednesday, September 13, 2023, Three (3) Resolutions are proposed to be passed as Special Resolution.

4.4 Postal Ballot

The Company had sought the approval of the Shareholders by way of Special Resolution through Notice of Postal Ballot dated May 16, 2023, on the below matter:

1. To sell or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Pursuant to Sections 108, 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read together with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("the Rules"), as amended from time to time, read with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular no. 02/2021 dated January 13, 2021, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December 8, 2021, and General Circular No. 2/2022 dated May 05, 2022 in relation to "Clarification on passing of Ordinary and Special Resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid - 19", issued by the Ministry of Corporate Affairs (hereinafter collectively referred to as "MCA Circulars") and also circulars issued by the Securities Exchange Board of India ("SEBI"), including, Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, read with other relevant circulars, including Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force and as amended from time to time), Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India and other applicable laws, rules and regulations, Resolution and Regulation 44 of the Listing Regulations, the Company provided only the remote e-voting facility to its Members to enable them to cast their votes electronically.

The Company engaged the services of National Securities Depository Limited (NSDL) for facilitating remote e-Voting to enable the Members to cast their votes electronically. Due to threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Company sent the Postal Ballot Notices in electronic form only to its registered the Shareholders whose e-mail IDs were registered/available with the Depository Participants (DPs)/Registrars and Share Transfer Agents (RTA) as on a cut-off date.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date i.e., Monday, May 16, 2022. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-Voting. The Remote e-voting period commenced on Friday, May 20, 2022, at 9:00 a.m. (IST) and ended on Saturday, June 18, 2022, at 5:00 p.m. (IST).

Mrs. Uma Lodha of M/s. Uma Lodha & Co., Practicing Company Secretaries (Membership No. FCS: 5363), was appointed as the Scrutiniser to scrutinise the Postal Ballot process only by voting through electronic means (remote e-voting) in a fair and transparent manner.

The Scrutiniser, after the completion of scrutiny, submitted her report to Mr. Ajay Sharma, Group General Counsel and Company Secretary who was authorised to accept, acknowledge and countersign the Scrutiniser's Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and the Secretarial Standard 2 on General Meetings. The Consolidated results of the voting by Postal Ballot and e-Voting were then announced by Mr. Ajay Sharma.

The Resolution was passed with overwhelming majority on the last date of e-voting i.e. on Saturday, June 18, 2022 and the results of which were announced on June 20, 2022. The results were also displayed at the Registered Office of the Company and on the Company's website https://varroc.com/wp-content/uploads/bsk-pdf-manager/2022/6/Result_of_Postal_Ballot_20062022.pdf besides being communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

Details of Voting Pattern:

(i) Voted in favour of the Resolution:

Mode of Voting	Number of Members voted	Number of votes cast	% of total number of Valid votes Cast
Voted through Remote e-voting	457	140422432	99.47%
Total	**457**	**140422432**	**99.47%**

(ii) Voted against the Resolution:

Mode of Voting	Number of Members voted	Number of votes cast	% of total number of Valid votes Cast
Voted through Remote e-voting	58	744394	0.53%
Total	**58**	**744394**	**0.53%**

(iii) Invalid Votes:

Mode of Voting	Number of Members whose votes were invalid	Number of shares held by them
Voted through Remote e-voting	--	--
Total	**--**	**--**

No Special Resolution is currently proposed to be conducted through postal ballot.

5. Means of Communication

The Company got listed on Stock Exchanges i.e., the National Stock Exchange and the BSE Limited on July 06, 2018. The Company recognizes the importance of two-way communication with the Shareholders and of giving a balanced reporting of results and progress and responds to questions and issues raised in a timely and consistent manner. The Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting.

Some of the modes of communication are mentioned below:

A. Quarterly Results

The approved Financial Results are forthwith sent to the Stock Exchanges where the shares are listed and are displayed on the Company's website www.varroc.com and are generally published in the Business Standard (all editions) (English) and Loksatta (Marathi), within forty-eight hours of approval thereof.

Post results, an Investor Conference call is held where Members of the financial community are invited to participate in the Q&A session with the Company's management. The key highlights are discussed, and investor/analyst queries are resolved in this forum. The Quarterly, Half-Yearly and Annual Financial Results are also uploaded on the Company's website.

B. Presentations

Presentations made to the institutional investors/ analysts are intimated to the Stock Exchanges within the prescribed time period under the Listing Regulations and are simultaneously hosted on the website.

C. Website

Comprehensive information about the Company, its business and operations, Press Releases and Investor information can be viewed at the Company's website www.varroc.com. The website contains a separate dedicated section for Investors, the link to which is https://varroc.com/investors/corporate-governance/ which serves to inform the investors by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, presentations made to Analysts, etc. and relevant policies as required under applicable Regulatory Requirements.

D. Annual Report

The Annual Report containing *inter-alia* the Auditors' Report, Audited Standalone and Consolidated Financial Statements, Board's Report, Management Discussion and Analysis

Report, Corporate Governance Report and other important information is circulated to Members and others entitled thereto. The Annual Report is also posted on the Website of the Company in a user-friendly downloadable form.

E. NSE Electronic Application Processing System (NEAPS) and BSE Online Portal:

NSE has provided an online platform NEAPS wherein the Company submits all the compliances/ disclosures to the Stock Exchange in the SEBI prescribed format. Similar filings are made with BSE on their online Portal viz. BSE Corporate Compliance & Listing Centre.

F. Xtensible Business Reporting Language (XBRL):

XBRL is a standardized and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) that uniquely represent the contents of each piece of Financial Statements or other kinds of compliance and business reports. BSE and NSE provide XBRL based compliance reporting featuring identical and homogeneous compliance data structures between Stock Exchanges and MCA. XBRL filings are done on the NEAPS portal as well as the BSE online portal.

E. Designated Exclusive Email ID

The Company has designated the Email ID investors@varroc.com exclusively for investor servicing. This Email ID has been displayed on the Company's website www.varroc.com

6. General Shareholder Information

6.1 Date, time & venue of the Annual General Meeting:

The Date, Time and Venue of the 35th Annual General Meeting of the Company is as under:

Date:	Wednesday, September 13, 2023.
Time:	11:00 A.M.
Venue:	Through Video Conferencing / Other Audio-Visual Means as set out in the Notice convening the Annual General Meeting

6.2 Financial year

The Financial Year of the Company starts on April 1 and ends on March 31 of next year.

6.3. Cut Off Date:

6.3.1. Cut Off Date for determining the Shareholders who will be entitled to vote electronically on the Resolutions mentioned in the Notice convening the Annual General Meeting by remote e-Voting and also during the meeting is Wednesday, September 6, 2023.

6.3.2. Dividend: - With a view to conserve resources for expansion of business, the Board of Directors has thought it prudent not to recommend any dividend for the Financial Year 2022-23.

6.4. Electronic Voting

6.4.1. Pursuant to Section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 35th Annual General Meeting will be made through electronic voting. The electronic voting ("E-Voting") period will be from 9:00 a.m. on Saturday, September 9, 2023, to 5:00 p.m. on Tuesday, September 12, 2023, both days inclusive.

6.4.2. The following Special Resolutions are proposed to be passed through electronic voting for:

1. Issue of Non-Convertible Debentures on Private Placement Basis
2. Appointment of Mr. Tarun Tyagi as Whole Time Director of the Company
3. To consider and approve the amendment in Articles of Association of the Company

6.4.3. Scrutiniser for electronic voting:

Mrs. Uma Lodha, Proprietor of Uma Lodha & Co, Practicing Company Secretaries (Membership No. 5363 and C.P. No. 2593) of Suite No. 507, 5th Floor, Highway Commercial Centre, I.B Patel Road, Goregaon East, Mumbai – 400063 [Phone: 022-4013 1001 / 4013 1002 Email : uma@umalodha.com] been appointed as the Scrutiniser to scrutinise the remote electronic voting process and the e-voting at the Annual General Meeting in a fair and transparent manner and to give her report to the Chairman.

6.5. Listing on Stock Exchanges:

The Company has listed its Equity Shares at the following Stock Exchanges on July 06, 2018, with the ISIN **INE665L01035**:

Sr. No	Name	Address	Stock Code
1	BSE Limited (BSE)	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	541578
2	National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051	VARROC

During the Financial Year 2022-23, the Company has not issued any Debt Securities.

During the Financial Year 2021-22, the Company had issued 3,750 Number of Debentures 8.25% Secured Listed Non-Convertible Debentures ("NCDs") of Rs. 1 million each aggregating to Rs.3,750 million on a Private Placement Basis on September 17, 2021. The Company has listed its NCDs on BSE Limited, details thereof are as below:

Sr. No.	Instrument	Redemption date	₹ in Million	Stock Code
1	Option - I Debentures 1,250 rated listed secured redeemable Non-Convertible debentures of the face value of Rs. 10,00,000 each	June 17, 2023	1250	973454
2	Option - II Debentures - 2,500 rated listed secured redeemable Non-Convertible debentures of the face value of Rs. 10,00,000 each	September 17, 2023	2500	973455
	Total		**3750**	

6.6 Listing and Custodial Fees:

The Company has paid the requisite Annual Listing and Custodial Fees to the Stock Exchanges and Depositories viz. Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL), respectively for the Financial Years 2022-23 and 2023-24. Further, all requirements of the Stock Exchanges where the Shares of the Company are listed, including submission of Quarterly Reports and Certificates, were complied with.

6.7 Market Price Data

The Company got listed on Stock Exchanges i.e., the National Stock Exchange and BSE Limited w.e.f. July 06, 2018.

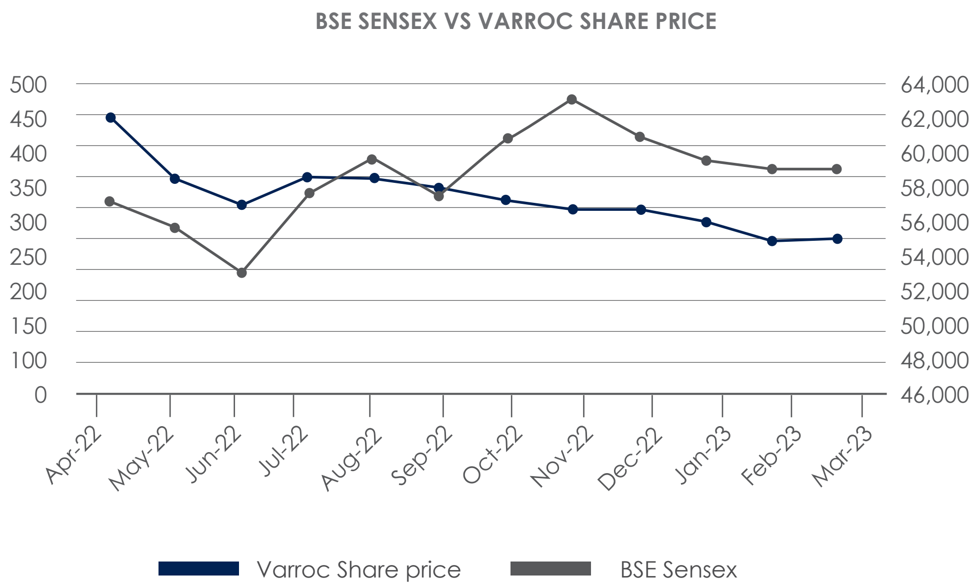
High and Low price of the Company's Equity Shares during each month of the last Financial Year 2022-23 at BSE and NSE are given below:

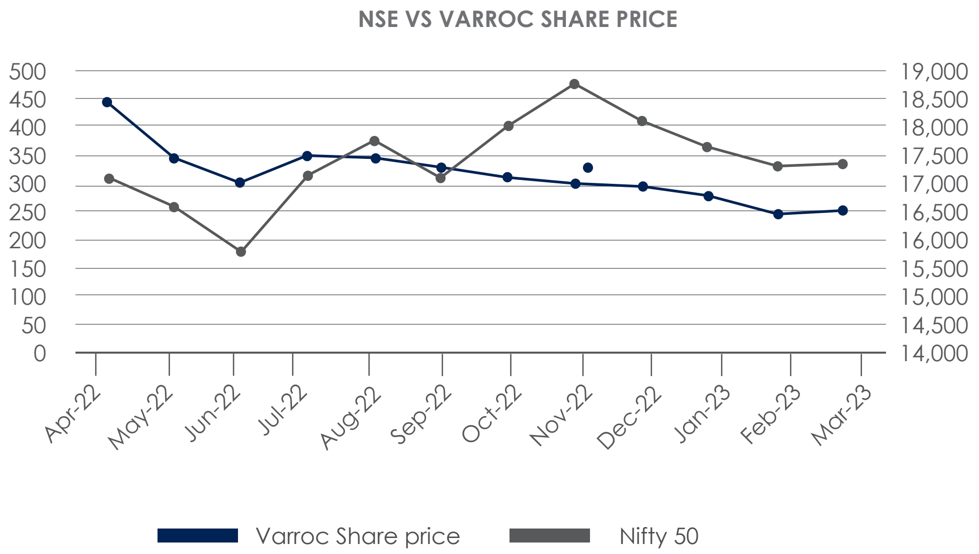
Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2022	494.60	347.10	493.85	345.75
May, 2022	463.20	330.05	463.50	330.00
June, 2022	352.90	290.00	353.00	290.00
July, 2022	357.95	295.10	358.00	295.10
August, 2022	363.70	317.75	363.65	317.50

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
September, 2022	409.20	327.40	409.80	327.50
October, 2022	342.60	301.70	342.70	305.35
November, 2022	317.80	279.00	312.25	279.10
December, 2022	308.60	282.05	308.90	283.00
January, 2023	304.75	271.55	304.25	271.85
February, 2023	297.45	240.10	300.00	239.45
March, 2023	281.00	239.80	284.40	239.60

Stock Performance vs S&P BSE Sensex and NIFTY 50

Performance of the Company's Equity Shares on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") relative to the BSE Sensex and NIFTY 50 respectively are graphically represented in the charts below:





Liquidity

The Shares of the Company are actively traded on BSE and NSE ensuring good liquidity for the investors.

6.8 Registrar to Issue and Share Transfer Agent

The Company vide Agreement dated March 9, 2018 has appointed the following agency to act as its Registrar and Share Transfer Agent ("RTA"). The RTA is, *inter alia*, responsible for processing of requests pertaining to share transfers/ transmission/ dematerialisation/ rematerialisation and other activities related thereto for both electronic and physical shareholdings. Further, RTA also handles corporate actions such as data requirements for the conduct of AGMs, dividends etc. The RTA corresponds with the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in this regard.

Link Intime India Private Limited
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083
Tel No: +91 22 49186000/6270
Fax: +91 22 49186060
Contact Person: Ms. Monali Nagwekar
rnt.helpdesk@linkintime.co.in
Helpdesk Contact no. 8108116767
SEBI Registration No.: INR000004058

6.9 Share Transfer System

The entire Share Capital of the Company is in dematerialised form. The shares can be transferred by the Shareholders through their Depository Participants.

6.10 Distribution of Shareholding as on March 31, 2023

The below two tables provide details about the pattern of shareholding among various categories and the number of shares held, as on March 31, 2023.

No. of Shares held	No. of the Shareholders	% to total no. of the Shareholders	No. of shares	% to total no. of shares
1 - 500	85255	96.50	48,96,041	3.20
501 - 1000	1667	1.89	12,82,710	0.84
1001 - 2000	755	0.85	11,00,227	0.72
2001 - 3000	218	0.24	5,52,145	0.36
3001 - 4000	93	0.11	3,34,259	0.22
4001 - 5000	86	0.10	4,08,269	0.27
5001 - 10000	121	0.14	8,80,384	0.58
Above - 10001	152	0.17	14,33,32,365	93.81
Total	**88,347**	**100.00**	**152,786,400**	**100.00**

Equity Shares

Category	Category of Shareholder	No. of fully paid-up Equity Shares held	%
(A)	**Promoter & Promoter Group**	11,45,89,800	75.00
(B)	Public	38,196,600	25.00
	Institutions:		
	Mutual Funds	1,48,06,114	9.69
	Alternate Investment Funds	11,46,206	0.75
	Foreign Portfolio Investors	76,98,548	5.04
	Financial Institutions/Banks	-	-
	Insurance Companies	24,12,649	1.58
	Non-Institutions:		
	Individuals	95,51,020	6.25
	Others:		
	LLP	67,001	0.04
	HUF	4,40,052	0.29
	NRIs	4,30,836	0.28
	Clearing Members	12,622	0.01
	Bodies Corporate	16,23,049	1.06
	KMP	8,503	0.01
(C)	**Non-Promoter – Non-Public**		
(C1)	Shares Underlying DRs	0	0.00
(C2)	Shares Held by Employee Trust	0	0.00
	Total	**152,786,400**	**100.00**

6.11.1 Demat/Remat of shares

During the year, the RTA had received no requests for rematerialisation of Equity Share.

The Company's shares are compulsorily traded in dematerialised form. The Company has arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility.

As at March 31, 2023, 100% Shares of the Company are held in demat form.

Particulars	Position as on March 31, 2023	
	No. of shares	% to total share holding
Physical	0	0
Dematerialised		
NSDL	14,67,29,905	96.04
CDSL	60,56,495	3.96
Total	**152,786,400**	**100.00**

6.11.2 Convertible Instruments

During the Financial Year 2022-23, the Company has not issued any Debt Securities.

During the Financial Year 2021-22, the Company had issued 3,750 Number of Debentures 8.25% 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 had been utilised for investment in overseas Subsidiary for Loan repayments and for General Corporate Purposes.

6.11.3 Foreign exchange risk and hedging activities

The Company is exposed to foreign exchange risk with respect to foreign currencies, denominated mainly in Euro and US dollars, on revenue and supplies. However, the risk is naturally hedged as the Company' is engaged both in imports and exports and is used to take future cover as the situation so warrants.

6.11.4 Plant Location

The details of manufacturing plants are provided separately in the Annual Report.

6.11.5 Address for correspondence

Investors and the Shareholders can correspond with the RTA (for share transfer/ dematerialisation/ change of address etc) or at the Registered Office (for general correspondence) at the following address:

Link Intime India Private Limited, Registrar and Transfer Agent	Company
C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000/6270 Fax: +91 22 49186060 For requests pertaining to dematerialisation/ rematerialisation: Contact person: Ms. Monali Nagwekar E-mail: rnt.helpdesk@linkintime.co.in Helpdesk Contact no. 8108116767	Registered Office: Plot No L-4, MIDC Industrial Area, Waluj, Aurangabad – 431136, Maharashtra Contact person: Mr. Ajay Kumar Sharma, Group General Counsel and Company Secretary Telephone: +91 (240) 6653662 Facsimile: +91 (240) 2564540 E-mail: investors@varroc.com

6.12 Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

During the Financial Year 2022-23, the Company has not issued any Securities.

During the Financial Year 2021-22, the Company had issued 3,750 Number of Debentures 8.25% 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 had been utilised for investment in overseas Subsidiary for Loan repayments and for General Corporate Purposes.

6.13 List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.

The details of the Credit Rating of the Company are provided in the Directors' Report.

6.14 Transfers during the year to the Investor Education and Protection Fund (IEPF) and Unclaimed Dividend to be transferred to IEPF:

The Company does not have any amount of unclaimed dividend to be transferred to Investor Education and Protection Fund (IEPF).

6.15. Unclaimed Shares

As on March 31, 2023, there were no shares of any Shareholder lying unclaimed with the Company or lying in the suspense account. The disclosure required to be given under Regulation 34(3) read with Clause F of Schedule V of the Listing Regulations are therefore not applicable.

7. Other Disclosures

a) Related Party Transactions

During the year, as required under Section 177 of the Act and Regulation 23 of the Listing Regulations, all RPTs were placed before the Audit Committee for approval. A statement tabulating the value and nature of transactions with related parties as required under Accounting Standard 18 (Ind AS 24) is set out separately under Note no. 47 to the Financial Statements in this Annual Report.

During the year, there were no material transactions entered into with Related Parties, which may have had any potential conflict with the interests of the Company.

The Policy on determining materiality of and dealing with Related Party Transactions' and Policy on determining of Material Subsidiary is placed on Company's website at https://varroc.com/investors/corporate-governance/.

b) Details of Capital Market Non-Compliance, if any

The Company has listed its Equity Shares on July 6, 2018. There has been no non-compliance by the Company of any legal requirements; nor has there been any penalty/stricture imposed on the Company by any Stock Exchange, SEBI or any other Statutory Authority on any matter related to capital markets except the following:

As per Regulation 54(2) of SEBI (LODR), 2015, the Company was required to disclose the extent and nature of security created and maintained with respect to secured listed NCDs in the Financial Results. The Company had received Notice from BSE in this regard vide email dated September 14, 2022, imposing fine of Rs. 34,220/- which the Company had paid on September 15, 2022, vide UTR no. 225811189741.

c) Whistle Blower Policy/Vigil mechanism

Pursuant to Section 177(9) of the Act, the Board at its meeting held on April 07, 2014, adopted the Whistle Blower Policy. The Whistle Blower Policy includes vigil mechanism as mandated under the Listing Regulations and provides a mechanism for Director/employee to report violations, any unethical behaviour, suspected or actual fraud, violation of the Code of Conduct etc. which could be detrimental to the organisation's interest. The mechanism protects whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice. The Whistle-blower Policy was amended in line with the amendments brought in through the SEBI (Prohibition of Insider Trading) (Amendments) Regulations, 2018, enabling employees to report insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information. The Company affirms that no employee has been denied access to the Audit Committee.

The said Policy is placed on the Company's website at https://varroc.com/investors/corporate-governance/.

d) Disclosure of material transactions

In terms of Regulation 26(5) of the Listing Regulations, Senior Management has made disclosure to the Board relating to all material financial and commercial transactions, if any, in which they had personal interest that might have been in potential conflict with the interest of the Company. Based on disclosures received, none of the officials in Senior Management team of the Company have personal interest in any financial or commercial transactions that may have potential conflict with the interest of the Company.

Particulars of Senior Management Personnel of the Company pursuant to paragraph C (5B) of Schedule V are as below:

S. N.	Name	Designation
1	Mr. T. R. Srinivasan*	Group Chief Financial Officer
2	Mr. K. Mahendra Kumar**	Group Chief Financial Officer
3	Mrs. Kavita Kulkarni	CHRO
4	Mr. Ajay Sharma	Group General Counsel & Company Secretary
5	Mr. Manoj Dhar	Chief Internal Officer & Risk Officer
6	Mr. Sanjay Sharma	CSCO -SCM
7	Mr. Ajay Gogna	Head - BD Japan
8	Mr. Prakash Airani Kalathil	Head - Tech Center
9	Mr. Rammohan Srinivasan	BD Head - 2W/3W Non-Bajaj - India
10	Mr. Vinayak Mahajan	Head Operations - CAT-CON & EMS
11	Mr. Tarun Tyagi	Head- Metallic Business Unit
12	Mr. Mahender Singh	Head Operations - EBU
13	Mr. Parveen Dhawan	Head -BD Bajaj
14	Mr. Gurunathan Ramnathan	Head R&D - Metallic BU
15	Mr. Pramod Kulkarni	Business Development-BG
16	Mr. Narinder Singh	Business Development-BG
17	Mr. Suresh Gayakwad	Head Program Management

* Ceased to be a Group Chief Financial Officer of the Company w.e.f. August 31, 2022.

** Appointed as a Group Chief Financial Officer of the Company w.e.f. September 28, 2022

e) Disclosures of the Compliance with Corporate Governance under Regulations 17 to 27 of the Listing Regulations except those which are already disclosed elsewhere in this report:

i. Orderly succession to Board and Senior Management:

The Board has satisfied itself that in the event of a requirement for addition/succession at the Board level or in the Senior Management, there is a process in place.

ii. Compliance Certificate:

The Chairman and Managing Director and Group Chief Financial Officer have certified to the Board with regard to the Financial Statements and other matters as required under Regulation 17(8), read with Part B of Schedule II to the Listing Regulations and the same is given in this Annual Report.

iii. Report on Corporate Governance:

This section, read together with the information given in the Board's Report, Management Discussion and Analysis section and General Shareholder Information, constitute the compliance report on Corporate Governance during the year. The Company submits the quarterly compliance report on regular basis to the Stock Exchanges as required under Regulation 27 of the Listing Regulations.

iv. The Company has adopted following discretionary requirements specified in Part E of Schedule II of the Listing Regulations:

- Modified/unmodified opinion(s) in Audit Report:

  The Statutory Auditors of the Company have issued Audit Report on Audited Standalone and Consolidated Financial Results for year ended March 31, 2023, with modified opinion. The Company has submitted a Statement on Impact of Audit Qualification (Qualified/modified opinion) with the Stock Exchanges.

- Reporting of Internal Auditor:

  The Internal Auditors of the Company report directly to the Audit Committee.

v. Certificate from Practicing Company Secretary on compliance of Corporate Governance conditions

The Company has obtained the Certificate from a Practicing Company Secretary regarding compliance with the provisions relating to Corporate Governance laid down in Part E of Schedule V to the Listing Regulations along with Certificate to the effect that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Director of Companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any such other Statutory Authority.

These Certificate(s) are annexed to the Board's Report and will be sent to the Stock Exchanges, along with the Annual Report to be filed by the Company.

vi. Non-compliance of any requirement of Corporate Governance Report, with reasons thereof shall be disclosed.

Nil

f) Total fees for all services paid by the Listed entity and its Subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part.

Audit Spending (including pertaining to discountinued operations)

(₹ in Million)

Particular	FY 2022-23
Statutory Audit fees (Including limited reviews)	48.95
Tax Audit Fee	-
Others (including Certifications)	36.40
Re-imbursement of expenses	0.99
Total	**86.34**

g) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the Financial Year	2
b. Number of complaints disposed of during the Financial Year	2
c. number of complaints pending as on end of the Financial Year.	Nil

h) Disclosure by listed entity and its Subsidiaries of Loans and advances in the nature of loans to firms/Companies in which Directors are interested by name and amount:

(₹ in Million)

Sr. No	Name of Subsidiary Company	Amount	Nature of transaction
1	VarrocCorp Holding B.V., The Netherlands	2,632.18	Loans/ advances given
2	Varroc Polymers Limited	2,080.20	Inter Corporate Deposit received

i) Adoption of Non-Mandatory Requirements as stipulated in Part E of Schedule II of SEBI LODR

The status/ extent of compliance with non-mandatory requirements are as follows:

Sr. No	Non-Mandatory Provisions	Status
1	Maintenance of Non-Executive Chairman's Office	Not applicable as Chairman is Executive and also holding the position of Managing Director of the Company.
2	The Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of the Shareholders.	The said information is available on Company's website.
3	Audit qualifications: The Company may move towards the regime of unqualified Financial Statements.	The Statutory Auditors of the Company have issued Audit Report on Audited Standalone and Consolidated Financial Results for year ended March 31, 2023, with modified opinion. Statement on Impact of Audit Qualification (Qualified/modified opinion) for Audit Report on Audited Standalone and Consolidated Financial Results has been duly submitted with the Stock Exchanges.
4	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Varroc Engineering Limited
Plot No. L-4, MIDC, Waluj,
Aurangabad- 431136

We have examined the compliance of conditions of Corporate Governance by **VARROC ENGINEERING LIMITED (CIN: L28920MH1988PLC047335)** (the Company) for the year ended March 31, 2023 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015") as referred in Regulation 15(2) of the listing regulations for the period from April 01, 2022 to March 31, 2023.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
C.P. No. 2593
Membership No.5363
UDIN: F005363E000207048

Place: Mumbai
Date: May 23, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Varroc Engineering Limited
Plot No. L-4, MIDC, Waluj,
Aurangabad - 431136.

We have examined the relevant registers, records, forms, returns and disclosures received from Directors of **Varroc Engineering Limited** having CIN No. L28920MH1988PLC047335 and having Registered Office at Plot No. L-4, MIDC, Waluj, Aurangabad- 431136 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Tarang Jain	00027505	11/05/1988
2	Gautam Khandelwal	00270717	24/03/2011
3	Vijaya Sampath	00641110	20/07/2017
4	Marc Szulewicz	01911768	20/07/2017
5	Vinish Kathuria	01951771	06/02/2018
6	Arjun Jain	07228175	07/08/2018
7	Rohit Prakash	02425849	29/04/2020
8	Dhruv Jain	09710448	01/09/2022

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
C.P. No. 2593
Membership No.5363
UDIN: F005363E000207048

Place: Mumbai
Date: May 23, 2023

Declaration by Managing Director under Regulation 34(3) read with Part D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

May 23, 2023

The Members,
Varroc Engineering Limited
Plot No. L-4, MIDC, Industrial Area
Waluj, Aurangabad – 431 136

Sub: Declaration regarding compliance with the Company's Code of Conduct for Directors and Senior Management

I, **Tarang Jain, Chairman & Managing Director** of Varroc Engineering Limited, hereby declare that all the Members of the Board of Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company for Financial Year 2022-23.

For Varroc Engineering Limited

Tarang Jain
(Chairman & Managing Director)
DIN:00027505

May 23, 2023

The Members,
Varroc Engineering Limited
Plot No. L-4, MIDC, Industrial Area
Waluj, Aurangabad – 431 136

Sub: Compliance Certificate under Regulation 17(8) read with part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to certify that for the Financial Year ended March 31, 2023,

1. We have reviewed the Financial Results and Cash Flow Statement for the year as aforesaid and to the best of our knowledge and belief:

    (1) These Financial Results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    (2) these results together present a true and fair view of the listed entity's affairs and are in compliance with Indian Accounting Standards (Ind AS), applicable laws and regulations.

2. To the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct for Directors and Employees.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems for financial reporting of the Company and there were no deficiencies in the design or operation of such internal controls, and

4. We have indicated to the Auditors and the Audit committee:

    (1) that there were no significant changes in internal control over financial reporting during the year;

    (2) all significant changes in the accounting policy during the year, if any have been disclosed in the notes in respective place in the Financial Statements; and

    (3) there were no instances of fraud of which we have become aware of.

For Varroc Engineering Limited

Tarang Jain
(Chairman & Managing Director)
DIN:00027505

For Varroc Engineering Limited

K. Mahendra Kumar
(Group Chief Financial Officer)

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L28920MH1988PLC047335
2.	Name of the Listed Entity	Varroc Engineering Limited
3.	Year of incorporation	11/05/1988
4.	Registered office address	Plot No. L-4, MIDC, Waluj Aurangabad (M.S.) - 431136
5.	Corporate address	Plot No. L-4, MIDC, Waluj Aurangabad (M.S.) – 431136
6.	E-mail	investors@varroc.com
7.	Telephone	0240-26653700
8.	Website	www.varroc.com
9.	Financial year for which reporting is being done	2022-23
10.	Name of the Stock Exchange(s) where shares are listed	1. National Stock Exchange of India Limited, Mumbai 2. BSE Limited, Mumbai
11.	Paid-up Capital	INR 15,27,86,400
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Ajay Kumar Sharma, Group General Counsel & Company Secretary Email id: investors@varroc.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis

II. Products/services

14. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacture and sale of automotive components	Electrical & electronics including lighting, metallic (transmissions & valves) supplying to Indian as well as Global OEMs and also in After Market.	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Magneto, Regulator Rectifier, CDI	3607	16.9%
2	Starter Motor	3609	5.7%
3	Lighting, PCB, Dashboard, Switches, EV (TCMU , BMS, DC-DC), Catalystic con, ECU, , Sensors, etc, Crankpin, Engine Valve (2\3 W)	3758	30.8%
4	4W lighting	29304	14.1%
5	Gear, other	3440	5.7%
6	Crankshaft, shaft	3738	7.8%
7	Engine Valve (4 W, others)	3748	3.8%
8	Automobile parts in Aftermarket	-	14.3%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	19	3	22
International	0	0	0

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	4
International (No. of Countries)	-

b. What is the contribution of exports as a percentage of the total turnover of the entity?

6.92%

c. A brief on types of customers

Customers can be broadly classified into the following categories:

Domestic - OEMs and Aftermarket

International - OEMs and Aftermarket

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	2349	2175	93%	174	7%
2.	Other than Permanent (E)	9	8	89%	1	11%
3.	**Total employees (D + E)**	**2358**	**2183**	**92.6%**	**175**	**7.4%**
	WORKERS					
4.	Permanent (F)	1376	1332	97%	44	3%
5.	Other than Permanent (G)	6658	5979	90%	679	10%
6.	**Total workers (F + G)**	**8034**	**7311**	**91%**	**723**	**9%**

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	0	0	-	0	-
2.	Other than Permanent (E)	0	0	-	0	-
3.	**Total differently abled employees (D + E)**	**0**	**0**	**-**	**0**	**-**
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0%	0	0%
6.	**Total differently abled workers (F + G)**	**0**	**0**	**0%**	**0**	**0%**

19. Participation/Inclusion/Representation of women

	Total (A)	Female	
		No. (B)	% (B / A)
Board of Directors	8	1	12.5%
Key Management Personnel	2	0	0%

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	32.22%	61.40%	34.38%	33.45%	54.21%	34.97%	15.30%	32.95%	16.56%
Permanent Workers	0.60%	0.00%	0.58%	1.19%	0.00%	1.15%	0.53%	2.33%	0.59%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiaries / associate companies / joint ventures

S. No.	Name of the holding / subsidiaries/ associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Varroc Polymers Limited	Subsidiary	100%	No
2	Durovalves India Private Limited	Subsidiary	72.78%	No
3	Cariq Technologies Private Limited	Subsidiary	74%	No
4	Varroc European Holding B.V.	Subsidiary	100%	No
5	VarrocCorp Holding B.V.	Subsidiary	100%	No
6	Varroc Japan Co. Ltd.	Subsidiary	100%	No
7	Industria Meccanica E Stampaggio s.p.a.,	Subsidiary	100%	No
8	Varroc Lighting Systems Italy S.p.A. (To be renamed as Varroc Italy S.p.A.)	Subsidiary	100%	No
9	Varroc Lighting Systems Romania S.A. (To be renamed as Varroc Romania S.A.)	Subsidiary	98.23%	No
10	Varroc Vietnam Co. Limited	Subsidiary	100%	No
11	Varroc Germany GmBH	Subsidiary	100%	No
12	Varroc Poland S.p.Z.o.o.	Subsidiary	100%	No
13	Varroc Lighting Systems Electronics Romania S.r.l (To be renamed as Varroc Electronics Romania S.r.l)	Subsidiary	100%	No
14	Varroc Dell'orto Private Limited	Joint Venture	50%	No
15	Nuova CTS S.r.L., Italy	Joint Venture	50%	No
16	Varroc TYC Corporation BVI	Joint Venture	50%	No
17	Varroc TYC Auto Lamps Co. Limited, China	Joint Venture	50%	No
18	Chongqing Varroc TYC Auto Lamps Co. Limited, China	Joint Venture	50%	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) **Yes**

(ii) Turnover (in Rs.) **39,178,900,000**

(iii) Net worth (in Rs.) **5,543,740,000**

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaints received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, The Corporate Social Responsibility Committee.	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes -https://varroc.com/investors/compliance-officer	0	0	NA	0	0	NA
Shareholders	Yes, The Stakeholder Relationship Committee. Yes -https://varroc.com/investors/compliance-officer	0	0	NA	0	0	NA
Employees and workers	Yes - https://varroc.com/investors/corporate-governance	2	0	Both cases were resolved with appropriate action	0	0	NA
Customers	Yes - https://varroc.com/investors/corporate-governance	0	0	NA	0	0	NA
Value Chain Partners	Yes - https://varroc.com/investors/corporate-governance	0	0	NA	0	0	NA
Other (please specify)							

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

R: Risk

O: Opportunity

S. No.	Material issue identified	R/O	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial Implication (Positive or Negative)
1	Energy & GHG Emissions Management	Risk	Significant GHG emissions are result of energy consumed in the manufacturing process which is based on fossil fuel i.e., coal. Energy is one of the important resources in the manufacturing process incl. electricity, fuel (diesel or furnace oil), gas (LPG/PNG etc.).	Taking focused initiatives to reduce energy consumption by switching to renewable energy project wherever possible along with implementation of energy conservation initiatives across all the plants.	Negative
2	Waste Management, Material Efficiency, Circularity	Risk & Opportunity	The production of automotive parts is a resource-intensive industry, and efficient material management is essential for cost reduction and environmental protection. Effective waste management and energy management practises can reduce waste production and enhance energy efficiency, resulting in substantial cost savings.	To reduce waste generation by proper waste segregation methods and improving waste recycling processes.	Negative
3	Sustainable Product i.e. Impact of Product on Environment & End User, Design to increase Fuel Efficiency. Low Carbon Products. Opportunity in Clean Technology	Opportunity	The company's products have a direct influence on the environmental footprint and performance of vehicles. Designing components to increase fuel efficiency enhances the sustainability of the overall vehicle and reduces carbon emissions. Manufacturing low carbon products contributes to the company's environmental stewardship and aligns with global sustainability goals. Furthermore, recognizing the opportunity in clean technology allows the company to stay ahead of market trends and tap into emerging sustainable solutions.	NA	Positive

S. No.	Material issue identified	R/O	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial Implication (Positive or Negative)
4	Supply Chain - Sustainable Sourcing, Supplier Environment & Social Assessments, MSME Procurements. Critical Materials	Opportunity	Sustainable sourcing ensures that the company procures materials and components from suppliers who adhere to environmental and social standards, promoting responsible practices throughout the supply chain. Assessing suppliers on these standards helps mitigate risks related to environmental impact and social compliance.	NA	Positive
5	Water Management & Zero liquid discharge	Risk & Opportunity	Manufacturing uses a lot of water, and water shortage is a developing issue in many regions of the world. Water management practises that are effective can assist reduce water use and lower the industry's impact on local water resources. Water consumption can have a substantial environmental impact, especially when wastewater is dumped into bodies of water.	Establishing a robust water conservation and water recycle management strategic plan across all operating facilities.	Negative
6	Diversity, Equity & Inclusion in Board Members, Employees, Workers - Gender, Disability	Opportunity	DEI initiatives contribute to creating a more inclusive and equitable work environment at all levels. Having diverse representation in board members, employees, and workers enhances decision-making and fosters innovation	NA	Positive
7	Employee / Workers Health & Safety, Employee Well-being, Employee benefits	Opportunity	Ensuring a safe and healthy workplace is crucial for protecting the physical and mental well-being of employees. Robust occupational health and safety management systems promote compliance with regulations, reduce workplace accidents, and minimize occupational hazards. Employee benefits, including insurance and provident fund schemes, contribute to their financial security and social welfare.	Implement Occupational Health &Safety Management System incl. ISO 14001 & ISO 45001	Positive

S. No.	Material issue identified	R/O	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial Implication (Positive or Negative)
8	Labour Management, Human Rights Issues, POSH	Opportunity	Labour management focuses on ensuring fair and ethical treatment of workers, including aspects like fair wages, working hours, and employee engagement. Human rights issues, such as Prevention of Sexual Harassment (POSH) and discrimination, are critical to creating a safe, inclusive, and respectful work environment for all employees.	NA	Positive
9	Business Ethics & Transparency - Governance	Risk & Opportunity	Upholding high standards of business ethics and implementing a robust code of conduct ensures ethical decision-making, integrity, and accountability across the organization.	Implement ethical governance policies for Board, KMPs and Senior Leadership. Have a strong Corporate Governance to achieve long term mission of aligning the interests with all stakeholders.	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	ESG Policy https://varroc.com/investors/corporate-governance/								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	IATF 16949 IS 14489, ISO 45001 ISO 14001								

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company is in the process of setting goals for optimising energy consumption specifically electricity, maximising use of renewable energy, which meets all the government environmental & safety compliance and health & safety of workers.								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The Company is in an on-going process of setting a tracking mechanism for reviewing the performance against the set goals.								
Governance, leadership and oversight										
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Please refer " Message from CMD" on page no. 12-13 of the Annual Report								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Tarang Jain, Chairman and Managing Director								
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The ESG Steering Committee of the Board is the apex body constituted by the Board and is responsible for decisions making on sustainability related issues. The ESG Steering Committee is a three-member Committee chaired by Chairman and Managing Director and have two member Directors including one Independent Director. The meetings are held on regular basis to review mechanism for decision making on sustainability related issues.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance againstabove policies and follow up action	Director									Annually								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Director									Quarterly								

		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No	No	No	No	No	No	No	No	No

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

<table>
<tr><th>Questions</th><th>P 1</th><th>P 2</th><th>P 3</th><th>P 4</th><th>P 5</th><th>P 6</th><th>P 7</th><th>P 8</th><th>P 9</th></tr>
<tr><td>The entity does not consider the Principles material to its business (Yes/No)</td><td colspan="9" rowspan="5">Not Applicable</td></tr>
<tr><td>The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)</td></tr>
<tr><td>The entity does not have the financial or/human and technical resources available for the task (Yes/No)</td></tr>
<tr><td>It is planned to be done in the next financial year (Yes/No)</td></tr>
<tr><td>Any other reason (please specify)</td></tr>
</table>

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

<table>
<tr><th>Segment</th><th>Total number of training and awareness programmes held</th><th>Topics/ principles covered under the training and its impact</th><th>%age of persons in respective category covered by the awareness programmes</th></tr>
<tr><td>Board of Directors</td><td>Trainings held on a regular basis</td><td rowspan="2">During the year, the Board of Directors and Key Managerial Personnels of the Company invested time on various updates comprising matters relating to Companies Act, 2013, SEBI LODR, business, regulations, economy & environmental, social and governance parameters</td><td>100%</td></tr>
<tr><td>Key Managerial Personnel</td><td>Trainings held on a regular basis</td><td>100%</td></tr>
</table>

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Employees other than BoD and KMPs	42	First Time Managers Managerial Effectiveness Building Resilience Creating a Positive Workplace Adoption to Change	46.38%
Workers	846	SHIPS: Sincerity, Humility, Integrity, Passion, Self-Defence Kaizen 5S TPM: Total Preventive Maintenance Safety Training Fire fighting First Aid EMS - OHSAS Awareness Material Handling Cycle Time POSH Trainings	100%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format**

Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed one entity's website):

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	No	NA	NA	NA	NA
Settlement	No	NA	NA	NA	NA
Compounding fee	No	NA	NA	NA	NA

	Non-Monetary			
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	No	-	-	-
Punishment	No	-	-	-

3. **Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA
NA	NA
NA	NA

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. The Anti- Corruption and Anti- Bribery related clause are covered in the company's Whistle Blower Policy and ESG Policy which has been approved by the board. The same is uploaded on the website.

https://varroc.com/investors/corporate-governance/

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

Particulars	FY 2022-23	FY 2021-22
Directors	0	0
KMPs	0	0
Employees	1	0
Workers	0	0

6. **Details of complaints with regard to conflict of interest:**

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

NA

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
18	1. People Practices 2. Execution Excellence 3. 7 QC Tools 4. APQP 5. PPAP 6. FMEA 7. MSA 8. SPC 9. 5 S 10. ISO 11. IATF Awareness 12. TPM Basics 13. 4 Pillars of TPM- JH, KK, QM, PM 14. Kaizen 15. Poka-Yoke: Error proofing 16. Root Cause Analysis	62%

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same.**

Yes. A Confidentiality & Conflict of Interest clause in mentioned in the appointment letter which is signed by all new joiners.

Principle 2 Businesses Should Provide Goods and Services In A Manner That Is Sustainable And Safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	0%	0%	-
Capex	0%	0%	-

Note: At present, Varroc Engineering Ltd. has not identified or tracked such benefits to monitor the relevant information.

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes, Varroc has procedures such as Supply Chain Manuals and Supplier Assessments. A robust selection process is in place for deciding manufacturing suppliers.

b. **If yes, what percentage of inputs were sourced sustainably?**

100%

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

All the waste e.g., Plastic Waste, E-Waste, Hazardous Waste etc. generated as part of manufacturing process are recycled, reused and disposed based on type of waste and applicable Central & State Pollution Control Rules.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, EPR is applicable and the Waste collection plan is in line with the Extended Producer Responsibility plan. EPR registration is completed for major plants, other plants are under registration process.

PRINCIPLE 3 Businesses Should Respect and Promote The Well-Being Of All Employees, Including Those In Their Value Chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	2175	2175	100%	2175	100%	NA	NA	2175	100%	NA	NA
Female	174	174	100%	174	100%	174	100%	NA	NA	0	0%
Total	**2349**	**2349**	**100%**	**2349**	**100%**	**174**	**100%**	**2175**	**100%**	**0**	**0%**
Other than Permanent employees											
Male	8	0	0%	0	0%	NA	NA	0	0%	NA	NA
Female	1	0	0%	0	0%	1	100%	NA	NA	0	0%
Total	**9**	**0**	**0%**	**0**	**0%**	**1**	**100%**	**0**	**0%**	**0**	**0%**

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	1332	1332	100%	1332	100%	NA	NA	0	0%	NA	Na
Female	44	44	100%	44	100%	44	100%	NA	NA	9	20%
Total	**1376**	**1376**	**100%**	**1376**	**100%**	**44**	**100%**	**0**	**0%**	**9**	**20%**
Other than Permanent workers											
Male	5979	5979	100%	5979	100%	NA	NA	0	0%	NA	NA
Female	679	679	100%	679	100%	679	100%	NA	NA	430	63%
Total	**6658**	**6658**	**100%**	**6658**	**100%**	**679**	**100%**	**0**	**0%**	**430**	**63%**

Day-care facilities care made available at all locations which are eligible as per the law.

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of employees covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	YES	100%	100%	YES
Gratuity	100%	100%	YES	100%	100%	YES
ESI	NA	NA	NA	NA	NA	NA
Others – Please Specify	-	-	-	-	-	-

3. Accessibility of workplacesAre the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, all the premises / offices of Varroc are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Separate toilets and ramps are available for differently able employees and workers.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, Varroc has Code of Conduct and ESG policy which covers the equality opportunity as per the Rights of Persons with Disabilities Act, 2016.

https://varroc.com/investors/corporate-governance/

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	80.64%	0	0
Female	100%	63.63%	0	0
Total	100%	79.29%	0	0

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Case Details	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes. • The Internal Committee (IC) is in kept place, where grievances are received and investigated on the matter thoroughly. • Monthly Vartalap meetings are conducted to redress each employee and worker grievance. • A complaint register is kept where all the grievances/incidences are recorded and kept track of.
Other than Permanent Workers	Yes - IC in place, after receiving grievances investigate the matter thoroughly by IC Monthly communication meetings, Suggestions, Townhall Meetings etc.
Permanent Employees	Yes
Other than Permanent Employees	Yes

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Benefits	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees/ workers in respective category, who are part of association (s) or Union(D)	% (D / C)
Total Permanent Employees	Not Applicable					
- Male						
- Female						
Total Permanent Workers						
- Male	1332	1332	100%	1265	1265	100%
- Female	44	42	95%	41	41	100%
- Total	1376	1376	100%	1306	1306	100%

8. **Details of training given to employees and workers:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No.(B)	% (B/A)	No.(C)	% (C/A)		No.(E)	% (E/D)	No.(F)	% (F/D)
Employees										
Male	2175	2175	100%	2175	100%	1749	1749	100%	1749	100%
Female	174	174	100%	174	100%	140	140	100%	140	100%
Total	**2349**	**2349**	**100%**	**2349**	**100%**	**1889**	**1889**	**100%**	**1889**	**100%**
Workers										
Male	1332	1332	100%	1332	100%	1265	1265	100%	1265	100%
Female	44	44	100%	44	100%	41	41	100%	41	100%
Total	**1376**	**1376**	**100%**	**1376**	**100%**	**1306**	**1306**	**100%**	**1306**	**100%**

9. **Details of performance and career development reviews of employees and worker:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	2175	2117	97%	1749	1743	99.6%
Female	174	142	82%	140	119	85%
Total	**2349**	**2259**	**96%**	**1889**	**1862**	**98.5%**
Workers						
Male	1332	257	19%	1265	226	18%
Female	44	32	73%	41	12	29%
Total	**1376**	**289**	**21%**	**1306**	**238**	**18%**

Note: Only permanent employees and permanent workers were taken into consideration since non-permanent employees and non- permanent workers are not covered under performance and career development reviews.

10. **Health and safety management system:**

a. ***Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?***

Yes, the occupational health & safety management system has been implemented by the company. The system covers ISO 14001, ISO 45001, Health and Safety policies, Guidelines, Periodic Trainings, Records, and involves incorporating our health and safety promotional activities and programs.

b. ***What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?***

As a standard practice, we conduct regular worksite inspections by a walk-through audit and visually assess the types of equipment, work practices, and any potential hazards that could be harmful to the workers. We also interview workers and managers to understand potential hazards in operations. We conduct Hazard identification & Risk Assessment as per ISO Standard including management of change wherever necessary.

c. ***Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N) Yes. Varroc does have a process established for workers.***

Our workers report health & safety related concern to line supervisor & EHS Officer of the Plant. Further Safety inspections and audits are conducted to ascertain the hazards. The process included multiple review meetings and surveys such as - Statutory Audits, Customer Audits, Layered Audit processes, evaluation and review mechanism with respect to Management Review Meetings (MRM), monthly inspection meetings, transport committee reviews, safety committee meeting, plant standdown meeting etc.

d. ***Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)***

Yes, all employees and workers of Varroc have access to non-occupational medical and healthcare service, which includes annual medical check-up, ESIC, access to factory medical officer, health centre, nurse etc.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.55	0.45
Total recordable work-related injuries	Employees	0	0
	Workers	3	3
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

As we are certified by ISO-45001 standards, we have a strong system in place for Safety management practices. We conduct HIRA on scheduled intervals and have a process to improve the controls on continuous basis. In controls we strictly follow the basic hierarchy of safety controls i.e., Eliminate, Substitute, Administrative controls, Trainings, display of sign boards & PPEs. The Company also has SOPs, work instructions defined for all processes, annual training calendar, promotional activities, visual display at our site.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. **Assessments for the year:**

Case Details	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

Taking corrective action is a continuous process. We take proactive actions such as:

1. We have prepared HIRA, SOP for addressing significant, work permit system for any work related to like -Hot work, height work, electrical work, Training, Legal calendar.

Reactive actions.

2. LPG Leakage sensor installed for alert of LPG Leakage; Fire alarm system provided for alert for any emergency.

3. Accident investigation & horizontal deployment system.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) B) Workers (Y/N)**

(A) Yes

(B) Yes

Both the employees and the workers of Varroc are covered under life insurance policies.

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

All the suppliers are required to comply with applicable national laws and regulations as per our agreement.

3. **Details on assessment of value chain partners:**

Case Details	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

4. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

The supplier assessment involves PQCDSM monitoring system which covers Productivity, Quality, Cost, Delivery, Safety and Morale. This PQCDSM monitoring system is in place for LTS suppliers. In all 115 suppliers are covered.

PRINCIPLE 4: Businesses Should Respect The Interests Of And Be Responsive To All Its Stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   Internal and external group of stakeholders have been identified. Presently, the given stakeholder groups have the immediate impact on the operations and working of the Company. This includes Employees, Shareholders & Investors, Customers, Communities and Vendors.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	Annual General Meeting, Emails, Newspaper, Website, Press release	Annual, Periodic	Business performance, Business update
Investors (other than shareholders)	No	Investor Calls, meets, emails	Annual, Periodic	Business performance, financial performance
Customers	No	Email, sms, advertisement, website, social media	Monthly	Offers
Employees and Workers	No	Town halls, trainings, emails, Intranet	Monthly	Employee engagement, talent management
Distributor channel partner	No	Email, SMS, advertisement, meetings, website	Monthly	Business target, incentives also resolving query.
Vendors	No	Emails, Vendor meets	Monthly	Query and grievance redressal
Community	Yes	On site CSR work meetings	Monthly	CSR development programmes

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Company has always maintained that a constant and proactive engagement with our key stakeholders enables the Company to communicate its strategies and performance efficiently. A continuous engagement helps align expectations which enables the Company to serve its stakeholders in a seamless way. The Board is included and kept informed on various developments and feedback on the same which is communicated to the Directors.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, the Company is using stakeholder consultation to support the identification and management of environmental and social topics.

   Additionally, the Company is internally engaged on various evolving aspects of ESG and hence stakeholder interactions and feedbacks are important.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The Company's CSR initiatives focus on various aspects of society engagement. The Company has been able to deliver significant value through its CSR initiatives. The CSR strategy is approved and periodically reviewed by CSR Committee of the board and believes in Optimizing Impact on Communities and Beneficiaries. For more information, kindly refer to the Corporate Social Responsibility Report mentioned in Annual Report for project details.

PRINCIPLE 5 Businesses Should Respect and Promote Human Rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employee/ workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	2349	2349	100%	1889	1889	100%
Other than permanent	9	9	100%	5	5	100%
Total Employees	**2358**	**2349**	**100%**	**1894**	**1889**	**100%**
Workers						
Permanent	1376	1376	100%	1306	1306	100%
Other than permanent	6658	6658	100%	5186	5186	100%
Total Workers	**8034**	**8034**	**100%**	**6492**	**6492**	**100%**

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No.(B)	% (B/A)	No.(C)	% (C/A)		No.(E)	% (E/D)	No.(F)	% (F/D)
Employees										
Permanent										
Male	2175	0	0%	2175	100%	1749	0	0%	1749	100%
Female	174	0	0%	174	100%	140	0	0%	140	100%
Other than permanent										
Male	8	0	0%	8	100%	4	0	0%	4	100%-
Female	1	0	0%	1	100%	1	0	0%	1	100%
Workers										
Permanent										
Male	1332	87	7%	1245	93%	1265	122	9%	1143	91%
Female	44	2	4%	42	96%	41	4	9%	37	91%
Other than permanent										
Male	5979	5979	100%	0	0%	4730	4730	100%	0	0%
Female	679	679	100%	0	0%	456	456	100%	0	0%

3. **Details of remuneration/salary/wages, in the following format:**

Gender	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	7	34,00,000	1	35,00,000
Key Managerial Personnel	2	18123648	0	0
Employees other than BoD and KMP	2175	629768	174	800105
Workers	1332	499465	44	492105

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes. We have multiple committees such as Safety, POSH etc. responsible for addressing the human rights issues if any in the Organisation.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Yes. We have multiple committees such as Safety, POSH etc. responsible for addressing the human rights issues if any in the Organisation.

6. **Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	2	0	Both the Complaints that were filed during the year have been resolved.	0	-	-
Discrimination at workplace	0	-	-	0	-	-
Child Labour	0	-	-	0	-	-
Forced Labour/Involuntary Labour	0	-	-	0	-	-
Wages	0	-	-	0	-	-
Other human rights related issues	0	-	-	0	-	-

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Mechanisms to prevent adverse consequences to the complainant is covered under POSH Policy. The same is disclosed on the website. https://varroc.com/investors/corporate-governance/

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, Human rights related issues are covered under General Purchase Agreement as part of legal compliances.

9. **Assessments for the year:**

Case Details	%age of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

There have not been any incidents with regards to the assessments of the plants and offices where corrective actions were needed to be taken.

Leadership Indicators

1. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Adequate facilities for differently abled manpower is available at Plants & offices such as separate toilets, ramps etc.

2. **Details on assessment of value chain partners:**

Case Details	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	0
Discrimination at workplace	0
Child Labour	100%
Forced Labour/Involuntary Labour	100%
Wages	100%
Others – please specify	0

   This is covered as a part of the adherence to general purchase agreement.

3. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   There have not been any incidents with regards to the assessment of the value chain partners where corrective actions were needed to be taken.

PRINCIPLE 6: Businesses Should Respect and Make Efforts to Protect and Restore The Environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A) - GJ	406,401	367951
Total fuel consumption (B) – GJ	16,329	13,358
Energy consumption through other sources (C) (LPG/PNG) – GJ	58,322	57,182
Total energy consumption (A+B+C) – GJ	**481,053**	**438,491**
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees in Lakh) - GJ /Lakh Rs.	1.22	1.33
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA

   Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water – KL	8,551	10,143
(ii) Groundwater – KL	22,109	21,783
(iii) Third party water – KL	2,26,029	2,26,914
(iv) Seawater / desalinated water – KL	0	0
(v) Others – KL	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**2,56,689**	**2,58,840**
Total volume of water consumption (in kilolitres)	**2,48,687**	**2,34,592**
Water intensity per rupee of turnover (Water consumed /turnover in Lakh Rs.) – KL/Lakh Rs.	0.63	0.71
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, we have implemented ZLD plant as per legal regulatory, directives time to time.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2022-23	FY 2021-22
Nox	mg/Nm3	35.46	35.32
Sox	mg/Nm3	16.32	14.38
Particulate matter (PM)	mg/Nm3	41.47	40.80
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others– please specify	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

All the emission parameters are being tested by an external NABL accredited laboratory.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	MTCO2e	4,688	4,410
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	MTCO2e	76,374	71,118
Total Scope 1 and Scope 2 emissions per Lakh rupee of turnover (Total emissions/ Turnover in Lakh Rs.	**MTCO2e / INR**	**0.195**	**0.216**
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

7. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

The Company has implemented multiple strategies to reduce GHG emissions, Viz - Installation of Solar Rooftops at all the major manufacturing plant locations in India. Implementation of Energy conservation Projects across manufacturing plants to arrest the energy losses and training and awareness development among the employees and workers on the significance of energy consumption, cost, impact on environment etc.

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	802.18	917.7
E-waste **(B)**	4.56	5
Bio-medical waste **(C)**	0.03	0
Construction and demolition waste **(D)**	3.02	0
Battery waste **(E)**	1.76	2
Radioactive waste **(F)**	0	0
Other Hazardous waste. Please specify, if any. **(G)**	610	516
Other Non-hazardous waste generated **(H).** Please specify, if any.(Break-up by composition i.e. by materials relevant to the sector)	7,094	7,510
Total (A+B + C + D + E + F + G + H)	**8,515.55**	**8,950.70**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	8,047	8,563
(ii) Re-used	112	27
(iii) Other recovery operations	0	0
Total	**8,159**	**8,590**

Parameter	FY 2022-23	FY 2021-22
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	91.84	198.2
(ii) Landfilling	111	100.4
(iii) Other disposal operations	0	0
Total	**202.84**	**298.6**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

The waste management practices are as per the CPCB rules and consent condition. Some steps involved includes - storage of waste at generation stage as per standard categories, Waste hand over to storage identified area, disposed to authorised vendor within 90 days with form 10, annual return submitted to State Pollution Control Board with form 4 & 5.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
NA	NA	NA	NA

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA	NA	NA	NA	NA	NA

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law/ regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties /action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1	Provisions of Maharashtra Prevention Water Pollution Act,1969	NA	0	NA
2	The Water (P&CP) Act, 1974	NA	0	NA
3	The Air (P&CP) Act 1981	NA	0	NA
4	Environment Protection Act, 1986	NA	0	NA
5	HAZARDOUS & OTHER WASTE (M, and T M) RULES 2016	NA	0	NA

Leadership Indicators

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23	FY 2021-22
From renewable sources		
Total electricity consumption **(A)-** GJ	72061	63986
Total fuel consumption **(B)**	0	0
Energy consumption through other sources **(C)**	0	0
Total energy consumed from renewable sources (A+B+C)- GJ	**72061**	**63986**
From non-renewable sources		
Total electricity consumption **(D)** - GJ	406,401	367951
Total fuel consumption **(E)** - GJ	16,329	13,358
Energy consumption through other sources **(F)** - GJ	58,322	57,182
Total energy consumed from non-renewable sources (D+E+F) - GJ	481,053	438,491

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

2. **Provide the following details related to water discharged:**

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	0	0
- With treatment-please specify level of treatment	0	0
(ii) To Groundwater		
- No treatment	0	0
- With treatment-please specify level of treatment	0	0
(iii) To Seawater		
- No treatment	0	0
- With treatment-please specify level of treatment	0	0
(iv) Sent to third- parties	CETP	CETP
- No treatment	0	0
- With treatment-please specify level of treatment	17030.9	16470.8
(v) Others		
- No treatment	0	0
- With treatment-please specify level of treatment	0	0
Total water discharged (in kilolitres)	**17030.9**	**16470.8**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**NO**

3. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Innovative Technologies such as Automation, Robotics and Digitisation introduced as part of Varroc's Manufacturing Excellence Program.	Implementation of energy conservation, waste reduction, water recycle projects across manufacturing plants. Training and awareness development among the employees and workers on the significance of resources and its impact on the environment. Some of the specific energy saving projects include – compressor efficiency improvement, arresting compressed air leakages, machine interlocks to avoid no-load running, furnace capacity utilisation, replacement of LED lights against conventional lights, rainwater harvesting etc.	Resource optimisation, Cost reduction and optimised environmental impact

4. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Varroc has an OEP (Onsite Emergency plan) for all our units. Under this we have identified various potential emergencies like, Fire, Electrocution, Fall from height, Chemical/ Acid exposure, Earthquake, Natural disaster and many more.

To ensure strong response during any emergency, we have incorporated following:

1. Emergency Response Teams in plants.
2. Firefighting, first aider teams in plant.
3. Ensuring deployment of min no. of First aiders / Fire fighters at all times in the plant.
4. Conducting mock drills, plant level evacuation at scheduled intervals.

PRINCIPLE 7 Businesses, When Engaging in Influencing Public and Regulatory Policy, Should Do So In A Manner That Is Responsible And Transparent

Essential Indicators

1. ***a. Number of affiliations with trade and industry chambers/ associations.*** 6

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Automobile Component Manufacturers Association (ACMA)	National
2	Society of Indian Automobile Manufacturers (SIAM)	National
3	Bajaj Auto Vendor Association (BAVA)	State

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
4	Confederation of Indian Industries (CII)	National
5	Marathwada Association of Small Scale Industries & Agriculture (MASSIA)	State
6	Chamber of Marathwada Industries Association (CMIA)	State

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
NA	NA	NA

There were no such cases or issues related to anti-competitive conduct by the company where corrective action was taken.

PRINCIPLE 8 Businesses Should Promote Inclusive Growth and Equitable Development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes /No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable	-	-	-	-	-

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
-	-	-	-	-	-	-

The Company does not have any ongoing projects as such.

3. **Describe the mechanisms to receive and redress grievances of the community.**

There is a separate entity named as "Varroc Foundation" to fulfil Company's CSR obligation. Through this foundation the Company understands the specific requirements of the communities and then finalises its CSR initiatives through their need assessment.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Parameter	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	35%	34%
Sourced directly from within the district and neighbouring districts	82%	83%

Leadership Indicators

1. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Varroc Vengsarkar Cricket Academy - VVCA is a cricket academy in pune under the guidance of Veteran cricketer Mr. Dilip Vengsarkar. It aims for radical uplift to the enthusiasm and seriousness among the budding talent to produce good players.	450	0%
2	Varroc Interschool & Industrial Cricket Tournament - From last 16 years we continued to organize the Inter-School and Industrial Cricket Tournament. It aims at boosting and nurturing the Talent in Cricket.	1200	0%
3	Varroc Academy - Under the Skill Development Program, established the Varroc Academy in collaboration with the Tata Institute of Social Science and the Deccan Management Consultants Finishing School, which runs three years duration curriculum Bachelor of Vocational Education (B.Voc.) at Aurangabad.	307	0%
4	BAJA SAEINDIA Event (PRIZE SPONSORSHIP) - The objective of these competitions is to provide SAE student members with a challenging project which involve planning, designing, engineering, manufacturing and marketing of their automobiles.	10625	0%
5	Kham River Eco Restoration Project - Cleaning of the river & put trapper for waste material / Garbage, Green Bridge, & Guarding of bridge and beautification.	600000	0%
6	Abhinav Bindra Foundation Trust - Varroc joined hands with the ABFT which works for uplifting the Indian Sporting Ecosystem, bringing Global best Practices through intervention, Education and Social Upliftment. It supports 3 Indian Athletes, Sadvi Dhuri (Swimmer), Shivaksh Sahu (Swimmer), Vidith Shankar (Swimmer) to grow in their passion area.	3	0%

PRINCIPLE 9 Businesses Should Engage With and Provide Value To Their Consumers In A Responsible Manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   All complaints are acknowledged on receipt and attended on priority for ensuring resolution as per defined time schedule and organisational hierarchy. An Individual Key Account Manager is assigned to each customer to receive & respond against any complaint & feedback.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. **Number of consumer complaints in respect of the following:**

	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. **Details of instances of product recalls on account of safety issues:**

S. No.	Number	Reasons for recall
Voluntary recalls	NA	NA
Forced recalls	NA	NA

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Varroc Engineering has an IT Policy in place for cyber security and risks related to data privacy. This policy is approved by functional heads. The company has taken steps to ensure that our cyber security and data privacy policy is effectively implemented in our day-to-day operations. This includes regular training and awareness programs for employees, as well as conducting periodic audits and risk assessments to identify and mitigate potential cyber security and data privacy risks. Varroc is committed to continuously improving our cyber security and data privacy practices and will remain vigilant to ensure that the policy is being effectively implemented and translated into practice. You can find more about it in Varroc's ESG Policy.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   There were no such issues relating to advertising, and delivery of essential services, cyber security and data privacy of customers where corrective actions were required.

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   All the products and services of Varroc Engineering can be accessed on the company website www.varroc.com.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   These are part of specification which are mutually agreed & signed off with customers.

3. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact**

   b. **Percentage of data breaches involving personally identifiable information of customers**

   Varroc Engineering has not experienced any data breaches till date. As a proactive measure, a robust cyber security framework and policy to prevent any potential data breaches has been implemented. Additionally, risk assessments and audits to identify and mitigate any potential vulnerabilities in the company's systems and processes are being conducted on a regular basis.

Financial Statements

Independent Auditor's Report

To the Members of Varroc Engineering Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Varroc Engineering Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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" section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

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.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' 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 we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our qualified audit opinion on the accompanying standalone financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">De-recognition of trade receivables under factoring arrangements (as described in note 12 of the standalone financial statements)</td></tr>
<tr><td>The Company enters into non-recourse factoring arrangements for its trade receivables with various banks/ financial institutions.

As at March 31, 2023, the Company derecognised trade receivables amounting to Rs. 1,000.00 million. The Company derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables).

The assessment of derecognition of trade receivables under the factoring arrangements is complex and requires judgement.

Accordingly, this has been identified as a key audit matter in our audit of the standalone financial statements</td><td>The audit procedures performed by us included the following:

• Evaluated the assessment made by management in respect of transfer of substantially all risks and rewards of ownership of the financial assets under the factoring contracts;

• Read samples of factoring contracts to understand the terms and assessed if they qualify as non-recourse agreements and further assessed the accounting as per the requirements of Ind AS 109, “Financial Instruments”;

• Assessed the disclosures in the standalone financial statements for compliance with the relevant accounting standard requirements.</td></tr>
<tr><td colspan="2">Testing of compliance with Debt covenants (as described in note 21 of the standalone financial statements)</td></tr>
<tr><td>The total borrowings of the Company as at March 31, 2023 was Rs.16,459.83 million.

The Company has availed various long-term borrowings. These borrowings have loan covenants with respect to debt-equity, debt service coverage, etc. non-compliance of which gives right to the lender to demand immediate repayment of the loan and/or penal interest.

We identified this as a key audit matter in our audit of the standalone financial statements considering the quantum of borrowings and the significant implications in case of non-compliance with debt covenants.</td><td>The audit procedures performed by us included the following:

• Evaluated the Company’s assessment and workings for compliance with the relevant debt covenants as applicable to various borrowings of the Company;

• We tested the underlying calculations used in the Company’s assessment of debt covenants for a sample of loan contracts;

• In case of non-compliance with any of the debt covenants, we read the covenant waiver letters from lenders where available. In the absence of waiver letters, we assessed the consequent reclassification of the respective borrowing from non-current to current.

• We assessed the disclosures in the standalone financial statements for compliance with the relevant accounting standard requirements.</td></tr>
</table>

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 management 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 Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are 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 these standalone financial statements.

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 standalone financial statements, 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 management.

- Conclude on the appropriateness of management's 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 statements 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.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 51 to the standalone financial statements;

   ii. Provision has been made in the standalone financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6, Note 15 and 52 to the standalone financial statements;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 54 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 54 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   c) Based on such audit procedures performed that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

   v. No dividend has been declared or paid during the year by the Company.

   vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 23105754BGQUOM5554

Place of Signature: Pune
Date: May 23, 2023

Annexure 1

referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: Varroc Engineering Limited (the “Company”)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023 since the Company follows cost model for measurement after recognition of Property, Plant and Equipment and intangible assets.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification. Inventories lying with third parties have been confirmed by them as at or near year end and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.

(b) As disclosed in note 22 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of account of the Company except for the cases for which the details are disclosed in **Appendix A.**

(iii) (a) During the year, the Company has provided loans and guarantees to companies as disclosed below. According to the information and explanations given to us and audit procedures performed by us, the Company has not provided advances in the nature of loans or security to companies, firms, Limited Liability Partnerships or any other parties.

(Amount in Rs million)

	Subsidiaries/ Joint Ventures/ Associates/ Others	Guarantees	Loans
Aggregate amount granted/ provided during the year	Subsidiaries	-	2,632.18
Balance outstanding as at balance sheet date (gross amounts without considering provision for impairment)	Subsidiaries	1,031.39**	13,654.33*

* Balance outstanding includes opening balances and restatement impact on foreign currency loans. There was no repayment during the year.

** Includes amount of Rs 574.56 million outstanding as at March 31, 2023 given to erstwhile subsidiary company which has been transferred as part of sale of VLS business during the current year.

(b) During the year the investments made and the terms and conditions of the grant of all loans to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest. The Company has not provided security and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties during the year.

(c) The Company has granted loans to subsidiaries which are repayable on demand. Payment of interest has been stipulated and the delays in receipt of interest as of balance sheet date are mentioned below:

Name of the Entity	Amount in million	Due date	Extent of delay
Varroc Corp Holding B.V. The Netherlands	3.76	30-Jul-21	609
Varroc Corp Holding B.V. The Netherlands	20.49	30-Oct-21	517
Varroc Corp Holding B.V. The Netherlands	53.63	30-Jan-22	425
Varroc Corp Holding B.V. The Netherlands	2.45	30-Oct-20	882
Varroc Corp Holding B.V. The Netherlands	3.69	30-Jan-21	790
Varroc Corp Holding B.V. The Netherlands	4.05	30-Apr-21	700
Varroc Corp Holding B.V. The Netherlands	1.91	30-Apr-21	700
Varroc Corp Holding B.V. The Netherlands	60.80	30-Apr-22	335
Varroc Corp Holding B.V. The Netherlands	60.96	30-July-22	244
Varroc Corp Holding B.V. The Netherlands	81.06	30-Oct-22	152
Varroc Corp Holding B.V. The Netherlands	146.74*	30-Jan-23	60
Varroc European Holding B.V. The Netherlands	0.56	30-Apr-22	335
Varroc European Holding B.V. The Netherlands	1.30	30-July-22	244
Varroc European Holding B.V. The Netherlands	1.63	30-Oct-22	152
Varroc European Holding B.V. The Netherlands	2.50*	30-Jan-23	60
CarIQ Technologies Private Limited	0.77	31-Mar-20	1095
CarIQ Technologies Private Limited	2.00	31-Mar-21	730
CarIQ Technologies Private Limited	2.06	31-Mar-22	365

* This interest on loans given to subsidiaries is not accrued in books of account post impairment of the underlying loans in the current year.

(d) The following amounts are overdue for more than ninety days as at the balance sheet date from subsidiaries to whom loans have been granted, and reasonable steps have been taken by the Company for recovery of the overdue amount of interest.

(Amount in Rs million)

Number of Cases	Principal Amount Overdue	Interest Overdue (Amount in Rs mllion)	Total Overdue (Amount in Rs million)
16	NIL	301.11*	301.11*

*Out of INR 301.11 million of outstanding interest from subsidiaries, INR 296.28 million is impaired as at March 31, 2023

(e) There were no loans or advance in the nature of loan granted to companies which have fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) As disclosed in note 15 to the financial statements, the Company has granted loans which are repayable on demand. Of these, following are the details of the aggregate amount of loans granted to related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

(Amount in Rs million)

	Subsidiaries
Aggregate amount of loans	
- Repayable on demand	13,654.33*
Percentage of loans repayable on demand to the total loans	100%

*Gross amount without considering provision for impairment

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of loans and advances given, investments made and guarantees and securities given.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of its products and generation of electricity, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount* (Rs In Million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	95.86	AY 2008-09 & AY 2013-14	Bombay High Court, Aurangabad Branch
Income Tax Act, 1961	Income Tax	88.87	AY 2015-16 to AY 2020-21	Commissioner of Income Tax (Appeals), Pune
Income Tax Act, 1961	Income Tax	16.33	AY 2018-19	Income Tax Appellate Tribunal

Name of the statute	Nature of the dues	Amount* (Rs In Million)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	118.06	FY 2011-16	Commissioner of Central Excise, Aurangabad
The Central Excise Act, 1944 & The Finance Act, 1994	Excise Duty and Service Tax	10.86	FY 2012-20	Various Tax authorities
Customs Act, 1962	Custom Duty	37.64	FY 2021-22	DC- Customs Mumbai

* Against the litigation amount as mentioned above, Rs 38.08 Million have been deposited with the respective authorities. The amounts are excluding interest/penalties.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained, though term loan of Rs. 1,250 million was raised towards the end of the year March 2023 and hence has not been utilised by the end of the year and has been kept in fixed deposits as at March 31, 2023.

(d) On an overall examination of the financial statements of the Company, the Company has used funds raised on short-term basis in the form of current borrowings/payables aggregating to Rs. 5,055.26 million for loans to overseas subsidiaries which have been impaired as of March 31, 2023 (hence considered as long-term utilisation).

(e) On an overall examination of the financial statements of the Company, the Company has taken funds from following entities and persons on account of or to meet the obligations of its subsidiaries, associates or joint ventures as per details below:

Nature Of fund taken	Name of lender	Amount involved (Rs in millions)	Name of the subsidiary, joint venture, associate	Relation	Nature of transction for which funds utilizsed
Intercorporate Deposit	Varroc Polymers Limited (formerly known as "Varroc Polymers Private Limited")	140	Varroc Corp Holding B.V. The Netherlands	Wholly Owned Subsidiary	Repayment of existing debts of overseas subsidiaries and for meeting fund requirements for business operations of overseas subsidiaries

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries and joint ventures. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards except for transactions mentioned below, for which, as explained to us, the Company has taken post-facto approval of the audit committee under section 177 of the Companies Act, 2013:

Nature of the related party relationship and the underlying transaction	Amount involved (Rs. in millions)
Transaction with Subsidiary Companies	
Inter-Corporate Deposit (Net) and Interest	2,492.56
Purchase of asset	22.85
Reimbursement of expenses	125.78

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 53 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37 to the financial statements.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 23105754BGQUOM5554

Place of Signature: Pune
Date: May 23, 2023

Appendix A referred to in Annexure 1 of our report of even date

1. Inventories:

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of diffence	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Refer Note 1 of Note 22(a) of the standalone financial statements)	Post closure adjustments (Refer Note 2 of Note 22(a) of the standalone financial statements)	
1	30th June 2022	4,058.60	4,188.87	(130.27)	(133.71)	3.44	-
2	30th Sept 2022	5,008.10	5,195.43	(187.33)	(189.51)	2.18	-
3	31st Dec 2022	4,993.29	5,197.85	(204.56)	(204.56)	-	-
4	31st March 2023	4,109.16	4,283.16	(174.00)	(212.67)	38.67	-

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Refer Note 4 of Note 22(a) of the standalone financial statements)
					Components not considered for the purpose of reporting (Refer Note 3 of Note 22(a) of the standalone financial statements)	Post closure adjustments	
1	30th June 2022	4,266.89	3,022.76	1,244.13	1,258.81	(14.69)	-
2	30th Sept 2022	5,157.81	3,333.11	1,824.70	1,828.78	(4.08)	-
3	31st Dec 2022	3,424.74	3,200.69	224.05	225.73	(1.68)	-
4	31st March 2023	3,033.16	3,052.02	(18.86)	15.25	(34.11)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter	Balance as per Financials	Amount as per Stock Statement	Amount of difference	Reconciliation items			Net difference (Refer Note 7 of Note 22(a) of the standalone financial statements)
					Components not considered for the purpose of reporting (Refer Note 5 of Note 22(a) of the standalone financial statements)	Additional Components considered for the purpose of reporting (Refer Note 6 of Note 22(a) of the standalone financial statements)	Post closure adjustments (Refer Note 2 of Note 22(a) of the standalone financial statements)	
1	30th June 2022	8,661.25	6,744.77	1,916.48	1,586.84	-	(27.18)	356.82
2	30th Sept 2022	9,621.76	7,605.01	2,016.75	2,040.22	-	(18.68)	-4.79
3	31st Dec 2022	7,425.58	6,218.75	1,206.83	1,464.65	-	(257.82)	-
4	31st March 2023	6,333.15	5,267.05	1,066.10	1,074.69	-	(184.13)	175.54

ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF VARROC ENGINEERING LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Varroc Engineering Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 23105754BGQUOM5554

Place of Signature: Pune
Date: May 23, 2023

Standalone Balance Sheet as at March 31, 2023

(₹ in Million)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non current assets			
Property, plant and equipment	3	9,711.63	9,934.88
Capital work-in-progress	3	374.84	549.25
Investment properties	4	118.69	124.18
Intangible assets	5	513.15	678.63
Intangible assets under development	5	56.44	69.42
Right-of-use assets	5A	1,345.71	544.64
Investments in subsidiaries and joint venture	6	9,139.17	10,229.43
Financial assets			
Investments	7	0.15	0.15
Other financial assets	8	293.47	251.67
Income tax assets (net)		306.77	98.22
Other non-current assets	9	443.55	439.83
Total non-current assets		**22,303.57**	**22,920.30**
Current assets			
Inventories	10	4,109.16	3,616.33
Financial assets			
Investments	11	300.05	-
Trade receivables	12	3,033.16	3,971.87
Cash and cash equivalent	13	1,496.36	427.55
Other bank balances	14	45.06	2.56
Loans	15	479.58	10,298.77
Other financial assets	16	58.40	72.98
Other current assets	17	650.61	729.19
Total current assets		**10,172.38**	**19,119.25**
Assets held for sale	18	-	36.37
Total Assets		**32,475.95**	**42,075.92**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	19	152.79	152.79
Other Equity	20	5,390.95	19,257.06
Total equity		**5,543.74**	**19,409.85**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	21	1,473.78	2,111.03
Lease liabilities	5A	890.84	124.82
Provisions	23	83.74	131.76
Deferred tax liabilities (net)	24	799.43	706.35
Other non-current liabilities	25	44.78	40.79
Deferred government grant	29A	144.39	194.12
Total non-current liabilities		**3,436.96**	**3,308.87**
Current liabilities			
Financial liabilities			
Borrowings	22	14,986.05	9,515.71
Lease liabilities	5A	112.68	59.72
Trade payables			
total outstanding dues of micro enterprises and small enterprises	26	784.65	1,219.18
total outstanding dues other than micro enterprises and small enterprises	26	5,457.49	5,505.49
Acceptances		91.01	920.01
Other financial liabilities	27	1,048.87	1,191.82
Provisions	28	218.20	149.18
Other current liabilities	29	646.22	672.04
Deferred government grant	29A	150.08	124.05
Total current liabilities		**23,495.25**	**19,357.20**
Total liabilities		**26,932.21**	**22,666.07**
Total equity and liabilities		**32,475.95**	**42,075.92**

Summary of significant accounting policies 2

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23,2023

For and on behalf of the Board of Directors

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

K Mahendra Kumar
Group CFO
Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 23, 2023

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	30	39,178.90	32,918.07
Other income	31	530.03	646.14
Total income		**39,708.93**	**33,564.21**
Expenses			
Cost of materials consumed	32	26,696.99	22,356.90
Changes in stock of finished goods and work-in-progress	33	(158.22)	(176.70)
Employee benefits expense	34	3,661.84	3,304.17
Depreciation and amortization expense	35	1,944.49	1,703.49
Finance costs	36	1,700.98	909.76
Other expenses	37	6,318.35	5,019.50
Total expense		**40,164.43**	**33,117.12**
Profit/(Loss) before tax and exceptional items		**(455.50)**	**447.09**
Exceptional item (Refer note 52)		**13,321.90**	**-**
Profit/(Loss) before tax		**(13,777.40)**	**447.09**
Income tax expense			
Current tax		137.66	79.92
Excess provision for tax relating to prior periods		(110.90)	(0.11)
Net current tax		**26.76**	**79.81**
Deferred tax		63.78	107.43
Total tax expense	39	**90.54**	**187.24**
Profit/(Loss) for the year		**(13,867.94)**	**259.85**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/(losses) of defined benefit obligation		2.81	(30.17)
Income tax relating to these items		(0.98)	10.54
Other comprehensive income for the year (net of tax)		**1.83**	**(19.63)**
Total comprehensive income for the year		**(13,866.11)**	**240.22**
Earnings per equity share [Nominal value per share: Re. 1 (Previous year : Re. 1)]	49		
Basic and Diluted		(90.76)	1.70

Summary of significant accounting policies 2

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23,2023

For and on behalf of the Board of Directors

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

K Mahendra Kumar
Group CFO
Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 23, 2023

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ in Million)

Sr.No	Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
A	**Cash flow from operating activities**				
	Net profit/(loss) before tax		**(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)	3,736.65	(184.93)	2,363.39
	Operating profits before working capital changes		**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 asset	75.68		521.16	
	Provisions	21.00		(8.39)	
	Other financial liabilities	50.23		111.65	
	Other current and non current liabilities	(21.83)	(948.99)	(14.41)	1,652.76
	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)**

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ in Million)

Sr.No	Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
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 of 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 (refer note 13)		0.01		0.02
	Current accounts (refer note 13)		246.35		427.53
	Deposit with maturity of less than 3 months (refer note 13)		1,250.00		-
	Cash Credit (refer note 22)		-		(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) Figures in brackets represent outflow of cash and cash equivalents.

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23,2023

For and on behalf of the Board of Directors

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

K Mahendra Kumar
Group CFO
Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 23, 2023

Standalone Statement of changes in equity

for the year ended March 31, 2023

A Equity share capital

(₹ in Million)

Particulars	Note	No of Shares		Equity Share Capital	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Balance at the beginning of the year	19	15,27,86,400	15,27,86,400	152.79	152.79
Add/(Less):- changes in equity share capital due to prior period error		-	-	-	-
Add:- issue of new shares		-	-	-	-
Balance at the end of the year		**15,27,86,400**	**15,27,86,400**	**152.79**	**152.79**

B Other equity

(₹ in Million)

Particulars	Note	Retained earnings	General reserve	Capital reserve	Securities premium	Total
Balance at April 1, 2021		4,033.00	1,474.38	194.07	13,315.38	19,016.83
Profit for the year		259.85	-	-	-	259.85
Remeasurement of defined benefit obligation (net of tax)	20	(19.62)	-	-	-	(19.62)
Balance at March 31, 2022		**4,273.23**	**1,474.38**	**194.07**	**13,315.38**	**19,257.06**
Loss for the year		(13,867.94)	-	-	-	(13,867.94)
Remeasurement of defined benefit obligation (net of tax)	20	1.83	-	-	-	1.83
Balance at March 31, 2023		**(9,592.88)**	**1,474.38**	**194.07**	**13,315.38**	**5,390.95**

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23,2023

For and on behalf of the Board of Directors

Tarang Jain
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Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 23, 2023

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

1 Corporate information

Varroc Engineering Limited (the ""Company"") is engaged in the business of manufacturing of automobile components. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at L-4 M.I.D.C Area ,Waluj, Aurangabad-431 136.

The Company has 15 manufacturing plants, 2 research and development centres, 3 wind power and 1 solar power projects in India and caters to customers both in the domestic and international markets.

The above financial statements were authorised for issue in accordance with a resolution of the Board of directors on May 23, 2023.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

(i) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

All amounts included in these financial statements are reported in Million of Indian rupees (₹ In Million) except earnings per share data and unless stated otherwise.

All amounts in the financial statements have been rounded off to the nearest million or decimal thereof.

(ii) Use of estimates and assumptions

The preparation of the Financial Statements requires the management to make certain judgments, estimates and assumptions. It also requires the management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2A.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- defined benefit plans, plan assets measured at fair value;

(iv) Current/non-current classification:

All assets and liabilities have been classified as current or non current as per the company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

A) Property, plant and equipment

Tangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

• Factory buildings	30 years
• Office buildings	60 years
• Plant and machinery	
• Plant and machinery, factory equipment, tools & electrical installation and fittings	8-12 years
• Moulds	2-7 years
• Computers	3-6 years
• Vehicles	2-5 years
• Furniture and fixtures	5-10 years
• Office equipment	2-5 years

The useful lives have been determined based on technical evaluation done by the management's expert which are different than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 30-50 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life of the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(i) Computer software

Software is amortised over a period of 3 years.

(ii) Technical know how

Expenditure on acquiring technical know-how (including income tax and R & D Cess) is capitalised and amortised over a period of six years.

(iii) Non compete fee

Non compete fee paid is capitalised and amortised over a period of 5 years.

(iv) Intellectual Property Right

Intellectual property right pertains to amount paid to acquire right to use technology for engine components which has been capitalised and amortised over a period of 10 years.

(v) Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the period of development, the asset is tested for impairment annually.

B) Investments in subsidiaries/joint venture

The Company accounts for its investments in subsidiaries/joint venture at cost less accumulated impairment losses (if any) in its separate financial statements. Investments accounted for at cost are accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale

C) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right of use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and building : 3 to 15 years
- Plant and machinery : 3 to 15 years
- Motor vehicles and other equipment : 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (D) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset."

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

D) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at the year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired."

E) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

F) Inventories

Inventories are valued at the lower of cost and net realisable value

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials, Stores and spare-parts, Loose tools and Packing materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

c) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

d) Duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) are included in the value of inventory.

G) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other income.

H) Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Amounts disclosed as revenue are net of goods and service tax (GST).

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 120 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g.,warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations

The Company typically provides warranties for general repairs of defects as per terms of the contract with customers, These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (L) Provisions.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Sale of services

Income from services is recognised on the basis of time/work completed as per contract with the customers. The Company collects goods and service tax (GST) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy, refer note Q - Financial instruments – Financial assets at amortised cost.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

Refund liabilities

A refund liability is the obligation to refund some or all the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Wind/solar power generation

Income from the wind / solar power generation is recognised when earned on the basis of contractual arrangements with the buyers.

Export Incentives

Income from duty drawback and export incentives is recognised on an accrual basis.

I) Foreign currency translation

The Company's financial statements are presented in INR, which is also the functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following: Exchange differences arising on monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

J) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Notes to the Standalone Financial Statements

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Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company makes contributions to funds for certain employees to the regulatory authorities. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

K) Income tax

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future0 and taxable profit will be available against which the temporary differences can be utilised

  Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

L) Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

M) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the reporting period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all period presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

N) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Bank overdraft are shown within borrowings in current liabilities in the Balance sheet.

O) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

P) Segment reporting

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

Q) Financial Instruments

Financial Assets

Initial Recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies for Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive

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income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instruments as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e. removed from the Company balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a '"pass-through"' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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for the year ended March 31, 2023

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:-

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial assets that are debt instruments and are measured at FVTOCI

(c) Lease receivables

(d) Trade receivables or any contractual right to receive cash or another financial asset

(e) Loan commitments which are not measured as at FVTPL

(f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables
- All lease receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company is in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortized cost, contract assets and lease receivables:

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet i.e. as a liability.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments."

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per the impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Embedded Derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Embedded foreign currency derivatives

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- the functional currency of any substantial party to that contract,

- the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,

- a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Notes to the Standalone Financial Statements

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Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Company currently does not have any such derivatives which are not closely related.

Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions **(Note 2A)**

Quantitative disclosures of fair value measurement hierarchy **(Note 43)**

Financial instruments (including those carried at amortized cost) **(Note 44, 45 and 46)**

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

1) Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

2) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

3) Hedges of a net investment in a foreign operation

   At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

   Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

   Cash flow hedges

   The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

   The Company uses derivative contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs.

   Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

   If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent.

The Company senior management determines changes in the business model as result of external or internal changes which are significant to the company operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to the operations.

If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original Classification	Revised Classification	Accounting Treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

R) Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

2.1 Changes in accounting policies and disclosures

New and amended standards

(i) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to Ind AS 37

(ii) Amendments to Ind AS 37: Onerous Contracts – Costs of Fulfilling a Contract

(iii) Amendments to Ind AS 103: Reference to the Conceptual Framework

(iv) Amendments to Ind AS 16: Property, plant and equipment: Process before intended use

(v) Amendments to Ind AS 101: First-time adoption of Indian Accounting Standards – Subsidiary as a first-time adopter

(vi) Amendments to Ind AS 109: Fees in the '10 percent' test for derecognition of financial liabilities

(vii) Amendments to Ind AS 41: Taxation in fair value investments

These amendments are applicable for annual periods beginning on or after the April 1, 2022. These amendments do not have any significant impact on the Company's financial statements.

Note 2A: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, following are significant judgements made by the management:

1) De-recognition of trade receivables under factoring arrangements

The Company enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. The Company derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of de-recognition of trade receivables under the factoring arrangements is complex and requires judgement.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

1) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligation are given in Note 42.

2) Deferred taxes

At each reporting date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize/carry forward deferred tax assets (including MAT credits). This assessment requires the use of significant estimates/assumptions with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income change or if changes in current tax regulations are enacted. (Refer note 24 for details)

3) Provision for warranty

Warranties are provided for a specified period of time. The estimated liability for warranties is recorded when the products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and our estimates regarding possible future incidence based on actions on product failures. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Actual claims incurred in the future may differ from the management's original estimates, which may materially affect warranty expenses.

Notes to the financial statements

for the year ended March 31, 2023

Note 3 - Property, plant and equipment

Year ended March 31, 2023

(₹ in Million)

Asset class	Gross carrying amount					Accumulated depreciation					Net carrying amount	
	As at April 1, 2022	Additions	Reclassified from Assets held for sale (Refer Note 18)	Disposals	As at March 31, 2023	As at April 1, 2022	Depreciation charge	Reclassified from Assets held for sale (Refer Note 18)	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Freehold land	69.12	-	-	-	69.12	-	-		-	-	69.12	69.12
Factory buildings	2,338.96	59.62	-	4.53	2,394.05	610.04	107.77	-	4.45	713.36	1,680.69	1,728.92
Office buildings	794.64	-	-	2.01	792.63	89.33	17.09	-	0.26	106.16	686.47	705.31
Plant and machinery	12,520.24	1,090.53	23.81	13.02	13,621.56	5,616.97	1,220.32	2.19	4.95	6,834.53	6,787.03	6,903.27
Electrical installations	301.88	22.59	-	-	324.47	176.08	26.24	-	-	202.32	122.15	125.80
Computers	218.34	36.81	11.71	1.84	265.02	151.48	32.88	9.73	1.84	192.25	72.77	66.86
Mould and dies	517.80	42.07	-	4.38	555.49	395.30	61.35	-	4.31	452.34	103.15	122.50
Electrical fittings	105.88	2.78	-	-	108.66	45.40	10.40	-	-	55.80	52.86	60.48
Vehicles	59.18	5.40	0.99	1.07	64.50	44.42	7.08	0.28	0.98	50.80	13.70	14.76
Furniture and fixtures	245.30	31.43	9.65	0.12	286.26	141.69	37.67	5.40	0.08	184.68	101.58	103.61
Office equipments	125.73	1.70	-	0.07	127.36	91.48	13.84	-	0.07	105.25	22.11	34.25
Total	**17,297.07**	**1,292.93**	**46.16**	**27.04**	**18,609.12**	**7,362.19**	**1,534.64**	**17.60**	**16.94**	**8,897.49**	**9,711.63**	**9,934.88**

Capital work-in-progress as at March 31, 2023

(₹ in Million)

Particulars	Amount
Opening capital work-in-progress	549.25
Addition during the year	1,118.52
Transfer to asset held for sale	-
Capitalised during the year	(1,292.93)
Closing capital work-in -progress	**374.84**

Notes to the financial statements

for the year ended March 31, 2023

A. The Capital work-in-progress ageing schedule as at March 31, 2023, is as follows :

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	342.85	31.02	0.97	-	374.84
Total	**342.85**	**31.02**	**0.97**	**-**	**374.84**

There are no CWIP for which completion is overdue or has exceeded its cost compared to its original budget

Capital work in progress mainly comprises plant and machinery and factory equipments under installation.

Year ended March 31, 2022

(₹ in Million)

Asset class	Gross carrying amount					Accumulated depreciation					Net carrying amount	
	As at April 1, 2021	Additions#	Reclassified to Asset held for sale	Disposals	As at March 31, 2022	As at April 1, 2021	Depreciation charge	Reclassified to Asset held for sale	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 1, 2021
Freehold land	68.80	0.32	-	-	69.12	-	-	-	-	-	69.12	68.80
Factory buildings	2,262.15	76.81	-	-	2,338.96	497.77	112.27	-	-	610.04	1,728.92	1,764.38
Office buildings	794.13	2.67	-	2.16	794.64	72.48	17.10	-	0.25	89.33	705.31	721.65
Plant and machinery	10,364.08	2,207.66	26.62	24.88	12,520.24	4,573.03	1,066.30	2.41	19.95	5,616.97	6,903.27	5,791.05
Electrical installations	295.35	7.19	-	0.66	301.88	151.50	25.24	-	0.66	176.08	125.80	143.85
Computers	195.03	49.91	25.61	0.99	218.34	140.82	34.31	22.67	0.98	151.48	66.86	54.21
Mould and dies	492.07	38.84	-	13.11	517.80	352.87	55.54	-	13.11	395.30	122.50	139.20
Electrical fittings	81.73	24.15	-	-	105.88	35.27	10.13	-	-	45.40	60.48	46.46
Vehicles	61.90	3.69	0.99	5.42	59.18	38.80	10.61	0.28	4.71	44.42	14.76	23.10
Furniture and fixtures	214.03	41.35	10.07	0.01	245.30	116.70	30.71	5.71	0.01	141.69	103.61	97.33
Office equipments	119.41	6.82	-	0.50	125.73	76.05	15.93	-	0.50	91.48	34.25	43.36
Total	**14,948.68**	**2,459.41**	**63.29**	**47.73**	**17,297.07**	**6,055.29**	**1,378.14**	**31.07**	**40.17**	**7,362.19**	**9,934.88**	**8,893.39**

Additions include finance cost capitalised amounting to Rs Nil (March 31, 2021 : 3.47 million). Effective rate of interest for borrowing cost capitalisation was N.A (Previous year 8%).

Notes to the financial statements

for the year ended March 31, 2023

Capital work-in-progress as at March 31, 2022

(Rs in Million)

Particulars	Amount
Opening capital work-in-progress	1,245.32
Addition during the year	1,764.63
Transfer to asset held for sale	(1.29)
Capitalised during the year	(2,459.41)
Closing capital work-in -progress	**549.25**

A. The Capital work-in-progress ageing schedule as at March 31, 2022, is as follows :

(Rs in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	481.70	64.23	3.32	-	549.25
Total	**481.70**	**64.23**	**3.32**	**-**	**549.25**

There are no CWIP for which completion is overdue or has exceeded its cost compared to its original budget

Capital work in progress mainly comprises plant and machinery and factory equipments under installation.

Notes:

(i) Refer note 48 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Office building includes premises on ownership basis in a Co-operative Society ₹ 6.3 Million, including cost of shares therein of ₹ 125/- per share.

(iii) Refer note 21 for disclosures relating to charges/securities created against PP&E

(iv) The title deeds for all the immovable properties are in the name of the Company.

Notes to the financial statements

for the year ended March 31, 2023

Note 4 - Investment properties

Year ended March 31, 2023

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at April 1, 2022	Additions	As at March 31, 2023	As at April 1, 2022	Depreciation charge	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Leasehold land	13.08	-	13.08	0.97	0.16	1.13	11.95	12.11
Factory buildings	149.24	-	149.24	37.17	5.33	42.50	106.74	112.07
Total	**162.32**	**-**	**162.32**	**38.14**	**5.49**	**43.63**	**118.69**	**124.18**

Year ended March 31, 2022

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at April 1, 2021	Additions	As at March 31, 2022	As at April 1, 2021	Depreciation charge	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Leasehold land	13.08	-	13.08	0.81	0.16	0.97	12.11	12.27
Factory buildings	149.24	-	149.24	31.84	5.33	37.17	112.07	117.40
Total	**162.32**	**-**	**162.32**	**32.65**	**5.49**	**38.14**	**124.18**	**129.67**

(i) Amount recognised in Statement of Profit and Loss for investment properties

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rental income	28.28	19.64
Depreciation	5.49	5.49
Profit from investment properties	**22.79**	**14.15**

(ii) Leasing arrangements

Certain investment properties located at M139-140 MIDC Waluj Aurangabad are leased to tenants under long-term cancellable operating leases with rentals payable monthly. There is escalation of 5% in lease rentals during the lease terms.

(iii) Fair value

Fair value of the investment property as on March 31, 2023 ₹ 138.70 million.(March 31,2022 ₹ 138.70 million)

Estimation of fair value

These valuations are based on valuations performed by Mr N G KARKHANE Consulting Civil Engineers and Structural Designers, an accredited independent valuer. Valuer is a specialist in valuing these types of investment properties and is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. Fair value of investment property is based on the replacement cost method. The best evidence of fair value is current prices in an active market for similar properties.

Notes to the financial statements

for the year ended March 31, 2023

Note 5 - Intangible assets

Year ended March 31, 2023

(₹ in Million)

Asset class	Gross carrying amount					Accumulated depreciation					Net carrying amount	
	As at April 1, 2022	Additions	Reclassified from Assets held for sale (Refer 18)	Disposals	As at March 31, 2023	As at April 1, 2022	Depreciation charge	Reclassified from Assets held for sale (Refer 18)	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Software	331.69	68.20	1.24	1.35	399.78	264.23	41.18	1.19	1.17	305.43	94.35	67.46
Technical Knowhow	28.06	-	-	-	28.06	23.28	3.19	-	-	26.47	1.59	4.78
Non Compete Fees	74.00	-	-	-	74.00	37.75	14.81	-	-	52.56	21.44	36.25
Intellectual Property Right	301.99	-	-	-	301.99	64.00	31.37	-	-	95.37	206.62	237.99
Capitalised development costs	487.60	49.58	-	-	537.18	155.45	192.58	-	-	348.03	189.15	332.15
Total	**1,223.34**	**117.78**	**1.24**	**1.35**	**1,341.01**	**544.71**	**283.13**	**1.19**	**1.17**	**827.86**	**513.15**	**678.63**

Intangible assets under development as at March 31, 2023

(₹ in Million)

Particulars	Amount
Opening balance	69.42
Addition during the year	104.80
Capitalised during the year	(117.78)
Closing balance	**56.44**

Intangible assets under development includes development costs

A. The Capital work-in-progress ageing schedule as at March 31, 2023, is as follows :

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	45.20	11.24	-	-	56.44
Total	**45.20**	**11.24**	**-**	**-**	**56.44**

There are no intangible assets under development for which completion is overdue or has exceeded its cost compared to its original budget

Notes to the financial statements

for the year ended March 31, 2023

Year ended March 31, 2022

(₹ in Million)

Asset class	Gross carrying amount					Amortisation					Net carrying amount	
	As at April 01, 2021	Additions	Reclassify to Asset held for sale (Refer 18)	Disposals	As at March 31, 2022	As at April 01, 2021	Amortisation charge	Reclassify to Asset held for sale (Refer 18)	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	292.89	49.39	10.57	0.02	331.69	221.74	50.22	7.71	0.02	264.23	67.46	71.15
Technical Knowhow	28.06	-	-	-	28.06	18.98	4.30	-	-	23.28	4.78	9.08
Non Compete Fees	74.00	-	-	-	74.00	22.94	14.81	-	-	37.75	36.25	51.06
Intellectual Property Right	301.99	-	-	-	301.99	32.63	31.37	-	-	64.00	237.99	269.36
Capitalised development cost	209.12	320.07	-	41.59	487.60	74.42	122.62	-	41.59	155.45	332.15	134.70
Total	**906.06**	**369.46**	**10.57**	**41.61**	**1,223.34**	**370.71**	**223.32**	**7.71**	**41.61**	**544.71**	**678.63**	**535.35**

Intangible assets under development as at March 31, 2022

(₹ in Million)

Particulars	Amount
Opening balance	326.49
Addition during the year	112.39
Capitalised during the year	(369.46)
Closing balance	**69.42**

Intangible assets under development mainly include development costs

A. The Intangible assets under development ageing schedule as at March 31,2022, is as follows:

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	69.42	-	-	-	69.42
Total	**69.42**	**-**	**-**	**-**	**69.42**

There are no intangible assets under development for which completion is overdue or has exceeded its cost compared to its original budget

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 5A - Right of use assets

The Company has lease contract for premises/building used for its operations with lease terms of 2-10 years, and for lease hold land with lease term of 95-99 years The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets. The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (mainly Laptops) (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

(i) Amounts recognised in balance sheet

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
	Land and building	Land and building
Opening balance	544.64	532.47
Add: Additions during the period	922.41	110.10
Add: Stamp duty, Prepaid rent	(0.11)	(1.39)
Less: Depreciation for the year (refer note 35)	(121.23)	(96.54)
Closing balance	**1,345.71**	**544.64**

(b) Set out below are the carrying amounts of lease liabilities and the movements during the period

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Opening balance	184.54	179.46
Add: Addition during the period	898.20	110.10
Add: Accretion of interest (refer note 36)	54.57	14.79
Less: Payments during the period	(133.79)	(119.81)
Closing balance	**1,003.52**	**184.54**

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Current	112.68	59.72
Non Current	890.84	124.82
Total Lease liability as on March 31,2023	**1,003.52**	**184.54**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Following is maturity profile of Contractual undiscounted cash flows as on March 2023:*

(₹ in Million)

	Effective Interest Rate	2023-24	2024-25	2025-26	2026-27	2027-28	More than 5 years	Total
Leasehold premises	10%	199.28	181.19	184.33	184.79	122.48	569.23	1,441.30

*Lease Liabilility and contractual cashflows disclosed above vary on account of discounting of contractual cash flows considered in carrying amount.

Following is maturity profile of Contractual undiscounted cash flows as on March 2022:

(₹ in Million)

	Effective Interest Rate	2022-23	2023-24	2024-25	2025-26	2026-27	More than 5 years	Total
Leasehold premises	10%	59.72	50.17	26.73	26.38	21.54	-	184.54

(ii) Amounts recognised in statement of profit and loss account

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of right-of-use assets	121.23	96.54
Interest expense on lease liabilities	54.57	14.79
Amounts included in Rent expense		
Expense relating to leases of low-value assets	69.21	59.52
Total amount recognised in statement of profit and loss	**245.01**	**170.85**

The Company had total cash outflows for leases of Rs 203 Million for the year ended March 31, 2023. (Previous year March 31, 2022 Rs 179.33 million). The company does not have non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2023

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

6 (a) Investments in subsidiaries and joint venture

(₹ in Million)

Particulars	Face value per share	Number of Shares As at March 31, 2023	Number of Shares As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Investment in subsidiaries- equity instruments at cost fully paid up (unquoted)					
Durovalves India Private Limited	₹ 10.00	31,44,730	31,44,730	324.78	324.78
Varroc Polymers Limited	₹ 10.00	5,29,100	5,29,100	500.00	500.00
Varroc European Holding B.V.	€100.00	2,07,670	2,07,670	1,300.42	1,300.42
Varroc Corp Holding B.V.	€100.00	5,67,045	4,73,187	9,665.58	9,665.58
Varroc Japan Co. Ltd	¥10.00	10,000	10,000	0.10	0.10
Cariq Technologies Private Limited	₹ 1.00	2,42,108	2,42,108	192.40	192.40
Total (A)				**11,983.28**	**11,983.28**
Less : Provision for impairment in equity investment in subsidiaries (B)					
Varroc Corp Holding B.V. (Refer note 52)				(1,558.94)	(468.68)
Varroc European Holding B.V.				(1,300.42)	(1,300.42)
				(2,859.36)	**(1,769.10)**
Total non current investment (A+B)				**9,123.92**	**10,214.18**

6 (b) Investment in joint venture - equity instruments at cost

(₹ in Million)

Particulars	Face value per share	Number of Shares As at March 31, 2023	Number of Shares As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Investment in joint venture - equity instruments at cost					
Varroc Dell'orto Private Limited	₹ 10.00	15,25,000	15,25,000	15.25	15.25
Total (C)				15.25	15.25
Total (A+B+C)				**9,139.17**	**10,229.43**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 7 - Non-current investments

(₹ in Million)

Particulars	Face value per share	Number of Shares		As at March 31, 2023	As at March 31, 2022
		As at March 31, 2023	As at March 31, 2022		
Investment in equity instruments at FVTPL (unquoted)					
The Saraswat Co-operative Bank Limited	₹ 10.00	8,500	8,500	0.09	0.09
Investment in government securities at amortised cost (unquoted)					
National saving certificates				0.06	0.06
Total				**0.15**	**0.15**

Note 8 - Non-current - Other financial assets (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	110.98	42.48
Surrender value of keyman insurance receivable	165.52	148.13
Insurance claim receivable	0.07	61.06
Deposits with original maturity more than 12 months	16.90	-
Total non-current other financial assets	**293.47**	**251.67**

Note 9 - Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	69.29	95.98
Provision for capital advances	(7.68)	(2.73)
Net capital advances	**61.61**	**93.25**
Amount paid under protest	48.61	52.13
Prepaid expenses	7.99	10.68
VAT recoverable	6.91	1.00
Government grant receivable	318.43	282.77
Total other non-current assets	**443.55**	**439.83**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 10 - Inventories

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials [Includes material in transit of ₹ 57.06 million (March 31, 2022 ₹ 20.32 million)	1,709.85	1,396.24
Work-in-progress	567.71	538.58
Finished goods [Includes finished goods in transit of ₹ 378.74 million (March 31, 2022 ₹ 237.31 million)	1,606.80	1,477.71
Stores and spare-parts [Includes stores-spares in transit of ₹ 0.7 million (March 31, 2022 ₹ 0 million)	125.47	128.57
Loose tools	74.67	56.09
Packing material	24.66	19.14
Total	**4,109.16**	**3,616.33**

Note 11 - Current investment

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in mutual funds (quoted) (at FVPL)		
SBI Overnight Fund Regular Growth (Number of Units 83,153.772) (March 31, 2022 Nil Units)	300.05	-
Aggregate book value and market value of quoted investment	**300.05**	**-**

Note 12 - Trade receivables (valued at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables	2,764.85	2,395.89
Receivable from related parties (refer note 47)	268.31	1,575.98
Total trade receivables	**3,033.16**	**3,971.87**
Break-up of security details		
Secured, considered good	-	-
External receivables (Unsecured, considered good)	2,764.85	2,395.89
Trade receivables - Related Party (Unsecured, considered good)	268.31	1,575.98
Trade receivables - Related Party (credit impaired)	169.42	-
External receivables - credit impaired	17.76	7.58
Total	**3,220.34**	**3,979.45**
Impairment allowance (Related party - credit impaired) (Refer Note 52)	(169.42)	-
Impairment allowance (external receivables - credit impaired) (Refer Note 52)	(17.76)	(7.58)
Total	**3,033.16**	**3,971.87**
Non-current portion	-	-
Current portion	**3,033.16**	**3,971.87**

There are no trade receivables which have significant increase in credit risk as at March 31, 2023 and March 31, 2022 other than disclosed above.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Credit period

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 120 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 47

For outstanding Trade Receivables, the ageing schedule is as follows :

Year ended March 31, 2023

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment							
	Unbilled*	Not Due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
A) Receivable from third parties								
1) Undisputed Trade Receivables - considered good	346.64	2,316.25	72.58	14.90	-	0.21	14.26	2,764.85
2) Undisputed Trade Receivables - credit impaired	-	-	-	1.68	2.48	-	13.60	17.76
B) Receivable from related parties								
1) Undisputed Trade Receivables - considered good	-	47.99	102.99	61.40	47.37	8.41	0.15	268.31
2) Undisputed Trade Receivables - credit impaired	-	-	24.15	28.67	64.91	51.69	-	169.42
Total	**346.64**	**2,364.24**	**199.72**	**106.65**	**114.76**	**60.31**	**28.01**	**3,220.34**

Year ended March 31, 2022

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment							
	Unbilled*	Not Due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
A) Receivable from third parties								
1) Undisputed Trade Receivables - considered good	425.42	1,741.93	213.69	1.95	-	12.91	-	2,395.89
2) Undisputed Trade Receivables - credit impaired	-	-	-	3.70	2.25	-	1.63	7.58
B) Receivable from subsidiaries/Joint ventures								
1) Undisputed Trade Receivables - considered good	-	294.07	438.59	416.68	413.16	13.46	0.02	1,575.98
Total	**425.42**	**2,036.00**	**652.28**	**422.33**	**415.41**	**26.37**	**1.65**	**3,979.45**

*Unbilled trade receivables majorly includes price variation adjustment.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 13 - Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash in hand	0.01	0.02
Bank balances		
In current accounts	246.35	427.53
Deposit with original maturity of less than 3 months	1,250.00	-
Total cash and cash equivalents	**1,496.36**	**427.55**

Note 14 - Other bank balances

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with original maturity more than 3 months but less than 12 months	45.06	2.56
Total other bank balances	**45.06**	**2.56**

Note 15 - Current - Loans (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Loan to Subsidiaries (refer note 47)	472.45	10,142.11
Interest receivable on loan to subsidiaries (refer note 47)	6.87	154.47
Loans to employees	0.26	2.19
	479.58	**10,298.77**
Unsecured, considered doubtful		
Loan to subsidiary (refer note 47)	13,181.88	-
Provision for impairment (refer note 52)	(13,181.88)	-
Interest receivable on loan to subsidiary (refer note 47)	318.49	-
Provision for impairment of interest on loan to subsidiaries (refer note 52)	(318.49)	-
Unsecured, considered doubtful	**0.00**	**0.00**
Total current loans	**479.58**	**10,298.77**

Loan to subsidiary is non-derivative financial asset and the loan is repayable on demand. (Refer Note 54)

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

The particulars of loans are disclosed below as required by Sec 186(4) of the Companies Act 2013

(₹ in Million)

Name of the loanee	Interest rate	Due Date	Secured/ unsecured	As at March 31, 2023*	As at March 31, 2022
CarIQ Technologies Private Limited	10%	Repayble on Demand	Unsecured	25.00	25.00
Varroc Corp Holding B.V. The Netherlands	2.50%	Repayble on Demand	Unsecured	13,405.60	9,905.99
Varroc European Holding B.V. The Netherlands	2.50%	Repayble on Demand	Unsecured	223.73	211.13
				13,654.33	**10,142.11**

*The amount is before impairment provision.The loan has been utilized for meeting their working capital requirements and further investment in subsidiaries (Refer Note 54)

Details of loans and advances given

As at March 31, 2023

(₹ in Million)

Type of Borrower	Interest rate	Amount of Loan outstanding	Amount of Interest outstanding	Total Principal and Interest outstanding	Percentage to the total loans and advances in the nature of loans
Subsidiary Company within India	10%	25.00	6.87	31.87	0.23%
Subsidiary Company outside India	2.50%	13,629.33	318.49	13,947.82	99.77%
		13,654.33	**325.36**	**13,979.69**	**100.00%**

As at March 31, 2022

(₹ in Million)

Type of Borrower	Interest rate	Amount of Loan outstanding	Amount of Interest outstanding	Total Principal and Interest outstanding	Percentage to the total loans and advances in the nature of loans
Subsidiary Company within India	10%	25.00	4.62	29.62	0.29%
Subsidiary Company outside India	2.50%	10,117.12	149.86	10,266.98	99.69%
		10,142.12	**154.48**	**10,296.60**	**99.98%**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 16 - Other financial assets

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Derivative instruments at fair value through profit and loss		
Foreign exchange forward contracts	1.70	3.49
Non-derivative financial asset at amortised cost		
Earmarked balances with banks		
Balance with bank for unpaid dividend	0.04	0.04
Security deposits	56.43	68.56
Others	0.23	0.89
Total other current financial assets	**58.40**	**72.98**

Note 17 - Other current assets

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance to suppliers	158.65	169.35
Prepaid expenses	63.83	170.38
Balance with government authorities	118.66	85.39
Government grant receivable	216.42	219.62
Export and other incentives	19.01	67.35
Contract assets	1.37	5.42
Others	72.67	11.68
Total other current assets	**650.61**	**729.19**

Note 18 - Asset held for sale

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Asset held for sale	-	36.37
Total	**-**	**36.37**

During the previous year, the Company along with VCHBV entered into a Securities Purchase Agreement ('SPA') dated April 28, 2022 as amended dated July 01, 2022, October 05, 2022 and May 12, 2023 with Compagnie Plastic Omnium SE, France to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ("VLS Business"). The deal also includes transfer of India R&D centre for four-wheeler lighting busines which has assets of 36.37 Million as on March 31, 2022.

On October 6, 2022 out of ₹ 36.37 millions asset sold to VL Lighting Solution Pvt.Ltd. step down subsidiary Compagnie Plastic Omnium SE, France of ₹ 6.51 million and balance assets of ₹ 29.86 millions which were not transferred as a part of sale transaction have been reclassified to Property Plant & Equipments.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

19 Share capital

(₹ in Million)

Authorized:	Number of Shares As at March 31, 2023	Number of Shares As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Equity shares of Re.1 each (previous year Re.1 each)	25,45,00,000	25,45,00,000	254.50	254.50
Preference shares of Re 1 each (previous year Re.1 each)	25,00,00,000	25,00,00,000	250.00	250.00
	50,45,00,000	50,45,00,000	504.50	504.50
Issued, subscribed and paid-up:				
Equity shares of Re. 1 each (previous year Re. 1 each) fully paid up	15,27,86,400	15,27,86,400	152.79	152.79
			152.79	**152.79**

(a) Movement in share capital

Particulars	Nos As at March 31, 2023	₹ in Million As at March 31, 2023	Nos As at March 31, 2022	₹ in Million As at March 31, 2022
Equity shares				
Outstanding at the beginning of the year	15,27,86,400	152.79	15,27,86,400	152.79
Add/(Less):- Movement during the year	-	-	-	-
Outstanding at the end of the year	**15,27,86,400**	**152.79**	**15,27,86,400**	**152.79**

(b) Rights, preferences and restrictions attached to equity shares

Equity shares: The Company has equity shares having a par value of Re. 1 per share (previous year Re.1 per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(C) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
	Numbers of shares Face value Re. 1	% of shareholding	Numbers of shares Face value Re. 1	% of shareholding
Equity shares				
Mr. Tarang Jain	6,07,29,800	39.75%	6,07,29,800	39.75%
TJ Holdings Trust	3,38,50,000	22.16%	3,38,50,000	22.16%
Naresh Chandra Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
Suman Jain Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
Nippon Life India Trustee Ltd *	**	**	97,90,065	6.41%

* Based on legal ownership of the shares. There are multiple beneficial holders for this holding which are individually less than 5%.

** Holding is less than 5 %.

(D) Details of shares held by Promoter in the Company

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022		Change During the year	
	Numbers of shares Face value Re. 1	% of shareholding	Numbers of shares Face value Re. 1	% of shareholding	Numbers of shares Face value Re. 1	% of shareholding
Equity shares						
Promoter						
Mr. Tarang Jain*	6,07,29,800	39.75%	6,07,29,800	39.75%	-	-

* Tarang Jain additionally holds 33,850,000 Equity Shares, in his capacity as the trustee of TJ Holdings Trust.

(E) Aggregate number of bonus shares issued during the five years immediately preceding March 31, 2023

	No of Shares
0.0001% Series B CCPS and Series C CCPS allotted as fully paid up bonus shares out of securities premium during the year ended March 31, 2017.	**20,20,736.00**

The Company during the preceding 5 years:

i. Has not allotted shares pursuant to contracts without payment received in cash.

ii. Has not issued shares by way of bonus shares except as above.

iii. Has not bought back any shares.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 20 - Other equity

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Retained earnings		
Balance at the beginning of the year	4,273.23	4,033.00
Add:- Profit/(Loss) for the year	(13,867.94)	259.85
Add:- items of other comprehensive income recognised directly in retained earning Remeasurement of post-employment benefit obligation (net of tax)	1.83	(19.62)
Balance at the end of the year	**(9,592.88)**	**4,273.23**
General reserve		
Balance at the beginning of the year	1,474.38	1,474.38
Balance at the end of the year	**1,474.38**	**1,474.38**
Capital reserve		
Balance at the beginning of the year	194.07	194.07
Balance at the end of the year	**194.07**	**194.07**
Securities premium		
Balance at the beginning of the year	13,315.38	13,315.38
Balance at the end of the year	**13,315.38**	**13,315.38**
Total other equity	**5,390.95**	**19,257.06**

Nature and purpose of reserves

General reserve

General reserve is the retained earning of the Company which is kept aside out of the Company's profits to meet future (known or unknown) obligations.

Capital reserve

Capital reserve is not available for distribution as dividend.

Securities premium

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 21 - Non- current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Debentures		
3,750 8.25% Non convertible debentures of ₹1,000,000 each	-	-
Term loans		
Rupee loans from banks	853.16	1,141.38
Rupee loans from financial Institutions	620.62	969.65
Total non-current borrowing	**1,473.78**	**2,111.03**

Maturity profile of non-current borrowings as at March 31, 2023

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non Current 2024-25	2025-26	2026-27	2027-28	2028-29	Total
Non Convertible Debentures	8.25%	3,734.25	-	-	-	-	-	-
Term Loans	6.75 % to 11.50%	4,257.76	675.02	506.94	219.32	72.50	-	1,473.78
Buyers Credit	1.75%	275.60	-	-	-	-	-	-
		8,267.61	**675.02**	**506.94**	**219.32**	**72.50**	**-**	**1,473.78**

Maturity profile of non-current borrowings as at March 31, 2022

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non Current 2023-24	2024-25	2025-26	2026-27	2027-28	Total
Non Convertible Debentures	8.25%	3,691.73	-	-	-	-	-	-
Term Loans	6 % to 10.05%	1,895.11	736.78	673.23	438.52	190.00	72.50	2,111.03
Deferred Sales Tax Loan	Interest free	6.20	-	-	-	-	-	-
Buyers Credit	Euribor+ 33bps	256.18	-	-	-	-	-	-
		5,849.22	**736.78**	**673.23**	**438.52**	**190.00**	**72.50**	**2,111.03**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

1) **Rupee Term Loans from Banks are secured by:**

   (a) Kotak Mahindra Bank Limited, Rupee Term Loan 2 outstanding Balance of ₹ 350 million Secured by Exclusive First Charge By Way Of Hypothecation On Movable Fixed Assets of the Following Plants of Company:

   (1) Varroc Engineering Limited, Plant VIII PLOT NO M-191/3, MIDC INDUSTRIAL AREA, WALUJ, AURANGABAD 431136, Maharashtra

   (2) Varroc Engineering Limited, Exhaust Plant - PLOT NO. B-14, MIDC INDUSTRIAL AREA, CHAKAN, TAL. KHED, DIST. PUNE 410501 Maharashtra

   (b) HSBC BANK Term Loan 1 outstanding balance of ₹ 187.50 million secured by Exclusive Charge by way of Hypothecation on identified movable Fixed Assets of the Following Plants :

   (1) Varroc Engineering Limited, Plant IV PLOT NO M 140,141, MIDC,WALUJ,AURANGABAD 431136, Maharashtra.

   (2) Varroc Engineering Limited, Corporate Office , L 4, MIDC INDUSTRIAL AREA, WALUJ, DISTRICT AURANGABAD 431136 Maharashtra.

   (3) Varroc Engineering Limited, Pantnagar, Plot No 20 SECTOR 9, INTEGRATED INDUSTRIAL AREA, PANTNAGAR, DISTRICT UDHAMSINGH NAGAR,UTTRAKHAND

   (c) HSBC BANK Term Loan 2 outstanding balance of ₹ 375 million secured by Exclusive Charge by way of Hypothecation on identified movable Fixed Assets of the Following Plants :

   (1) Varroc Engineering Limited, Plant V - Plot No. L-6/2, MIDC, WALUJ, AURANGABAD 431136 Maharashtra.

   (2) Varroc Engineering Limited, PLant V - R&D, PLOT NO L-6/2, MIDC,WALUJ,AURANGABAD 431 136 Maharashtra.

   (d) HSBC BANK Working Capital Term Loan (WCTL) of ₹ 400 Million and INR 435 Million outstanding balance of ₹ 300.00 Million and ₹ 435.00 Million respectively, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) are secured by way of second pari-passu charge on current assets of the Company along with other banks. Further secured by second charge on movable fixed assets of the Company situated at

   (1) Varroc Engineering Limited, Plant IV - Plot No. M-140-141, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra

   (2) Varroc Engineering Limited, Corporate Office, Plot No. L-4, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra

   (3) Varroc Engineering Limited, Pantnagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udhamsingh Nagar, Uttrakhand

   (4) Varroc Engineering Limited, Plant V – Plot No. L-6/2, MIDC Industrial Area, Waluj Aurangabad – 431136

   (5) Varroc Engineering Limited,Plant V – R&D, Plot No. L-6/2, MIDC Industrial Area, Waluj Aurangabad – 431136

   (e) (i) ICICI BANK Rupee Term loan of ₹ 1000 Million is secured by way of mortgage of immovable properties situated at:

   (1) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune, Maharashtra

   (2) Plot No. B-14, MIDC, Chakan, Tal. Khed, Dist. Pune, Maharahtra

   (3) Plot Nos. K-101-102, M-140-141 and M-191/3, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra

   (4) B-3010, 3rd Floor, Marvel Edge, Village Vadagaonsheri Taluka Haveli Dist Pune, Maharashtra

   (5) A-7010 & 7020, B-7010, 7020, 7030 & 7040 at 7th Floor, Marvel Edge, Village Vadagaonsheri Taluka Haveli Dist Pune, Maharashtra

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(ii) **ICICI BANK** Rupee Term Loan of of ₹ 1250 Milion availed on March 31 2023 , security creation is in process.

(f) **IDBI BANK** Rupee Term loan of ₹ 750 Million (partially availed of ₹ 292.60 million) is secured by way of hypothecation of specific movable properties of the Borrower including its movable plant and machinery, machinery spares, tools and accessories and movables, both present and future

2) **Rupee Term Loans from Financial Institution are secured by:**

(a) Rupee Term loan of ₹ 1000 Million availed from Bajaj Finance Limited outstanding balance as on March 31, 2023 ₹720.66 million is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot Nos. E-4, L-6/2 and L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra State.

(b) Rupee Term loan of ₹ 650 Million outstanding balance as on March 31, 2023 ₹259.52 million availed from Bajaj Finance Limited is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot No. B-24/25, MIDC, Chakan, Pune - 410501, Maharashtra State and extension of charge on specific immovable properties located at E-4, L-6/2 and L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra State.

(c) Rupee Term loan of ₹ 600 Million availed from Tata Capital and Financial Services Limited outstanding balance as on March 31, 2023 ₹ 600.00 million is secured by way of mortgage on immovable properties on exclusive charge basis located at Plot No. 20, Sector 9, SIDCUL Industrial area, Pantnagar, Rudrapur, Uttarakhand 263153

3) **Non Convertible Debentures are Secured by:**

Non Convertible Debentures Secured by Exclusive charge by way of Hypothecation on the specific identified movable properties of the Company situated at:

(1) Varroc Engineering Limited -VEL-III - Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(2) Varroc Engineering Limited -VEL-III (R&D) - Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(3) Varroc Engineering Limited -VEL VII (Valves) - Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra.

(4) Varroc Engineering Limited - VEL VII (Forging) - Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra.

(5) Varroc Engineering Limited - VEL Chennai - Survey No. 128-1B & 129/1B, Ezhichur Village, Taluka Sriperumbudur, Dist. Kancheepuram, Chennai – 603204, Tamilnadu.

(6) Varroc Engineering Limited- VEL Windmill Satara - Wind Mills 2.10 MW Wind Mills installed at village Vankusawade & Kusawade, District: Satara, Maharashtra

(7) Varroc Engineering Limited - VEL Windmill Supa- 4 MW Wind Mills installed at Village Shahajapur, Pimpalgaon & Jamner (Supa), District Ahmednagar, Maharashtra.

(8) Varroc Engineering Limited- VEL Windmill Jaisalmer- 2.25 MW Wind Mills installed at Village Badabaugh, Site: Baramsar, Dist Jaisalmer, in Rajasthan State.

(9) Varroc Engineering Limited- Lighting Plant Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra

(10) Varroc Engineering Limited- VEL-I - Plot No. E-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(11) Varroc Engineering Limited -VEL-II - Plot No. K-101-102, MIDC, Waluj, Aurangabad - 431136, Maharashtra

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(12) Varroc Engineering Limited - VEL - Halol - Plot No. 103/4, Maswad, GIDC Expansion Estate, Halol-II, Dist. Panchmahal, Gujarat – 389 350

4) Covenant non-compliance

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net borrowings to EBITDA ratio and debt service coverage ratio. Some of the debt covenants in respect of non-current borrowings of ₹ 3,033.14 million were not complied as at March 31, 2023. The Company has received waiver letter subsequent to year-end from one lender agreeing not to demand repayment as a consequence of such breaches. For rest of the facilities, non-current loans of ₹ 2,381.23 million have been reclassified as current. The asset cover in respect of the Non-Convertible Debentures of the Company as on March 31, 2023 is 1.21 times of the total due amount which is greater than the requirement of 1.1 times of the said Secured Non-Convertible Debentures.

The management does not expect any material impact on the financial statements/cash flows due to the above.

Note 22 - Current borrowings

(₹ in Million)

Particulars	Maturity Date	Repayment Terms	Interest Rate	As at March 31, 2023	As at March 31, 2022
Secured					
Cash credit	On Demand	On Demand	8 % to 10%	-	6.49
Unsecured					
Working capital facilities					
From banks (Pre-shipment credit (PCRE))	Various	6 Month	7.95%-8.15%	958.66	-
From banks (Short term Loan)	Various	6 Month	8.15%-8.90%	819.58	-
From financial institutions (PO financing)	Various	90 days	8.05% - 9.35%	-	800.00
Intercorproate deposit from Related parties	On or before March 31, 2024	On or before March 31, 2024	10.00%	4,940.20	2,860.00
Total current borrowing				**6,718.44**	**3,666.49**
Current maturities of non-current borrowings					
3,750 8.25% Non convertible debentures of ₹1,000,000 each (Refer note 21 for security details)				3,734.25	3,691.73
Rupee loans from banks				3,308.52	1,547.71

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Million)

Particulars	Maturity Date	Repayment Terms	Interest Rate	As at March 31, 2023	As at March 31, 2022
Rupee loans from financial Institutions				949.24	347.40
Buyers Credit*				275.60	256.18
Deferred sales tax loan				-	6.20
Total Current maturities of non current borrwoings (refer note 21)				**8,267.61**	**5,849.22**
Total current borrowings				**14,986.05**	**9,515.71**

Cash credit facilities availed from Standard Chartered Bank, HDFC Bank Limited, CITI Bank N.A, ICICI Bank Limited, IDBI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited and IDFC First Bank Ltd. are secured by first paripassu charge by way of hypothecation of stocks of raw materials, work in progress, finished goods, consumable, stores and spares, packing materials and receivables of the Company both present and future.

* The Company has obtained unsecured Buyer's credit of Euro 3,033,187.65 on 13.07.2021 from IDFC First Bank Ltd. for a period of 1 year which is further rolled over for another 1 year against capex import LC payment. The Buyer's credit is due for payment on 03.07.2023 and carries the interest rate of 1.75% pa.

The Company has borrowings from banks or financial institutions on the basis of security of current assets, and quarterly returns or statements of current assets filed by the Company during the current and previous year with banks or financial institutions are in agreement with the books of accounts except as mentioned in Note 22(a) & 22(b).

(₹ in Million)

Net debt reconciliation	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents including cash credit (refer note 13 and 22)	1,496.36	421.06
Current borrowings including current maturities of non current borrowings (refer note 22)	(14,986.05)	(9,509.22)
Non-current borrowings (refer note 21)	(1,473.78)	(2,111.03)
Lease Liability (refer note 5)	(1,003.52)	(184.54)
Interest accrued but not due (refer note 27)	(228.16)	(207.66)
Net debt	**(16,195.15)**	**(11,591.39)**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Reconciliation of net debt as at March 31, 2023

(₹ in Million)

Particulars	As on April 1, 2022	Additions	Cashflows	Interest expenses	Interest paid	As at March 31, 2023
Cash and cash equivalent	421.06		1,075.30	-	-	1,496.36
Current borrowings	(3,660.00)		(3,058.43)	-	-	(6,718.43)
Non-current borrowings	(7,960.26)		(1,781.14)	-	-	(9,741.40)
Lease Liabilities	(184.54)	(898.20)	79.22	(54.57)	54.57	(1,003.52)
Interest accrued but not due	(207.66)		-	(1,646.41)	1,625.91	(228.16)

Reconciliation of net debt as at March 31, 2022

(₹ in Million)

Particulars	As on April 1, 2021	Additions	Cashflows	Interest expenses	Interest paid	As at March 31, 2022
Cash and cash equivalent	2,466.29	-	(2,045.23)	-	-	421.06
Current borrowings	(3.43)	-	(3,656.57)	-	-	(3,660.00)
Non-current borrowings	(5,074.99)	-	(2,941.61)	56.34	-	(7,960.26)
Lease Liabilities	(179.46)	(110.10)	105.02	(14.79)	14.79	(184.54)
Interest accrued but not due	(29.95)	-	-	(894.97)	717.26	(207.66)

22(a) Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Company for the year ended March 31, 2023:

1. Inventories:

(₹ in millions)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	30th June 2022	4,058.60	4,188.87	(130.27)	(133.71)	3.44	-
2	30th Sept 2022	5,008.10	5,195.43	(187.33)	(189.51)	2.18	-
3	31st Dec 2022	4,993.29	5,197.85	(204.56)	(204.56)	-	-
4	31st March 2023	4,109.16	4,283.16	(174.00)	(212.67)	38.67	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

2. Trade Receivable

(₹ in millions)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 4)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments	
1	30th June 2022	4,266.89	3,022.76	1,244.13	1,258.81	(14.69)	-
2	30th Sept 2022	5,157.81	3,333.11	1,824.70	1,828.78	(4.08)	-
3	31st Dec 2022	3,424.74	3,200.69	224.05	225.73	(1.68)	-
4	31st March 2023	3,033.16	3,052.02	(18.86)	15.25	(34.11)	-

3. Trade Payables

(₹ in millions)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items			Net difference (Note 7)
					Components not considered for the purpose of reporting (Note 5)	Additional Components considered for the purpose of reporting (Note 6)	Post closure adjustments (Note 2)	
1	30th June 2022	8,661.25	6,744.77	1,916.48	1,586.84	-	(27.18)	356.82
2	30th Sept 2022	9,621.76	7,605.01	2,016.75	2,040.22	-	(18.68)	(4.79)
3	31st Dec 2022	7,425.58	6,218.75	1,206.83	1,464.65	-	(257.82)	-
4	31st March 2023	6,333.15	5,267.05	1,066.10	1,074.69	-	(184.13)	175.54

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements

Note 4 The net difference is on account of incorrect adjustments.

Note 5 Mainly includes inter company creditors and provision for expenses.

Note 6 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 7 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) The creditor balance outstanding for more than 90 days has not been considered for the plants in lighting division for the purpose of reporting in stock statement.

ii) For reporting in quarterly statement to banks, incorrect capital creditors amounts were considered for exclusion from total creditors balance.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

22(a) Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Company for the year ended March 31, 2022:

1. Inventories:

(₹ in millions)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	30th June 2021	3,783.03	3,874.15	(91.12)	(121.36)	28.19	2.04
2	30th Sept 2021	3,743.52	3,847.94	(104.42)	(104.43)	-	0.01
3	31st Dec 2021	3,876.01	3,983.61	(107.60)	(88.49)	(20.00)	0.89
4	31st March 2022	3,616.32	3,659.95	(43.63)	(103.89)	60.27	(0.01)

2. Trade Receivable

(₹ in millions)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 4)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments	
1	30th June 2021	3,383.68	3,226.47	157.21	149.06	-	8.15
2	30th Sept 2021	4,768.70	4,426.27	342.43	341.72	-	0.71
3	31st Dec 2021	3,470.32	2,338.82	1,131.50	1,145.58	-	(14.08)
4	31st March 2022	3,971.87	2,513.15	1,458.72	1,479.66	-	(20.94)

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

3. Trade Payables

(₹ in millions)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items			Net difference (Note 7)
					Components not considered for the purpose of reporting (Note 5)	Additional Components considered for the purpose of reporting (Note 6)	Post closure adjustments (Note 2)	
1	30th June 2021	4,577.43	3,483.16	1,094.27	341.09	94.74	(164.17)	822.61
2	30th Sept 2021	5,980.54	4,669.13	1,311.41	893.86	108.19	(5.01)	314.37
3	31st Dec 2021	6,414.21	5,210.37	1,203.84	857.48	85.36	(35.66)	296.66
4	31st March 2022	7,644.68	6,337.57	1,307.11	957.85	87.30	(0.12)	262.08

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements

Note 4 The net difference is on account of incorrect adjustments.

Note 5 Mainly includes inter company creditors and provision for expenses.

Note 6 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 7 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) The creditor balance outstanding for more than 90 days has not been considered for the plants in lighting division for the purpose of reporting in stock statement.

ii) For reporting in quarterly statement to banks, incorrect capital creditors amounts were considered for exclusion from total creditors balance.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023

Note 23 - Non-current - Provisions

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Compensated absences	72.54	98.03
Provision for warranties (Refer note 28)	-	15.15
Provision for coupon scheme (Refer note 28)	11.20	18.58
Total non-current provisions	**83.74**	**131.76**

Note 24 - Deferred tax liabilities (net)

The balance comprises temporary differences attributable to :

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities		
Depreciation and amortisation	1,088.27	896.80
Others	351.40	283.61
	1,439.67	**1,180.41**
Deferred tax assets		
Expenses allowable on payment basis	82.52	72.59
Provision for doubtful debts and advances	6.21	3.60
Others	90.45	194.60
Lease Liability	350.67	64.57
MAT credit entitlement	110.39	138.70
	640.24	**474.06**
Total	**799.43**	**706.35**
Movement in deferred tax assets/ (liabilities)		
Opening deferred tax (assets) / liabilities	706.35	609.47
Charged to profit or loss	63.78	107.42
Charged to other comprehensive income	0.98	(10.54)
MAT Utilisation net of Short/excess provision	28.32	-
Closing deferred tax liability after set off	**799.43**	**706.35**

Note:

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

MAT credit is available for utilisation till March 2031. During the year, MAT credit utilised was Rs 28.32 million (availed in previous year ₹ 115.30 million)

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 25 - Other non-current liabilities

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance received from customer	44.78	40.79
Total other non-current liabilities	**44.78**	**40.79**

Note 26 - Trade payables

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (refer note 41)	784.65	1,219.18
Total outstanding dues other than micro enterprises and small enterprises and related parties	5,296.04	4,827.51
Trade payables to related parties (refer note 47)	161.45	677.98
Total trade payables	**6,242.14**	**6,724.67**

For outstanding Trade Payable, the ageing schedule is as follows :

Year ended March 31, 2023

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						
	Unbilled trade payables	Not Due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
A) Payable to third parties							
1) Undisputed payables to micro enterprises and small enterprises	31.68	694.31	50.75	6.10	1.78	0.03	784.65
2) Undisputed payables to other than micro enterprises and small enterprises	872.95	3,170.15	1,222.16	11.87	14.85	4.06	5,296.04
B) Payables to Related Parties	-	30.44	123.02	7.88	0.11	-	161.45
Total	**904.63**	**3,894.90**	**1,395.93**	**25.85**	**16.74**	**4.09**	**6,242.14**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023

Year ended March 31, 2022

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						
	Unbilled trade payables	Not Due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
A) Payable to third parties							
1) Undisputed payables to micro enterprises and small enterprises	62.50	883.14	271.53	-	0.50	1.51	1219.18
2) Undisputed payables to other than micro enterprises and small enterprises	540.03	3,119.71	1,155.38	9.75	-	2.64	4,827.51
B) Payables to Related Parties	32.85	36.06	460.71	148.04	0.32	-	677.98
Total	**635.38**	**4,038.91**	**1,887.62**	**157.79**	**0.82**	**4.15**	**6,724.67**

Note 27 - Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial liabilities at amortised costs		
Interest accrued but not due on borrowings	228.16	207.66
Payable for purchase of capital goods	249.64	463.32
Customer security deposits	89.07	80.81
Employee benefits payable	482.00	440.03
Total other financial liabilities	**1,048.87**	**1,191.82**

Note 28 - Current - Provisions

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity (refer note 42)	43.71	40.46
Compensated absences	66.91	19.42
Others		
Provision for warranties**	90.78	61.43
Provision for coupon scheme***	16.80	27.87
Total current provision	**218.20**	**149.18**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in Million)

Particulars	Warranties		Provision for coupon scheme	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Balance as at the beginning of the year	76.58	63.64	46.45	65.13
Additions during the year	60.63	37.43	18.94	19.67
Utilization/Reversed during the year	(46.43)	(24.49)	(37.39)	(38.35)
Balance as at the end of the year	**90.78**	**76.58**	**28.00**	**46.45**
Current Portion	90.78	61.43	16.80	27.87
Non-Current Portion	-	15.15	11.20	18.58
Total	**90.78**	**76.58**	**28.00**	**46.45**

** Provision for warranties - The Company provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period. The impact of discounting is not material.

*** Provision for coupon scheme - Provision is made for supplies to other than OEMs on estimated cost of coupons redemption. These coupons are expected to be redeemed with in 2-3 years. Management estimates the provision based on historical claims information and any recent trends. The impact on discounting of the provision is not material.

Note 29 - Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance received from customers	130.34	514.72
Statutory dues payable (includes GST, TDS, PF payables)	364.78	91.62
Unclaimed dividends	0.04	0.04
Other payables#	151.06	65.66
Total other current liabilities	**646.22**	**672.04**

#Other payables Includes Provision for Schemes & Discounts payable of ₹134.6 Million (March 31, 2021 ₹51.78 Million) for supplies to other than OEMs

Note 29A - Deferred government grant

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	318.17	411.82
Recognised during the year	199.36	91.28
Released to statement of profit and loss (refer note 31)	223.06	184.93
Balance as at the end of the year	**294.47**	**318.17**
Current portion	150.08	124.05
Non-current portion	144.39	194.12

* Deferred government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 30 - Revenue from operations

For the year ended March 31, 2023 (refer note 2(H))

(₹ in Million)

Particulars	For the year ended March 31,2023	For the year ended March 31,2022
Revenue from contracts with customers	38,619.91	32,304.77
Other operating revenue	558.99	613.30
Total	**39,178.90**	**32,918.07**

Revenue from contracts with customers

A Disaggregated revenue information

(₹ in Million)

Particulars	For the year ended March 31,2023	For the year ended March 31,2022
Goods transferred at a point in time		
Finished goods		
Electrical & Lighting Auto Parts	22,936.00	18,376.70
Steel Forged Products	5,596.87	5,000.44
Polymer Auto Parts	2,435.12	2,138.44
Engine Valves	1,098.80	871.38
After Market Auto Parts	5,587.04	4,744.70
Toolings	740.90	709.74
Job work	8.47	7.72
Goods/services transferred over period of time		
Sale of Engineering Services to group companies	216.71	455.65
Total revenue from contracts with customers	**38,619.91**	**32,304.77**
Revenue by region		
India	35,907.57	28,998.28
Asia pacific	415.59	945.97
Europe	1,397.51	1,544.75
North America	366.75	398.99
Others	532.49	416.78
Total revenue from contracts with customers	**38,619.91**	**32,304.77**

B Contract balances

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Trade receivables	3,033.16	3,971.87
Contract liabilities	130.34	514.72

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 120 days.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Contract liabilities include advances received from customers for delivery of goods, engineering design and development of tools

Set out below is the amount of revenue recognised from:

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Amounts included in contract liabilities at the beginning of the year	514.72	466.02

C Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Revenue as per contracted price	38,930.15	32,554.29
Adjustments		
Discount	(310.24)	(249.52)
Revenue from contracts with customers	**38,619.91**	**32,304.77**

D Performance obligation

Revenue from contracts with customers include revenue from finished goods, tooling, engineering services and Job work.

Finished goods / tooling / engineering services

For the sale of finished goods the performance obligation is generally satisfied upon its delivery or as per the terms of the customer contract and payment is generally due within 30 to 120 days from delivery.

For sale of toolings, the performance obligation is considered satisfied on billing after approval of the part(s) by the customer. The Company generally receives advance for toolings contracts ranging from 30 % to 50% of the contracted price. The revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Product development/engineering services are considered as related to sale of parts rather than a separate performance obligation. As a result, revenue from engineering services is recognised over the period of production from the date of start of production. Costs incurred in respect of providing engineering services are recognised as intangible assets and amortised over the period of production from the date of start of production. Payments received from customers in respect of product development/engineering services are presented as contract liabilities.

For supply of engineering services to group companies, performance obligation is generally satisfied on the basis of time/work completed as per the contract with the group companies and payment is generally due within 30-60 days.

The Company provides normal warranty provisions on some of its products sold, in line with the industry practice. The Company considers that the contractual promise made to the customer in the form of warranties for the parts supplied does not meet the definition of separate performance obligation as it does not give rise to additional service

Job work revenue is recognised when the work is completed and billed to customer.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Other operating revenue

(Rs in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Scrap sales	226.49	200.08
Wind and solar power generation	90.76	82.18
Export Incentives	80.55	72.15
Management fees	95.33	163.17
Admin Revenue (Intercompany)	-	48.31
Others	65.86	47.41
Total other operating revenue	**558.99**	**613.30**

Note 31 - Other income

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent income from investment properties (refer note 4)	28.28	19.64
Dividend Income from equity investments carried at cost		
- from investments in subsidiaries	-	157.24
- from investments mandatorily measured at fair value through profit or loss	0.01	0.01
Interest income from		
- Financial assets measured at amortised cost	1.38	0.07
- On loan to subsidiaries (refer note 47)	143.30	138.28
- Others	1.82	3.75
- Unwinding of discount on security deposit	2.27	5.05
Net gain on disposal of property, plant and equipment	3.26	1.11
Net gain on sale of investments	0.09	-
Government grants	223.06	184.93
Commission on corporate guarantees	41.34	96.76
Liabilities no longer required written back	34.07	2.43
Increase in surrender value of key man insurance	17.39	18.86
Miscellaneous income	33.76	18.01
Total other income	**530.03**	**646.14**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 32 - Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw material at the beginning of the year	1,396.24	1,118.62
Add: Purchases	27,010.60	22,634.52
	28,406.84	**23,753.14**
Less: Raw material at the end of the year	1,709.85	1,396.24
Total cost of materials consumed	**26,696.99**	**22,356.90**

Note 33 - Changes in Inventories of work-in-progress and finished goods

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance		
Work-in-progress	538.58	372.80
Finished goods	1,477.71	1,466.79
Total opening balance	**2,016.29**	**1,839.59**
Closing balance		
Work-in-progress	567.71	538.58
Finished goods	1,606.80	1,477.71
Total closing balance	**2,174.51**	**2,016.29**
Total changes in inventories of work-in-progress and finished goods	**(158.22)**	**(176.70)**

Note 34 - Employee benefits expense

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	3,278.75	2,975.76
Contribution to gratuity and other funds (refer note 42)	200.94	178.02
Staff welfare expenses	182.15	150.39
Total employee benefits expense	**3,661.84**	**3,304.17**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 35 - Depreciation and amortisation expense

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (refer note 3)	1,534.64	1,378.14
Depreciation of investment property (refer note 4)	5.49	5.49
Amortisation of intangible assets (refer note 5)	283.13	223.32
Amortisation of right of use assets (refer note 5A)	121.23	96.54
Total depreciation and amortisation	**1,944.49**	**1,703.49**

Note 36 - Finance costs

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on debts and borrowings	1,620.18	882.65
Interest and finance charges paid/payable for lease liabilities (refer note 5A)	54.57	14.79
Other borrowing cost	26.23	12.32
Total finance cost	**1,700.98**	**909.76**

Note 37 - Other Expenses

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of stores and spares and loose tools	560.67	469.86
Consumption of packing materials	424.43	315.76
Repairs to		
Buildings	8.74	8.42
Machinery	182.05	142.95
Others	255.87	216.56
Communication expenses	36.25	36.15
Water and electricity charges	1,051.20	838.41
Rent charges	69.21	59.52
Rates and taxes	24.43	14.25
Contract labour cost	1,261.19	1,093.54
Legal and professional fees	331.77	251.07
Exchange loss (net)	495.92	230.18
Travelling and conveyance	227.78	156.05
Insurance	67.28	67.99
Payment to auditors - refer note (a) below	11.67	11.55
Corporate social responsibility expenditure - refer note (b) below	19.42	27.99
Provision for doubtful loans, advances and debts (net)	16.40	3.36

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sales promotion, marketing and advertisement cost	131.28	123.08
Freight and forwarding expenses	505.59	440.44
Royalty	122.83	83.44
Warranties	78.63	37.43
Miscellaneous expenses	435.74	391.50
Total other expenses	**6,318.35**	**5,019.50**
(a) Payment to auditors		
Statutory audit fees (including limited reviews)	**10.00**	**10.00**
Tax audit fees	**-**	**0.40**
Others (including certification fees)	**1.10**	**1.10**
Re-imbursement of expenses	**0.57**	**0.05**
Total payment to auditors	**11.67**	**11.55**

(b) Corporate social responsibility expenditure

Sr. No	Particulars		March 31, 2023	March 31, 2022
1	Gross amount required to be spent by the Company during the year		15.00	26.02
2	Amount approved by the Board to be spent during the year		19.42	27.99
3	Amount spent during the year ending March 31, 2023	**Paid**	**Yet to be Paid**	**Total**
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	19.42	-	19.42
4	Amount spent during the year ending on March 31, 2022:			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	27.99	-	27.99
5	Details related to spent / unspent obligations for March 31, 2023			
	i) Contribution to Public Trust	-	-	-
	ii) Contribution to Charitable Trust (Refer Note 47)	19.42	-	19.42
	iii) Unspent amount in relation to:			
	Ongoing project	-	-	-
	Other than ongoing project	-	-	-
6	Details related to spent / unspent obligations for March 31, 2022			
	i) Contribution to Public Trust	15.29	-	15.29
	ii) Contribution to Charitable Trust (Refer Note 47)	12.70	-	12.70
	iii) Unspent amount in relation to:			
	Ongoing project	-	-	-
	Other than ongoing project	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 38 - Segment information

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

Note 39 - Income tax expense

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Profit and loss section		
Current tax		
Current tax on profits for the year	137.66	79.92
Adjustments for current tax of prior periods	(110.90)	(0.11)
Total current tax expense	**26.76**	**79.81**
Deferred tax	63.78	107.43
Total income tax expenses recognised in statement of profit and loss	**90.54**	**187.24**
(ii) Other comprehensive income (OCI) section		
(a) Remeasurement of defined benefit obligation		
Income tax charged/(reversed) to OCI	(0.98)	10.54
Total deferred tax charged to OCI	**(0.98)**	**10.54**
Reconciliation of tax expense and the accounting profit :		
Profit before tax	(455.50)	447.09
Tax rate	34.94%	34.94%
Income tax expense as per applicable tax rate	**(159.17)**	**156.23**
Tax effect of amounts which have been excluded in calculating taxable income:		
Corporate social responsibility expenditure	7.43	9.78
Non deductible depreciation	21.53	18.87
Difference in tax rates for income subject to capital gains	20.42	-
Foreign exchange loss on loans given to subsidiaries	194.75	-
Others	5.58	2.36
	249.71	**31.01**
Total tax expense	**90.54**	**187.24**

Note 40 - Expenditure incurred on Research and Development

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Revenue expenditure- charged to Statement of Profit and Loss	747.18	687.19
(b) Capital expenditure- excluding building	113.04	81.16
(c) Capital expenditure- building	0.73	3.90

The revenue expenditure as above comprise of employee benefit costs relating to personnel engaged in R&D activities, consumption of raw materials, stores and spares, power and fuel and other expenses and depreciation directly related to R&D. These expenses have been booked under the respective heads in the statement of profit and loss. Capital expenditure comprises of expenditure on Plant & machinery, factory equipments and software pertaining to R&D.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 41 - Dues to micro and small enterprises

(₹ in millions)

Sr. no	Particulars	March 31, 2023	March 31, 2022
a)	Principal amount due to Micro and small enterprises and remaining unpaid as at year end	753.36	1,156.36
b)	Interest due to Micro and small enterprises and remaining unpaid as at year end	2.01	1.41
c)	Principal amounts paid to Micro and small enterprises, beyond the appointed day during the year	8,551.90	4,458.48
d)	Interest paid, other than under section 16 of MSMED Act, to Micro and small enterprises, beyond the appointed day during the year	-	-
e)	Interest paid, under section 16 of MSMED Act, to Micro and small enterprises, beyond the appointed day during the year	53.92	-
f)	Interest due and payable towards Micro and small enterprises, for payments already made	20.37	16.89
g)	Further interest remaining due and payable for earlier years	8.91	44.52

The Company has a process of sending out confirmations to all vendors, regarding their status as Micro and small enterprises. Based on responses received, the Company marks vendors as Micro and small enterprises and others.

Note 42 - Employee benefit obligation

A Defined contribution plans:

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is as under :

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
(I) Contribution to Employees' provident fund	96.07	86.98
(II) Contribution to Employees' family pension fund	49.29	43.99
Total	**145.36**	**130.97**

B Defined benefit plan (Gratuity)

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary plus dearness allowance per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Change in present value of benefit obligations

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Liability at the beginning of the year	390.55	319.32
Service cost	51.65	45.27
Interest expense	26.20	21.11
Transfer of obligation	(6.06)	(0.03)
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	(2.07)	31.55
Benefits paid	(26.44)	(26.67)
Liability at the end of the year	**433.83**	**390.55**

(b) Change in fair value of plan assets

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	350.09	312.79
Interest income	25.12	22.15
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	0.74	1.39
Contributions	40.62	40.43
Benefits paid	(26.44)	(26.67)
Fair value of plan assets at the end of the year	**390.13**	**350.09**

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligations	433.83	390.55
Fair value of plan assets	390.13	350.09
(Surplus)/Deficit	**43.70**	**40.46**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses:

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Service cost	51.65	45.27
Net interest (income)/expense	1.09	(1.04)
Transfer In/(Out)	0.66	(0.03)
Net gratuity cost	**53.40**	**44.20**

(e) Expenses to be recognized in statement of other comprehensive income:

(₹ in millions)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Remeasurement		
Experience (Gain)/ Losses on plan liabilities	13.48	(14.44)
(Return) / loss on plan assets excluding amounts recognised in interest (income)/expenses	(0.74)	(1.39)
(Gain)/loss from change in financial assumptions	(15.55)	46.00
	(2.81)	**30.17**

(f) Valuation in respect of gratuity has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	7.30%	7.00%
Salary growth rate	10.00%	8.50%
Weighted average duration of defined benefit obligation	5.04	10.00
Expected rate of return on plan assets	7.00%	6.90%
Withdrawal Rate		
Service below 5 years	19.00%	15.00%
Service 5 years & above	19.00%	5.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Quantitative sensitivity analysis for significant assumptions are as follows:

Change in assumption

Particulars	As at March 31, 2023	As at March 31, 2022
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-4.61%	-9.70%
(ii) 1% decrease in discount rate	5.07%	11.39%
(iii) 1% increase in rate of salary escalation	3.90%	9.93%
(iv) 1% decrease rate of salary escalation	-3.65%	-8.74%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Major categories of plan assets are as follows:

(₹ in millions)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount	%	Amount	%
Funds managed by Insurer	390.13	100%	350.09	100%
Total	**390.13**	**100%**	**350.09**	**100%**

As the funds are managed wholly by the insurance company, the break-up of the plan assets is unavailable.

Actual return on assets for the year ended March 31, 2023 and year ended March 31, 2022 was ₹ 25.86 million and ₹ 23.54 million respectively.

The Company expects to contribute ₹44.60 million to the plan asset during the year ended March 31, 2024. During the year ended March 31, 2023, the Company has contributed amount of ₹40.62 million net of charges and taxes.

Maturity profile of defined benefit obligation (Undiscounted):

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Within 1 year	81.59	27.71
1-2 year	73.00	21.73
2-3 year	70.28	27.83
3-4 year	71.06	32.43
4-5 year	72.13	40.30
5-10 years	319.48	263.12

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

RISK EXPOSURE AND ASSET LIABILITY MATCHING

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under as companies take on uncertain long-term obligations to make future benefit payments.

1) Liability Risks

Asset-Liability mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

Discount rate risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Future salary escalation and inflation risk -

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of

Note 43 - Fair Value Measurement

Financial instruments by category

(₹ in millions)

Particulars	March 31, 2023		March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Amortized cost				
Investments				
- Government securities	0.06	0.06	0.06	0.06
Trade receivables	3,033.16	3,033.16	3,971.87	3,971.87
Loans	479.58	479.58	10,298.77	10,298.77
Cash and bank balances	1,541.42	1,541.42	430.11	430.11
Other financial assets	350.17	350.17	321.16	321.16
FVPL				
Investments in Equity instruments	0.09	0.09	0.09	0.09
Investment in Mutual Funds	300.05	300.05	-	-
Derivative contracts	1.70	1.70	3.49	3.49
Total financial assets	**5,706.23**	**5,706.23**	**15,025.55**	**15,025.55**
Financial liabilities				
Amortized cost				
Other Borrowings	12,725.58	12,725.58	7,935.01	7,935.01
Fixed Rate Borrowings	3,734.25	3,730.98	3,691.73	3,289.16
Lease liabilities	1,003.52	1,003.52	184.54	184.54
Security deposits	89.07	89.07	80.81	80.81
Trade payables	6,242.14	6,242.14	6,724.67	6,724.67
Acceptances	91.01	91.01	920.01	920.01
Other financial liabilities	959.80	959.80	1,111.01	1,111.01
	24,845.37	**24,842.10**	**20,647.78**	**20,245.21**

(i) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

(₹ in millions)

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2023	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Equity instruments	-	0.09	-	0.09
Investments - Mutual funds	300.05	-	-	300.05
Government securities	-	-	-	-
Derivative contracts	-	1.70	-	1.70
Total	**300.05**	**1.79**	**-**	**301.84**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2023	(Level 1)	(Level 2)	(Level 3)	Total
Financial Assets				
Investments- Government Securities	0.06	-	-	0.06
Total financial assets	**0.06**	**-**	**-**	**0.06**
Financial Liabilities				
Other Borrowings	-	12,725.58	-	12,725.58
Fixed rate Borrowings	-	3,730.98	-	3,730.98
Lease Liabilities	-	1,003.52	-	1,003.52
Total financial liabilities	**-**	**17,460.08**	-	**17,460.08**

(₹ in millions)

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Equity instruments	-	0.09	-	0.09
Derivative contracts	-	3.49	-	3.49
Total	**-**	**3.58**	**-**	**3.58**

(₹ in millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2022	(Level 1)	(Level 2)	(Level 3)	Total
Financial Assets				
Investments- Government Securities	0.06	-	-	0.06
Total financial assets	**0.06**	**-**	**-**	**0.06**
Financial Liabilities				
Other Borrowings	-	7,935.01	-	7,935.01
Fixed rate Borrowings	-	3,691.73	-	3,691.73
Lease Liabilities	-	184.54	-	184.54
Total financial liabilities	**-**	**11,811.28**	**-**	**11,811.28**

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair value of the financial instruments included in the above tables:

- The Company enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

Commentary

The carrying amounts of trade receivables, loans, other financial assets, cash and bank balances, trade payables/ acceptances and other financial liabilities are considered to be the same as their fair values due to their short-term nature. The fair values of non-current financial assets and non-current financial liabilities also approximate their carrying values. The borrowings which are at floating rate of interest, fair values as at March 31, 2023 approximate their carrying values.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Other Assets for which Fair Value is disclosed

The fair value of investment property is based on valuation performed by independent valuer as per significant observable inputs (Level 2).

Fair value of the investment property as on March 31, 2023 ₹138.70 million.(March 31, 2022 ₹ 138.70 million) - Refer Note 4

Note 44 : Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity

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for the year ended March 31, 2023

price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, receivables, payables, deposits, investments and derivative financial instruments.

a) Foreign currency risk

The Company operates internationally and the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk through its sale and purchase of goods and services, mainly in the North America and Europe . The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The Company evaluates exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts, interest and principal swaps and options to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency. The Company has designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure.

i) The Company's exposure to foreign currency risk as at March 31, 2023 expressed in INR, is as follows:

(₹ in Million)

Particulars	March 31, 2023				
	USD	EURO	JPY	Other currencies	Total
Financial assets					
Trade receivables	91.20	201.55	-	0.25	293.00
Interest receivable (Intercompany)	2.19	316.30	-	-	318.49
Loans (Intercompany)*	-	13,629.33	-	-	13,629.33
Financial liabilities					
Borrowings	-	281.01	-	-	281.01
Trade payables	349.86	44.07	36.07	14.00	444.00
Net assets / (liabilities)	**(256.47)**	**13,822.10**	**(36.07)**	**(13.75)**	**13,515.81**

*Excluding effect of provision for impairment. Refer Note 52.

ii) The Company's exposure to foreign currency risk as at March 31, 2022 expressed in INR, is as follows:

(₹ in Million)

Particulars	March 31, 2022				
	USD	EURO	JPY	Other currencies	Total
Financial assets					
Trade receivables	512.87	983.65	-	34.85	1,531.37
Interest receivable	2.02	147.60	-	-	149.62
Loans	-	10,117.11	-	-	10,117.11
Financial liabilities					
Borrowings	-	128.23	-	-	128.23
Trade payables	443.78	726.73	18.90	24.68	1,214.09
Net assets / (liabilities)	**71.11**	**10,393.40**	**(18.90)**	**10.17**	**10,455.78**

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for the year ended March 31, 2023

iii) Sensitivity

For the year ended March 31, 2023 and March 31, 2022, every 5% percentage point appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, would have affected the Company's incremental operating margins by approximately ₹ 12.82 million and ₹ 3.56 million respectively. And for Euro, every 5% percentage point appreciation/depreciation in the exchange rate would have affected the Company's incremental operating margin by approximately ₹ 691.11 million, previous year ₹ 13.81 million The sensitivity for net exposure in JPY and in other currencies does not have material impact to Statement of Profit and Loss. Sensitivity analysis is computed based on the changes in the receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Rs in million)

For the year ended	Currency	Increase/ decrease in base points	Effect on profit before tax	Variable rate CC balance / Term loans
March 31, 2023	INR	+100	(60.41)	6,041.13
	INR	-100	60.41	6,041.13
March 31, 2022	INR	+100	(80.24)	8,024.06
	INR	-100	80.24	8,024.06

C) Other price risk

The Company does not have material investments in equity securities other than investments in its subsidiaries. Hence, equity price risk is considered to be low. Further, the Company's operating activities require the ongoing purchase of various commodities for manufacture of automotive parts. However, the movement is commodity prices are substantially adjusted through price differences as per customer contracts and hence commodity price risk for the Company is also considered to be low.

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions,

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for the year ended March 31, 2023

foreign exchange transactions and other financial instruments. The Company only deals with parties which have good credit rating/worthiness given by external rating agencies or based on the Company's internal assessment.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2023, receivable from Company's top 5 customers accounted for approximately 42.61 % (March 31, 2022: 43.99%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 12. The Company does not hold collateral as security.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's corporate treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties. Credit limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2023 and March 31, 2022 is the carrying amounts as disclosed in note 13 except for financial guarantees. The Company's maximum exposure relating to financial guarantees is disclosed in note 51 (B).

d) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As at March 31, 2023, cash and cash equivalents are held with major banks.

(ii) Maturities of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments

(₹ in Million)

March 31, 2023	On demand	< 1 year	1 to 5 years	> 5 years
Borrowings	6,115.48*	8,870.57	1,473.78	-
Lease liability	-	199.28	672.79	569.23
Trade Payables	-	6,242.14	-	-
Acceptances	-	91.01	-	-
Other financial liabilities	89.07	959.80	-	-

*Includes non-current loans of ₹ 2,381.23 million that have been reclassified as current (on demand) on account of covenant non-compliance.

(₹ in Million)

March 31, 2022	On demand	< 1 year	1 to 5 years	> 5 years
Borrowings	7,120.72	2,394.99	2,111.03	-
Lease liability	-	59.72	124.82	-
Trade Payables	-	6,724.67	-	-
Acceptances	-	920.01	-	-
Other financial liabilities	80.81	1,111.01	-	-

The amounts disclosed in the above table are the contractual undiscounted cash flows

For financial guarantee contracts, refer note 51 (B).

Note 45 - Capital management

(a) Risk management

The Company's capital comprises equity share capital, securities premium, retained earnings and other equity attributable to shareholders.

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors debt-equity ratio, which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and other equity attributable to equity shareholders. The debt-equity ratio at the end of the reporting period was as follows.

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Net debt		
Non current borrowing (refer note 21)	1,473.78	2,111.03
Current borrowings (refer note 22)	14,986.05	9,515.71
Less:- Cash and cash equivalents (refer note 13 and 14)	(1,541.42)	(430.11)
Less:- Investment in SBI overnight regular growth fund	(300.05)	-
Net debt (A)	**14,618.36**	**11,196.63**
(B) Total equity		
Equity share capital	152.79	152.79
Other equity	5,390.95	19,257.06
Total equity (B)	**5,543.74**	**19,409.85**
Net debt to equity ratio (A/B)	**2.64**	**0.58**

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for the year ended March 31, 2023

No changes were made in the objectives, policies or processes for managing capital of the Company during the year.

Loan covenants

The Company's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Some of the financial covenants were not complied as at March 31, 2023. Refer note 21 for details.

(b) Dividends not recognised at the end of the reporting period

The Board of Directors have not recommended any dividend during the current year.

Notes to the Standalone Financial Statements

Note 46: Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2023

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts-EUR	91.91	-	-	0.01	Various Dates*	1:1	₹90.11	0.01	(0.01)
Foreign exchange forward contracts-USD	262.41	-	1.71	-	Various Dates*	1:1	₹83.20	(1.71)	1.71

* Maturity dates vary on account of multiple hedging contracts which range from April 28, 2023 to July 31, 2023.

March 31, 2022

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Option									-
Foreign exchange forward contracts-EUR	-	130.23	-	0.46	July 30, 2022	1:1	₹ 85.67	0.46	(0.46)
Foreign exchange forward contracts-USD	261.74	-	3.94	-	August 30, 2022	1:1	₹ 77.52	(3.94)	3.94

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 47 - Related party disclosure

a. Related parties and their relationships

A Related parties where control exists

1	**Subsidiaries**	Varroc Polymers Limited Durovalves India Private Limited CarIQ Technologies Private Limited Varroc European Holding B.V. The Netherlands Varroc Corp Holding B.V. The Netherlands Varroc Japan Co. Ltd Japan VL Lighting Solutions Private Limited (upto October 6, 2022)
	Step Down Subisidiaries	Industria Meccanica E Stampaggio S.p.a., Italy Varroc Italy SPA (Formerly known as Varroc Lighting Systems Italy SPA) Varroc Romania S.A (Formerly known as Varroc Lighting Systems Romania S.A.) Varroc Vietnam Co. Ltd. (Formerly known as Varroc Lighting Systems Vietnam Co. Ltd) Varroc Lighting Systems, Bulgaria EOOD Varroc GmBH, Germany Varroc S.p.Z.o.o, Poland Varroc Electronics Romania SRL (Formerly known as Varroc Lighting Systems Electronics Romania SRL) Varroc Lighting Systems SRO, Czech Republic (upto October 6, 2022) Varroc Lighting Systems GmBH, Germany (upto October 6, 2022) Varroc Lighting Systems Inc. USA (upto October 6, 2022) Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (upto October 6, 2022) Varroc Lighting Systems sp. Z o.o., Poland (upto October 6, 2022) Varroc Lighting Systems SA, Morocco (upto October 6, 2022) Varroc do Brasil Industria E Commercia LTDA (upto October 6, 2022) Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi (upto October 6, 2022)
2	**Jointly Controlled Entities**	Varroc Dell'Orto Private Limited Varroc TYC Corporation, British Virgin Islands Varroc TYC Auto Lamps Co. Ltd., China (Subsidiary of Varroc TYC Corporation, BVI) Varroc TYC Auto Lamps Co. Ltd. CQ (Subsidiaries of Varroc TYC Auto Lamp Co., China) Nuova CTS S.r.L.,Italy

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

B Other related parties with whom transactions have taken place during the period

3	**Key Management Personnel**	Mr. Tarang Jain (Chairman and Managing Director) Mr. Mahendra Kumar Karumanchi (Chief Financial Officer) (w.e.f. September 28,2022) Mr. Ajay Kumar Sharma (Company Secretary) Mr. Tharuvai Srinivasan (Chief Financial Officer) (upto August 31,2022) **Whole time Directors** Mr. Arjun Jain Mr. Rohit Prakash **Non-Executive Director** Mr. Dhruv Jain (w.e.f. September 09, 2022) **Independent Directors** Mr. Gautam Khandelwal Mrs. Vijaya Sampath Mr. Vinish Kathuria Mr. Marc Szulewicz
	Relatives of Key Management Personnel with whom transactions have taken place	Mrs. Rochana Jain - Wife of Tarang Jain Mr.Naresh Chandra - Father of Tarang Jain Mrs. Suman Jain - Mother of Tarang Jain
4	**Enterprises owned or controlled by/or over which parties described in para 3 & 4 or their relatives exercise significant influence where transactions have taken place [Other than those included above]**	TJ Holdings Trust Naresh Chandra Holdings Trust Suman Jain Holdings Trust Endurance Technologies Limited Endurance Adler S.P.A. Varroc Foundation Scarpa & Colombo S.r.L Freccia International S.r.L, Italy

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

b) Transactions with Related parties

(₹ in million)

Sr. No.	Description	Transactions (₹ in million)		Balances			
		For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023		As at March 31, 2022	
				Receivable	Payable	Receivable	Payable
A)	**Sale of Goods, services and fixed asset***						
	Durovalves India Private Limited	28.62	49.62	3.22	-	16.60	-
	Endurance Technologies Lmited	6.89	4.75	0.63	-	0.26	-
	Endurance Adler S.P.A.	6.86	7.06	2.32	-	1.43	-
	Industrial Meccanica E Stampaggio S.p.a.	0.07	-	4.95	-	4.77	-
	Varroc Dell'Orto Private Limited	132.95	118.29	23.34	-	31.59	-
	Varroc Lighting Systems Inc. USA (Upto October 6,2022)	2.54	58.27	-	-	247.26	-
	Varroc Italy SPA (Formerly known as Varroc Lighting Systems Italy SPA)	5.21	46.17	62.38	-	57.47	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (Upto October 6,2022)	0.13	0.20	-	-	2.13	-
	Varroc Lighting Systems SRO, Czech Republic (Upto October 6,2022)	96.93	402.27	-	-	526.41	-
	Varroc Polymers Limited	236.90	203.24	129.65	-	49.50	-
	Varroc Lighting Systems S.A., Morocco (Upto October 6,2022)	2.99	26.56	-	-	57.67	-
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim irketi (Upto October 6,2022)	12.51	37.46	-	-	42.91	-
	Varroc do Brasil Industria E Comercio Lt (Upto October 6,2022)	-	0.14	-	-	0.10	-
	Varroc Lighting Systems S.p.z.oo. Poland (Upto October 6,2022)	14.90	7.05	-	-	6.70	-
	Varroc Electronics Romania SRL (Formerly known as Varroc Lighting Systems Electronics Romania SRL)	0.32	0.75	1.38	-	0.75	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr. No.	Description	Transactions (₹ in million)		Balances			
		For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023		As at March 31, 2022	
				Receivable	Payable	Receivable	Payable
	Varroc Vietnam Co. Ltd. (Formerly known as Varroc Lighting Systems Vietnam Co. Ltd)	0.19	3.23	0.43	-	3.00	-
	CarIQ Technologies Private Limited	-	-	-	-	0.05	-
	Varroc TYC Auto Lamps Co, China	1.85	0.23	1.87	-	-	-
	VL Lighting Solutions Private Limited	6.51	-	-	-	-	-
B)	**Guarantee commission received/ receivable**						
	Varroc do Brasil Industria E Comercia LTDA (Upto October 6,2022)	2.55	6.56	-	-	34.61	-
	Varroc Lighting Systems Inc. USA (Upto October 6,2022)	1.38	9.41	-	-	28.88	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (Upto October 6,2022)	10.50	17.70	-	-	25.53	-
	Varroc Corp Holding B.V.The Netherlands#	21.33	58.46	169.42	-	136.88	-
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim irketi (Upto October 6,2022)	2.83	3.03	-	-	3.08	-
	Varroc Electronics Romania SRL (Formerly known as Varroc Lighting Systems Electronics Romania SRL)	2.76	3.03	6.67	-	2.97	-
	Varroc European Holding B.V.The Netherlands	-	-	0.21	-	0.21	-
C)	**Management consultancy fees received/ receivable**						
	Durovalves India Private Limited	5.00	5.00	1.35	-	1.35	-
	Varroc Dell'Orto Private Limited	11.30	10.27	3.05	-	8.88	-
	Varroc Lighting Systems Inc. USA	79.03	148.95	-	-	227.01	-
D)	**Rent received/receivable**						
	Varroc Polymers Limited	26.21	18.97	1.42	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr. No.	Description	Transactions (₹ in million)		Balances			
		For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023		As at March 31, 2022	
				Receivable	Payable	Receivable	Payable
	Varroc Dell'Orto Private Limited	2.07	1.88	0.37	-	0.37	-
E)	**Interest received/ receivable**						
	CarlQ Technologies Private Limited	2.50	2.06	6.87	-	4.62	-
	Varroc Corp Holding B.V.The Netherlands#	137.95	135.68	314.66	-	149.30	-
	Varroc European Holding B.V.The Netherlands#	2.85	0.54	3.82	-	0.57	-
F)	**Loan to Subsidiaries**						
	CarlQ Technologies Private Limited	-	5.00	25.00	-	25.00	-
	Varroc Corp Holding B.V.The Netherlands#	2,632.18	10,183.38	13,405.60	-	9,905.99	-
	Varroc European Holding B.V.The Netherlands#	-	211.88	223.73	-	211.13	-
G)	**Reimbursement of expenses (Received/ Receivable)**						
	Durovalves India Private Limited	1.48	2.25	0.05	-	0.01	-
	Varroc Dell'Orto Private Limited	0.75	0.09	0.75	-	0.10	-
	Varroc Lighting Systems Inc. USA (Upto October 6,2022)	3.04	81.66	-	-	38.23	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (Upto October 6,2022)	-	1.84	-	-	2.16	-
	Varroc Lighting Systems SRO, Czech Republic (Upto October 6,2022)	11.80	13.91	-	-	13.91	-
	Varroc Vietnam Co. Ltd. (Formerly known as Varroc Lighting Systems Vietnam Co. Ltd)	-	0.31	0.43	-	0.43	-
	Varroc Polymers Limited	16.88	19.11	0.60	-	2.89	-
	Varroc S.p.Z.o.o, Poland	0.54	-	0.55	-	-	-
	Varroc Lighting Systems S.A., Morocco (Upto October 6,2022)	-	-	-	-	-	-
	Varroc Corp Holding B.V.The Netherlands	19.71	-	22.67	-	-	-
	VL Lighting Solutions Private Limited	1.02	-	-	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr. No.	Description	Transactions (₹ in million)		Balances			
		For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023		As at March 31, 2022	
				Receivable	Payable	Receivable	Payable
H)	**Purchase of goods, services and fixed assets***						
	Durovalves India Private Limited	90.24	63.90	-	131.72	-	36.36
	CarIQ Technologies Private Limited	32.85	9.60	-	-	-	-
	Varroc Italy SPA (Formerly known as Varroc Lighting Systems Italy SPA)	12.17	4.62	-	12.53	-	3.18
	Varroc Lighting Systems SRO, Czech Republic (Upto October 6,2022)	8.94	22.75	-	-	-	163.50
	Varroc Japan Co. Limited	20.60	21.04	-	3.68	-	3.66
	Varroc Polymers Limited	72.96	108.18	-	11.02	-	50.65
	Endurance Technologies Limited	9.75	0.14	-	1.21	-	-
	Varroc TYC Auto Lamps Co. Ltd., China	-	-	-	0.26	-	-
	Varroc Electronics Romania SRL (Formerly known as Varroc Lighting Systems Electronics Romania SRL)	-	-	-	0.04	-	-
I)	**Professional charges /Commission Paid/ Payable**						
	Mr. Gautam Khandelwal	2.10	1.00	-	2.10	-	1.00
	Mr. Marc Szulewicz	0.97	1.00	-	0.97	-	1.00
	Mrs. Vijaya Sampath	1.70	1.00	-	1.70	-	1.00
	Mr. Vinish Kathuria	1.60	1.00	-	1.60	-	1.00
J)	**Managerial & KMP Remuneration**						
	Mr. Tarang Jain	52.27	52.27	-	-	-	-
	Mr. Arjun Jain	19.24	20.87	-	-	-	-
	Mr. Rohit Prakash	26.73	27.35	-	-	-	-
	Mr. Karumanchi Mahendra Kumar (w.e.f. September 28,2022)	11.22	-	-	-	-	-
	Mr. Tharuvai Srinivasan (upto August 31, 2022)	20.12	29.19	-	-	-	-
	Mr. Ajay Kumar Sharma	14.92	14.27	-	-	-	-
K)	**Directors sitting fees**						
	Mr. Gautam Khandelwal	1.30	1.50	-	0.09	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr. No.	Description	Transactions (₹ in million)		Balances			
		For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023		As at March 31, 2022	
				Receivable	Payable	Receivable	Payable
	Mr. Marc Szulewicz	1.20	0.80	-	0.10	-	0.02
	Mrs. Vijaya Sampath	1.80	1.40	-	0.09	-	-
	Mr. Vinish Kathuria	1.80	1.30	-	0.09	-	-
L)	**Reimbursement of expenses (Paid/ Payable)**						
	Varroc Polymers Limited	14.64	2.44	-	2.11	-	0.21
	CarlQ Technologies Private Limited	-	4.14	-	-	-	4.87
	Durovalves India Private Limited	-	0.90	-	-	-	-
	Varroc Dell'Orto Private Limited	0.92	-	-	-	-	-
	Scarpa & Colombo S.r.L	8.60	-	-	-	-	-
	Freccia International S.r.L, Italy	0.16	-	-	-	-	-
M)	**Guarantee for facilities availed by subsidiaries*** **						
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (Upto October 6,2022)	-	1,958.25	-	-	-	2,113.33
	Varroc Lighting Systems Inc. USA (Upto October 6,2022)	-	-	-	-	-	530.39
	Varroc Corp Holding B.V.The Netherlands	-	-	-	-	-	5,062.85
	Varroc do Brasil Industria E Commercia LTDA (upto October 6, 2022)	-	-	-	-	-	497.55
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim irketi (Upto October 6,2022)	-	521.99	-	574.56	-	529.69
	Varroc Electronics Romania SRL (Formerly known as Varroc Lighting Systems Electronics Romania SRL)	-	78.99	-	-	-	-
N)	**Corporate guarantees/ stand by letter of credit**						
	Varroc Electronics Romania SRL (Formerly known as Varroc Lighting Systems Electronics Romania SRL)	-	355.11	-	357.96	-	235.77

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr. No.	Description	Transactions (₹ in million)		Balances			
		For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023		As at March 31, 2022	
				Receivable	Payable	Receivable	Payable
O)	**Other expenses**						
	Varroc Lighting Systems SRO, Czech Republic (Royalty) (Upto October 6,2022)	76.52	83.39	-	-	-	-
	Varroc Lighting Systems SRO, Czech Republic (R&D, R&M, etc) (Upto October 6,2022)	5.64	7.15	-	-	-	-
	Varroc Lighting Systems Inc. USA (IT, R&D expenses and Admin & Other expenses) (Upto October 6,2022)	49.26	174.01	-	-	-	359.83
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (R&D Expenses) (Upto October 6,2022)	0.68	1.08	-	-	-	8.45
	Varroc Lighting Systems S.p.z.oo. Poland (Admin expenses) (Upto October 6,2022)	1.72	22.65	-	-	-	37.86
P)	**Dividend received**						
	Durovalves India Private Limited	-	157.24	-	-	-	-
Q)	**Intercorporate Deposit**						
	Varroc Polymers Limited	2,080.20	2,860.00	-	4,940.20	-	2,860.00
R)	**Interest paid/ payable**						
	Varroc Polymers Limited	412.36	86.03	-	36.11	-	19.68
S)	**Corporate Social Responsibility (CSR)**						
	Varroc Foundation	19.42	12.70	-	-	-	-
T)	**Purchase of licenses (RoDTEP)**						
	Durovalves India Private Limited	0.13	-	-	0.13	-	-
U)	**Investment in Subsidiaries**						
	VL Lighting Solutions Private Limited	1.00	-	-	-	-	-

Notes:-

* All the amounts exclusive of taxes, if any.
** Amount below rounding off norm adopted by the Company.
*** The balances at year end pertain to guarantees outstanding as at Balance sheet date.
##Refer note 14 for provision made for doubtful debts.
This amount is before impairment provision.

There is no provision for doubtful debts related to outstanding balances and no expense has been recognised during the current period in respect of bad or doubtful debts due from related parties except the above.

Note 48 (a) : Commitments

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Purchase of property, plant and equipment	500.00	697.63

ii) Lease commitments

Company as lessor

The Company has entered into operating leases on its investment properties , with lease terms between three to five years.

Future minimum rentals receivable under non-cancellable operating leases as at March 31, 2023 as follows.

(₹ in Million)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Within one year	20.91	19.93
After one year but not more than five years	21.96	42.87

Note 49 : Earnings per share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Earnings per share (EPS)		
Basic		
Loss after tax (₹ in Million)	(13,867.94)	259.85
Weighted average number of shares outstanding	15,27,86,400	15,27,86,400
Basic EPS (Amount in ₹)	**(90.76)**	**1.70**
Diluted		
Loss after tax (₹ in Million)	(13,867.94)	259.85
Weighted average number of shares outstanding	15,27,86,400	15,27,86,400
Diluted EPS (Amount in ₹)	**(90.76)**	**1.70**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 50 : Interests in joint venture

Set out below is the joint venture of the Company as at March 31, 2023:

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2023	As at March 31, 2022
Varroc Dell'Orto Private Limited	India	50%	Joint Venture	Equity Method	15.25	15.25
Total					**15.25**	**15.25**

The joint venture entity is primarily engaged in the business of auto components and services in the automotive industry.

Commitments and contingent liabilities in respect of joint venture

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Varroc Dell'Orto Private Limited	-	-

Summarised financial information for joint venture

The summarised financial information for joint venture disclosed below, reflects the amounts presented in the financial statements of the joint venture and not Varroc's share of those amounts.

(i) Summarised balance sheet

(₹ in Million)

Particulars	Varroc Dell'Orto Private Limited	
	Year ended March 31, 2023	Year ended March 31, 2022
Current assets		
Cash and cash equivalents	66.21	35.17
Other assets	131.45	157.28
Total current assets	**197.66**	**192.45**
Total non-current assets	**2.09**	**1.23**
Current liabilities		
Financial liabilities	80.87	91.99
Other liabilities	8.15	23.67
Total current liabilities	**89.02**	**115.66**
Non-current liabilities		
Other liabilities	0.87	0.66
Total non-current liabilities	**0.87**	**0.66**
Net assets	**109.86**	**77.36**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(ii) Summarised statement of profit and loss

(₹ in Million)

Particulars	Varroc Dell'Orto Private Limited	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	474.01	421.60
Cost of Raw Material and components consumed	390.98	346.11
Depreciation and amortisation	0.41	0.36
Finance costs	0.22	0.16
Employee benefit expenses	10.01	9.08
Other Expenses	29.00	23.71
Profit before tax	**43.39**	**42.18**
Income tax expense	10.93	7.47
Profit /(Loss) for the year	32.46	34.71
Other comprehensive income	(0.04)	0.01
Total comprehensive income	**32.42**	**34.70**
Dividends received	-	-

Note 51 : Contingent liabilities

(A) Claims against the Company not acknowledged as debt

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Disputed excise, service tax and goods and service tax matters (Refer (i))	359.64	414.46
Income tax matters	201.06	174.03
Employee related disputes	22.49	22.03
Export promotion capital goods (EPCG) (Export obligation against the above ₹ 859.15 million previous year ₹850.44 Million)	143.19	141.74
Provident fund liability	See note (ii) below	

(i) The Company is contesting excise, service tax and goods and service tax demand/notices and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands/notices raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of the operations. The Company has deposited ₹ 38.08 million (previous year ₹ 38.08 million) with the tax authorities against the above matters to comply with the order of the tax authorities.

(ii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(B) - The Company has provided corporate guarantees / stand by letter of credit as at March 31, 2023 :

(₹ in millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Corporate guarantees for loan taken by Foreign Subsidiaries [(March 31, 2023 - USD 7.00 million (March 31, 2022 - USD 69.25 million)] Amount Drawdown as at March 31, 2023: USD 7.00 million (March 31, 2022 - USD 34.89 million)	574.56	2,643.62
"Corporate guarantees given for loans taken by Foreign subsidiaries [('March 31,2023 - EURO 5.10. million (March 31, 2022 - Euro 83.30 million)] Amount Drawdown as at March 31, 2023: EURO 4.00 million (March 31, 2022 - EURO 62.67 million)	357.96	5,298.62
Corporate guarantees for loan taken by Foreign Subsidiaries [(March 31, 2023 - BRL 00.00 million (March 31, 2022 - BRL 37 million)] Amount Drawdown as at March 31, 2023: BRL 00.00 million (March 31, 2022 - BRL 31.00 million)	-	497.55

The loans taken by the subsidiaries against the above guarantees/standby letter of credit have been utilised by them for setting up of manufacturing facilities, working capital requirements and/or repayment of external loans.

(C) - Code on Social Security, 2020

The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 52- Loss on equity investments and loans given to VLS

The Company and VarrocCorp Holding BV, Netherlands (“VCHBV”, wholly owned subsidiary of the Company) (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 13,321.90 million was recognised during the year ended March 31, 2023 as exceptional item. Summary of loss on equity and loans given to VLS business is as follows :

(₹ in Million)

Particulars	As of Closing date	Effect of changes in foreign exchange rate	As at March 31, 2023
Provision for loss on loans given to VLS business	11,772.22	1,409.66	13,181.88
Provision for loss on interest on loans given to VLS business	284.65	33.84	318.49
Provision for loss on guarantee commission receivable from VLS business	151.49	17.93	169.42
Provision for loss on expense receivable for sale of VLS business	81.90		81.90
Provision on equity investments in VCHBV	1,031.65	58.61	1,090.26
Total provision	**13,321.90**	**1,520.05**	**14,841.95**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

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 from the closing date to come up with the same duly supported by requisite information/documentation.

The Buyer submitted the final adjustments in the month of February 2023 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 statements as of March 31, 2023, and accordingly the loss recognised for the year ended March 31, 2023 is based on the initial agreed equity value of Eur 69.5 million as explained above.

Note 53 : Ratio Analysis and its elements**

Ratio		March 31, 2023	March 31, 2022	% change	Reason for variance
Current ratio	No of times	0.43	0.99	-56.17%	(A)
Debt-Equity Ratio	No of times	2.97	0.60	395.66%	(B)
Debt Service Coverage ratio	No of times	1.03	1.27	-18.75%	
Profitability ratio					
Net Profit ratio	In %	-35.40%	0.79%	-4584.06%	(C)
Return on Equity ratio	In %	-4.38%	1.35%	-424.88%	(D)
Return on Capital Employed	In %	-54.32%	4.38%	-1340.77%	(E)
Return on Investment	In %	3.06%	2.73%	12.00%	
Utilisation Ratio					
Trade Receivable Turnover Ratio	No of times	11.19	8.66	29.13%	(F)
Inventory Turnover ratio	No of times	6.87	6.58	4.35%	
Trade Payable Turnover Ratio	No of times	3.86	3.41	13.33%	
Net Capital Turnover Ratio	No of times	(5.78)	53.70	-110.76%	(G)

**Based on the requirements of Schedule III

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Formulae for calculation of ratios are as follows:

(i) Current ratio = [Current Assets / Current Liabilities]

(ii) Debt-Equity Ratio = [Total Debt / Total Equity]

(iii) Debt service coverage ratio = [(Earning before Interest Tax & Depreciation & amortization and exceptional items)/ (Interest Expense + Principal repayments of long term loan made during the period)]

(iv) Return on Equity ratio = [(Net Profits after taxes – Preference Dividend/(Average Shareholder's Equity)]

(v) Inventory Turnover ratio= [(cost of goods sold)/(Average Inventory)]

(vi) Trade Receivable Turnover Ratio = [(Revenue from Operation)/(Average Trade receivable)]

(vii) Trade Payable Turnover Ratio = [(Purchases)/(Average Trade payable)]

(viii) Net Capital Turnover Ratio = [(Net Annual Sales)/(Average Working Capital)]

(ix) Net Profit ratio = [(Net Profit after taxes)/ (Revenue from Operation)]

(x) Return on Capital Employed = [(Earning Before Interest and taxes (EBIT))/(Capital employed)]

(xi) Return on Investment = [(Income generated from invested funds in bank FDs and mutual funds)/ (Average invested funds in bank FDs and mutual funds)]

(xii) Capital Employed = Tangible Net worth + Total Debt + Deferred Tax Liability

(xiii) Working capital = (Current assets - Current liabilities)

Commentary

A) Decrease in Current ratio is due to impairment of loan receivable & gurantee commission receivable from Related Party.

B) Increase in Debt equity ratio is due to increase in borrowings raised during the year and and decrease in equity due to losses.

C) Decrease in the ratio is due to losses in the current year as compared to profit in the previous year.

D) Decrease in the ratio is mainly due to impairment provision of loan, interest & guarantee to related party and impairment of investment in subsidiaries.

E) Decrease in the return on capital employed primarily due to impairment provision on investment/loan to subsidiary during the year.

F) Increase in ratio mainly due increase in revenue as compared to previous year.

G) Decrease in Net capital turnover ratio is mainly on account of increase in current borrowings and Inter corporate deposits

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 54 - Ultimate Beneficiary (For the year ended March 31, 2023)

In current year the company ('Funding party') has loaned to Varroc Corp Holding B.V. The Netherlands ('Intermediary'), which is a wholly owned subsidiary. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount in INR Mn	Name of intermediary	Date of further loan/investment during the year	Nature of funding	Amount in INR Mn	Name of ultimate Beneficiary
Various Dates	Loan	581.10	Varroc Corp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	80.96	Varroc do Brasil Industria E Commercia LTDA
						36.43	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
						119.39	Varroc Lighting Systems S.A., Morocco
					Loans	344.33	Varroc Electronics Romania SRL (Formerly known as ""Varroc Lighting Systems Electronics Romania SRL"")

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc do Brasil Industria E Commercia LTDA	13.384.641/0001-39	Subsidiary	Avenida Parana 2879 Sorocaba 18105-00 Brazil
Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	60,142	Subsidiary	Av Parque Industrial Monterrey 608, 66600 Apodaca Mexico
Varroc Lighting Systems S.A., Morocco	84097	Subsidiary	Lot 133, Zone Franche Tanger Automotive City, Commune Joumaa, Province of Fahs Anjra Tanger, Morocco
"Varroc Systems Electronics Romania SRL (Formerly known as ""Varroc Lighting Systems Electronics Romania SRL"")"	40419203	Subsidiary	Street- Calarasilor,112-114 Targu Mures, Romania

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

The Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

The Company has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries,

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

For the year ended March 31, 2022

In current year the company ('Funding party') has loaned to Varroc Corp Holding B.V. The Netherlands ('Intermediary'), which is a wholly owned subsidiary. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount in INR Mn	Name of intermediary	Date of further loan/investment during the year	Nature of funding	Amount in INR Mn	Name of ultimate Beneficiary
Opening	Investment in equity shares	393	Varroc Corp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	253	Varroc Lighting Systems S.A., Morocco
					Loans	140	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
Various Dates	Loan	8,665	Varroc Corp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	1,993	Varroc Lighting Systems S.A., Morocco
						4,729	Varroc Lighting Systems sp. Z.o.o, Poland
						517	Varroc do Brasil Industria E Commercia LTDA
						42	Varroc Lighting Systems Electronics Romania SRL
						169	Varroc TYC Auto Lamps Co. Ltd., China (Subsidiaries of Varroc TYC Corporation, BVI)
					Loans	877	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
						211	Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi
						127	Industria Meccanica E Stampaggio s.p.a.,Italy

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc Lighting Systems S.A., Morocco	84097	Subsidiary	Lot 133, Zone Franche Tanger Automotive City, Commune Joumaa, Province of Fahs Anjra Tanger, Morocco
Varroc Lighting Systems sp. Z.o.o, Poland	A3444/2017	Subsidiary	ul. Pawia 7, High5ive 31-154 Krakow, Poland.
Varroc do Brasil Industria E Commercia LTDA	13.384.641/0001-39	Subsidiary	Avenida Parana 2879 Sorocaba 18105-00 Brazil
Varroc Lighting Systems Electronics Romania SRL	40419203	Subsidiary	Street- Calarasilor,112-114 Targu Mures, Romania
Varroc TYC Auto Lamps Co. Ltd., China (Subsidiaries of Varroc TYC Corporation, BVI)	500000500065121	Jointly Controlled Entity	No 228 Taishan Road, Changzhou, New Zone Jiagsu 213022 PRC Chine.
Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	60,142	Subsidiary	Av Parque Industrial Monterrey 608, 66600 Apodaca Mexico
Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi	217194-0	Subsidiary	Aydinli Mh. Birlik OSB 5,Sok No: 8 Tuzla 34953- Istanbul, Turkey.
Industria Meccanica E Stampaggio s.p.a.,Italy	02316270129	Subsidiary	Via A, Sandroni,46 Italy 21040, Sumirago

The Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

The Company has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries,

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Note 55 : Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23,2023

For and on behalf of the Board of Directors

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

K Mahendra Kumar
Group CFO
Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 23, 2023

Independent Auditor's Report

To the Members of Varroc Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Varroc Engineering Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures comprising of the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, except for the possible effects of the matters described in the "Basis of Qualified Opinion" section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and joint ventures as at March 31, 2023, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

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.

As disclosed in Note 50 to the consolidated financial statements, the financial results and other financial information for the year ended March 31, 2023 in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, 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 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 of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group and 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 we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the 'Basis for Qualified Opinion' section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our qualified audit opinion on the accompanying consolidated financial statements

Key audit matters	How our audit addressed the key audit matter
Testing of compliance with Debt covenants (as described in note 17 of the consolidated financial statements)	
The total borrowings of the Group as at March 31, 2023 was ₹ 16,349.98 million. These borrowings have loan covenants with respect to debt-equity, debt service coverage, etc. non-compliance of which gives right to the lender to demand immediate repayment and/or penal interest. We identified this as a key audit matter in our audit of the consolidated financial statements considering the quantum of borrowings and the significant implications in case of non-compliance with debt covenants	The audit procedures performed by us included the following: • Evaluated the Group's assessment and workings for compliance with the relevant debt covenants as applicable to various borrowings in the Group; • Tested the underlying calculations used in the Group's assessment of debt covenants for a sample of loan contracts. • In case of non-compliance with any of the debt covenants, read the covenants waivers from lenders where available. In the absence of waivers, assessed the consequent reclassification of the respective borrowing from non-current to current. • Assessed the disclosures in the consolidated financial statements for compliance with the relevant accounting standard requirements.
De-recognition of trade receivables under factoring arrangements (as described in note 2A (4) of the consolidated financial statements)	
The Group enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. As at March 31, 2023, the group derecognized trade receivables amounting to ₹ 1,472.90 million. The Group derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of derecognition of trade receivables under the factoring arrangements is complex and requires significant judgement. Accordingly, this has been identified as a key audit matter in our audit of the consolidated financial statements.	The audit procedures performed by us included the following: • Evaluated the assessment made by management in respect of transfer of substantially all risks and rewards of ownership of the financial asset under the factoring contracts; • Read a sample of factoring contracts to understand the terms and assessed if they qualify as non-recourse arrangements and further assessed if the accounting is as per the requirements of Ind AS 109, "Financial Instruments"; • Assessed the disclosures in the consolidated financial statements for compliance with the relevant accounting standard requirements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the Group and of its joint ventures 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 consolidated financial statements 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 consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, 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 companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those 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 companies.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 these consolidated financial statements.

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 consolidated financial statements, 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 Holding 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 management.

- Conclude on the appropriateness of management's 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 consolidated financial statements 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, 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 consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of 4 subsidiaries, part of continuing operations whose financial statements (without giving effect of elimination of intra-group transactions) include total assets of ₹ 6,696.76 million as at March 31, 2023, and total revenues of ₹ 7,481.79 million and net cash inflow of ₹ 268.15 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 16.21 million for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of 1 joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-sections (3) of Section

143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with 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 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.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries, whose financial statements and other financial information (without giving effect of elimination of intra-group transactions) reflect total assets of ₹ 911.40 million as at March 31, 2023, and total revenues of ₹ 798.66 million and net cash inflows of ₹ 1.08 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 37.07 million for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of 2 joint ventures, whose financial statements, other financial information has not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group except those relating to China JV.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, 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 statements and other financial information certified by the Management except those relating to China JV.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies and joint ventures companies, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint ventures as noted in the 'other matter' paragraph we report, to the extent applicable, that:

    (a) We/the other auditors whose report we have relied upon have sought and except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and joint ventures, none of the directors of the Group's companies and joint ventures, incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies and joint ventures, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and joint ventures, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company, its subsidiaries and joint ventures incorporated in India where applicable to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures in its consolidated financial statements – Refer Note 38 to the consolidated financial statements;

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 25 to the consolidated financial statements in respect of such items as it relates to the Group and its joint ventures;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint ventures, incorporated in India during the year ended March 31, 2023.

   iv. a) The respective managements of the Holding Company and its subsidiaries and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and joint ventures respectively that, to the best of its knowledge and belief, other than as disclosed in the note 52 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and joint ventures to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and joint ventures respectively that, to the best of its knowledge and belief, other than as disclosed in the note 52 to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries and joint ventures from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) The final dividend paid by one of the subsidiary company incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. No dividend has been declared or paid during the year by the Holding Company or any other subsidiaries or joint venture companies, incorporated in India.

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Group only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 23105754BGQUOK2057

Place of Signature: Pune
Date: May 23, 2023

Annexure 1

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Varroc Engineering Limited (the "Company"), its subsidiaries and joint ventures incorporated in India

Clause (xxi) of the Companies (Auditors Report) Order, 2020:

Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

Sr. No	Name	CIN	Holding company/ subsidiary/ associate/ joint venture	Clause number of the CARO report which is qualified or is adverse
1	Varroc Engineering Limited	L28920MH1988PLC047335	Holding Company	Clause ii(b) Clause iii(c) Clause iii(d) Clause vii(a) Clause ix(d) Clause ix(e) Clause xiii
2	Varroc Polymers Limited	U25209MH1995PTC090037	Subsidiary Company	Clause ii(b) Clause iii(c) Clause iii(d) Clause iii(e) Clause vii(a) Clause xiii
3	Durovalves India Private Limited	U34300MH1997PTC105518	Subsidiary Company	Clause ii(b) Clause xiii

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 23105754BGQUOK2057

Place of Signature: Pune
Date: May 23, 2023

Annexure 2

To The Independent Auditor's Report of even date on the Consolidated Financial Statements of Varroc Engineering Limted

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Varroc Engineering Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are

Annexure 2 (Contd.)

To The Independent Auditor's Report of even date on the Consolidated Financial Statements of Varroc Engineering Limted

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group and its joint venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 23105754BGQUOK2057

Place of Signature: Pune
Date: May 23, 2023

Consolidated Balance Sheet

as at March 31, 2023

(₹ in Million)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non current assets			
Property, plant and equipment	3.1	17,067.34	17,653.55
Capital work-in-progress	3.1	1,209.40	1,124.13
Investment properties	3.2	-	123.92
Goodwill	4.1	469.29	464.93
Other intangible assets	4.2	727.42	914.49
Right of use asset	3.3	2,248.95	1,301.46
Intangible assets under development	4.2	137.38	273.99
Investments accounted for using the equity method	49	3,906.20	3,875.95
Financial assets			
Investments	5	0.20	0.20
Other financial assets	6	1,688.13	337.18
Income tax assets (net)		323.89	119.81
Deferred tax assets (net)	20	70.13	89.67
Other non-current assets	7	597.96	591.53
Total non-current assets		**28,446.29**	**26,870.81**
Current assets			
Inventories	8	6,710.04	6,155.91
Financial assets			
Investments	9	300.05	-
Trade receivables	10	5,971.00	5,175.33
Cash and cash equivalents	11 (a)	3,023.13	1,156.48
Other bank balances	11 (b)	248.09	21.34
Loans	12	0.26	2.15
Other financial assets	13	85.13	79.11
Other current assets	14	1,425.03	1,691.26
Total current assets		**17,762.73**	**14,281.58**
Assets classified as held for sale	51	-	68,827.67
Total Assets		**46,209.02**	**1,09,980.06**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	15	152.79	152.79
Other Equity	16	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**

Consolidated Balance Sheet (Contd.)

as at March 31, 2023

(₹ in Million)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	17	4,161.38	2,500.22
Lease liabilities	3.3	1,485.61	559.44
Other financial liabilities	18	19.43	78.83
Provisions	19	278.93	293.47
Deferred tax liabilities (net)	20	1,169.28	1,265.74
Other non-current liabilities	21	44.78	40.79
Deferred government grants	27	264.88	332.60
Total non-current liabilities		**7,424.29**	**5,071.09**
Current liabilities			
Financial liabilities			
Borrowings	22	12,188.60	13,034.08
Lease liabilities	3.3	225.55	157.99
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	1,138.95	1,583.82
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	10,734.93	10,575.97
Acceptances		91.01	1,182.45
Other financial liabilities	24	2,405.32	1,870.44
Provisions	25	299.51	186.34
Current tax liabilities (net)		92.94	33.08
Other current liabilities	26	1,381.36	1,504.82
Deferred government grants	27	185.04	161.28
Total current liabilities		**28,743.21**	**30,290.27**
Liabilities directly associated with the assets classified as held for sale	51	-	54,478.38
Total liabilities		**36,167.50**	**89,839.74**
Total equity and liabilities		**46,209.02**	**1,09,980.06**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23, 2023

K. Mahendra Kumar
Group CFO
Place : Pune

Date : May 23, 2023

Ajay Kumar Sharma
Company Secretary
(M No.: ACS 9127)
Place : Pune

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Continuing Operations			
Revenue			
Revenue from operations	28	68,630.66	58,442.01
Other income	29	578.81	339.33
Total income		**69,209.47**	**58,781.34**
Expenses			
Cost of materials consumed	30	44,455.49	39,034.78
Changes in inventories of work-in-progress and finished goods	31	(150.02)	(541.23)
Employee benefits expense	32	7,172.97	6,192.64
Finance costs	33	1,902.95	1,183.52
Depreciation and amortisation expenses	34	3,367.41	3,045.47
Other expenses	35	11,685.35	10,162.43
Total expenses		**68,434.15**	**59,077.61**
Profit/(loss) before share of net profit/(loss) of investments accounted for using equity method and tax from continuing operations		**775.32**	**(296.27)**
Share of net profit/(loss) of investments accounted for using the equity method	50	53.28	(4.33)
Profit/(loss) before tax from continuing operations		**828.60**	**(300.60)**
Income tax expense			
Current tax		660.95	347.97
Short/ (excess) provision in respect of earlier year		(105.78)	2.23
Net current tax		**555.17**	**350.20**
Deferred tax		(114.46)	132.05
Total tax expense	36	**440.71**	**482.25**
Profit/(loss) for the year from continuing operations		**387.89**	**(782.85)**
Discontinued operations	51		
Profit/(loss) before tax for the year from discontinued operations		(8,557.23)	(10,348.85)
Tax (income)/expense of discontinued operations		1.91	(64.43)
Profit/(loss) for the year from discontinued operations		**(8,559.14)**	**(10,284.42)**
Profit/(loss) for the year		**(8,171.25)**	**(11,067.27)**
Other comprehensive income from continuing operations			
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences in translating the financial statements of foreign operations		472.99	(89.40)
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation (net of tax of ₹ 0.80 Million (previous year ₹ 17.19 Million))		(55.59)	(121.94)

Consolidated Statement of Profit and Loss (Contd.)

for the year ended March 31, 2023

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Other comprehensive income from discontinued operations			
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences in translating the financial statements of foreign operations / reclassification of FCTR balance on disposal		(2,344.95)	835.40
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation (net of tax of ₹ Nil (previous year ₹ 37.35 million))		-	81.42
Total other comprehensive income/(loss), net of tax from continuing and discontinued operations		**(1,927.55)**	**705.48**
Total comprehensive income/(loss) for the year		**(10,098.80)**	**(10,361.79)**
Profit/(loss) for the year attributable to:			
Shareholders of the Company		(8,198.35)	(11,098.79)
Non-controlling interests		27.10	31.52
Other comprehensive income/(loss) attributable to:			
Shareholders of the Company		(1,926.87)	706.86
Non-controlling interests		(0.68)	(1.38)
Total comprehensive income/(loss) for the year attributable to:			
Shareholders of the Company		(10,125.22)	(10,391.93)
Non-controlling interests		26.42	30.14
Earnings per equity share attributable to Owners [Nominal value per share: ₹ 1 (Previous year : ₹ 1)]	48		
- **for continuing operations**			
Basic and diluted (in Rupees)		2.36	(5.33)
- **for discontinued operations**			
Basic and diluted (in Rupees)		(56.02)	(67.31)
- **for continuing and discontinued operations**			
Basic and diluted (in Rupees)		(53.66)	(72.64)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23, 2023

K. Mahendra Kumar
Group CFO
Place : Pune

Date : May 23, 2023

Ajay Kumar Sharma
Company Secretary
(M No.: ACS 9127)
Place : Pune

Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
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	
			2,933.84		**5,956.38**
	Cash generated from operations		**7,526.74**		**7,091.43**
	Taxes paid (net of refund received)		(920.66)		(735.68)
	Net cash flow generated from operating activities		**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	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 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)**

Consolidated Statement of Cash Flows (Contd.)

for the year ended March 31, 2023

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Opening cash and cash equivalents		2,801.92		7,414.35
	Cash & cash equivalent 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**

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents consists of:			
A	Cash and cash equivalent- discontinued operations	-	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.

Summary of significant accounting policies 2

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23, 2023

K. Mahendra Kumar
Group CFO
Place : Pune

Date : May 23, 2023

Ajay Kumar Sharma
Company Secretary
(M No: ACS 9127)
Place : Pune

Consolidated Statement of changes in equity

for the year ended March 31, 2023

A Equity share capital

(₹ in Million)

Particulars	No. of Shares		Equity Share Capital	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Balance at the beginning of the period	**15,27,86,400**	15,27,86,400	**152.79**	152.79
Add : Issue of new shares during the year	**-**	-	**-**	-
Balance at the end of the period	**15,27,86,400**	**15,27,86,400**	**152.79**	**152.79**

B Other equity

(₹ in Million)

Particulars	Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Statutory reserves	Securities premium	Foreign Currency Translation Reserve	Equity attributable to Owners	Non Controlling Interests	Total Other Equity
Balance as at April 01, 2022	**(5,340.83)**	**4 ,194.73**	**11.30**	**5,335.08**	**410.80**	**13,024.03**	**2,099.30**	**19,734.42**	**253.11**	**19,987.53**
Profit/(loss) for the period	(8,198.35)	-	-	-	-	-	-	(8,198.35)	27.10	(8,171.25)
Other comprehensive income										
- Gain/(loss) on remeasurement of defined benefit obligation (net of tax)	(54.91)	-	-	-	-	-	-	(54.91)	(0.68)	(55.59)
- Exchange differences in translating the financial statements of foreign operations	-	-	-	-	-	-	1,133.74	1,133.74	-	1,133.74
- Reclassification of FCTR balance on disposal of VLS business (refer note 51)	-	-	-	-	-	-	(3,005.70)	(3,005.70)	-	(3,005.70)
Total comprehensive income	**(8,253.26)**	**-**	**-**	**-**	**-**	**-**	**(1,871.96)**	**(10,125.22)**	**26.42**	**(10,098.80)**
Balance as at March 31, 2023	**(13,594.09)**	**4,194.73**	**11.30**	**5,335.08**	**410.80**	**13,024.03**	**227.34**	**9,609.20**	**279.53**	**9,888.73**

Consolidated Statement of changes in equity (Contd.)

for the year ended March 31, 2023

(₹ in Million)

Particulars	Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Statutory reserves	Securities premium	Foreign Currency Translation Reserve	Equity attributable to Owners	Non Controlling Interests	Total Other Equity
Balance as at April 1, 2021	**5,797.10**	**4,194.73**	**11.30**	**5,335.08**	**410.80**	**13,024.03**	**1,353.30**	**30,126.34**	**281.77**	**30,408.11**
Profit/(loss) for the period	(11,098.79)	-	-	-	-	-	-	(11,098.79)	31.52	(11,067.27)
Other comprehensive income	(39.14)	-	-	-	-	-	746.00	706.86	(1.38)	705.48
Total comprehensive income	**(11,137.93)**	**-**	**-**	**-**	**-**	**-**	**746.00**	**(10,391.93)**	**30.14**	**(10,361.79)**
Dividend on equity shares paid by subsidiary company									(58.80)	(58.80)
Balance as at March 31, 2022	**(5,340.83)**	**4,194.73**	**11.30**	**5,335.08**	**410.80**	**13,024.03**	**2,099.30**	**19,734.42**	**253.11**	**19,987.53**

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23, 2023

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

K. Mahendra Kumar
Group CFO
Place : Pune

Date : May 23, 2023

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

Ajay Kumar Sharma
Company Secretary
(M No. : ACS 9127)
Place : Pune

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023

1. Corporate information

Varroc Engineering Limited (the "Company"), CIN L28920MH1988PLC047335, is engaged in the business of manufacturing of Automobile components. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the company is located at L-4, M.I.D.C Area ,Waluj, Aurangabad - 431 136.

The Company and its subsidiaries (collectively, the Group) are primarily engaged in the business of auto components and services in the automotive industry to Indian and global customers. The Company, its subsidiaries and jointly controlled entities operate from manufacturing plants and technical development centres across 4 continents and 14 countries spread across the globe.

These audited consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 23, 2023.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these audited consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

(i) The audited Consolidated Financial Statements of the Group, which comprise the audited consolidated Balance Sheet as at March 31, 2023; audited consolidated statement of Profit and Loss including the statement of Other Comprehensive Income; audited consolidated Cash Flow Statement and audited consolidated Statement of Changes in Equity for the year then ended and other select explanatory notes have been prepared in accordance with Indian Accounting Standard (IND AS) notified under the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (IND AS compliant Schedule III), as applicable to the Consolidated Financial Statements. All amounts included in these audited consolidated financial statements are reported in Million of Indian National Rupees (₹ in Million) except earnings per share data and unless stated otherwise. All amounts in these audited consolidated financial statements have been rounded off to the nearest million or decimal thereof unless otherwise stated.

(ii) Use of estimates and assumptions

The preparation of the Consolidated IND AS Financial Statements requires the management to make certain judgments, estimates and assumptions. It also requires the management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2A.

(iii) Historical cost convention

The audited Consolidated IND AS Financial Statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- defined benefit plans and plan assets measured at fair value.

(iv) Current - Non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

b. Principles of consolidation and equity accounting

These Consolidated Financial Statements comprise the financial statements of the Company, its subsidiaries and joint ventures as at and for the year ended March 31, 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Joint arrangements

Under IND AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

a) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognized at cost in the consolidated financial statements.

b) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are incorporated in the financial statements under the appropriate headings.

(iii) Equity Method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit and loss and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2(b).

(iv) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(v) The difference between the cost of investment in the subsidiaries and jointly controlled entities, over the net assets at the time of acquisition of investment is recognised in the financial statements as Goodwill or Capital Reserve on consolidation as the case may be.

c. Foreign currency translation

The Group's Consolidated IND AS Financial Statements are presented in INR, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to IND AS (1 April, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

d. **Revenue Recognition**

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Amounts disclosed as revenue are net of Goods and Service Tax (GST). The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2A.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 120 days upon delivery. Product development/Engineering services primarily pertaining to global automotive lighting business are considered as relating to sale of parts rather than a separate performance obligation. As a result, revenue from product development/ engineering services is recognised over the period of production from the start of production date and is included in the revenue from sale of finished goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Variable consideration

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IND AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations

The Group typically provides warranties for general repairs of defects as per terms of the contract with customers, These assurance-type warranties are accounted for under IND AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (t) Provisions Customer prepayments are amortised in Revenue over the life of the respective project.

Sale of services

Income from services is recognised on the basis of time/work completed as per contract with the customers. The Group collects taxes on services (where applicable) on behalf of the government and, therefore, they are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Tooling Revenue

Development of toolings for customers is considered as a separate performance obligation. Revenue from toolings primarily pertaining to global automotive lighting business is recognised over time based on the progress towards complete satisfaction of that performance obligation. Such progress is measured based on the proportion that the aggregate costs incurred for work done till the balance sheet date bear to the estimated total costs.

Determination of toolings revenues to be recognised over time necessarily involves making estimates by the Management (some of which are a technical nature) of the costs of completion, the expected revenues from each contract and the foreseeable losses to completion.

Foreseeable losses, if any, on the contracts are recognised as an expense in the period in which they are foreseen, irrespective of the stage of completion of the contract.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy (m) Financial instruments – Financial assets at amortised cost.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

Refund liabilities

A refund liability is the obligation to refund some or all the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Wind/solar power generation

Income from the wind / solar power generation is recognised when earned on the basis of contractual arrangements with the buyers.

Export Incentives

Income from duty drawback and export incentives is recognised on an accrual basis.

e. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to purchase of property plant and equipment are included in current and non current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other income.

f. Income tax

Current income-tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

Sales/value added taxes paid on acquisition of assets or on incurring expenses-

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of tax included The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

g. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in note 51. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

h. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right of use of asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and building : 3 to 25 years
- Plant and machinery : 3 to 15 years
- Motor vehicles and other equipment : 3 to 5 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter term of the asset's useful life and lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

i. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IND AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of IND AS 109, it is measured in accordance with the appropriate IND AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no

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clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

j. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at the year-end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the year-end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

k. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts/cash credits as they are considered an integral part of the Group's cash management. Bank overdraft are shown within borrowings in current liabilities in the Balance sheet.

l. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, Stores and spare-parts, Loose tools and Packing materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) are included in the value of inventory.

m. Financial instruments

Financial Assets

Initial Recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transactions costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

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Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instruments as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Equity investments

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IND AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on the sale of the investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with IND AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:-

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial assets that are debt instruments and are measured at FVTOCI

(c) Lease receivables

(d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IND AS 115

(e) Loan commitments which are not measured as at FVTPL

(f) Financial guarantee contracts which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets; and
- Lease receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased

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significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortized cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IND AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

- **Loans and borrowings**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings.

- **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per the impairment requirements of IND AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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Embedded Derivatives

If the hybrid contract contains a host that is a financial asset within the scope of IND AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in IND AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the hose contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Embedded derivatives closely related to the host contracts are not separated.

Embedded foreign currency derivatives

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- the functional currency of any substantial party to that contract,
- the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,
- a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The group currently does not have any such derivatives which are not closely related.

Reclassification of financial assets and liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities.

For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent.

The Group's Senior Management determines changes in the business model as result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to the operations.

If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

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The following table shows various reclassifications and how they are accounted for:

Original Classification	Revised Classification	Accounting Treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

n. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously.

o. Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

p. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges that qualify for hedge accounting

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Group uses derivative contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

The Group does not use hedges of fair value and net investment.

q. Property, plant and equipment

Freehold land is carried at historical cost except in case of certain freehold land which are at revalued amounts. All other items of property, plant and equipment are stated at historical cost less depreciation except in case of certain assets which are at revalued amounts. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Class of Assets	Estimated useful life (Years) (on single shift basis)
Buildings	30- 50 years
Plant and Machinery (including factory equipment and tools & instruments)	4-20 years
Moulds and Dies	4-7 years
Computers	3-7 years
Vehicles	4-7 years
Furniture and Fixtures	5-15 years
Other Assets (electrical installation and fitting, office equipments)	4-10 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter term of the asset's useful life and lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The useful lives of all property plant and equipments have been determined based on technical evaluation done by the Management's expert which are different than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

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The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

r. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal Management purposes.

(ii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Separately acquired software are shown at transaction cost, software acquired in a business combination are recognised at fair value at the acquisition date. They are subsequently carried at cost less accumulated amortisation. Computer software are amortised on a straight line basis over a period of 3 to 5 years.

(iii) Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the period of development, the asset is tested for impairment annually.

Capitalised development expenditure is amortised on a straight line basis from the start of production over a period of 3 years or project life whichever is lower.

(iv) Technical knowhow fees

Expenditure on acquiring Technical Know-how (including Income Tax and R & D Cess) is capitalised and amortised on a straight line basis over a period of six years.

(v) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Customer relationships are amortised on a straight line basis over a period of 10-12 years.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(vi) Patents and others

Costs of intangible assets other than those internally generated, including patents and licenses, are valued at acquisition cost and amortized on a straight-line basis over their estimated future useful lives being 10 years.

s. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

t. Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Provision for onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract for provision for onerous contract related to toolings, refer para d above.

Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the requirements for revenue recognition.

u. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity, pension; and

(b) defined contribution plans such as provident fund

Pension and Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group makes contributions to funds for certain employees to the regulatory authorities. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(iv) Bonus plans

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IND AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

v. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

w. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of equity shares outstanding during the reporting period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- theweightedaveragenumberofadditional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the Consolidated Financial Statements by the Board of Directors.

x. Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

y. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM'). The CODM is responsible for allocating resources and assessing performance of the operating segments.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

2.1 Changes in accounting policies and disclosures

New and amended Standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

(ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

(iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

(iv) Ind AS 101 First-time Adoption of Indian Accounting Standards – Subsidiary as a first-time adopter

(v) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

(vi) Ind AS 41 Agriculture – Taxation in fair value measurements

These amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments had no material impact on the consolidated financial statements of the Group for the year ended March 31, 2023.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 2A: Significant accounting judgements, estimates and assumptions

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1 **Revenue from contracts with customers**

The Group provides product development/engineering services to its customers. Under IND AS 115, the group has determined that such services generally do not constitute a separate performance obligation under the contracts with customers but are part of the performance obligation of the group to supply finished goods to the customer. Accordingly, under IND AS 115, revenue from product development/engineering services is recognised over the period of production from the start of production (SOP) date. Payments received from customers in respect of such services before SOP date are considered as contract liability. Further, the group has determined that the costs incurred in respect of product development/engineering services are eligible to be capitalised as intangible assets and accordingly such costs have been presented as 'Capitalised development expenditure' under Intangible assets (also refer note 4.2).

Development of toolings for the customers has been identified by the group to be a separate performance obligation. Further, the group has determined that the performance obligation in respect of development of toolings primarily pertaining to global automotive lighting business is generally satisfied over time. For other tooling contracts, the performance obligation is satisfied at a point in time or over time based on the specific terms of the contract.

2 **Non-recognition of deferred tax liability on undistributed profits of subsidiaries**

Certain subsidiaries and joint ventures of the group have undistributed retained earnings amounting to ₹ 5,015.77 million (March 31, 2022: ₹ 12,227.78 million), which if distributed out as dividend would result in tax liability of group. Keeping in view that, no profit is proposed to be distributed in the immediate future by way of dividend out of such undistributed retained earnings, no deferred tax liability has been recognised

3 **Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has certain lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

4 **De-recognition of trade receivables under factoring arrangements**

The Group enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. The Group derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of de-recognition of trade receivables under the factoring arrangements is complex and requires judgement.

Estimates and assumptions

1 **Goodwill Impairment Test: Key assumptions used for value-in-use calculations**

The group tests whether goodwill has suffered any impairment atleast on an annual basis irrespective of whether there is any indication of impairment. The recoverable amount of a cash generating unit (CGU) to which goodwill balance is allocated is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth, consistent with industry forecasts. The growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The key assumptions used to determine the recoverable amounts for the CGUs which have Goodwill amounts which are significant in comparison to the total carrying amount of goodwill, including a sensitivity analysis, are disclosed and further explained in note 4.1.

2 **Defined benefit plans**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds / high quality corporate bonds (as applicable) that have terms approximating to the terms of the related obligation. The mortality rate is based on publicly available mortality tables based on the country where the entity operates. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates of the respective country.

3 **Deferred taxes**

Deferred tax assets are recognised when it is probable that these amounts can be utilised against future taxable surpluses and against fiscal, temporary differences. At each balance sheet date, the group assesses whether the realization of future tax benefits is sufficiently probable to recognize/carry forward deferred tax assets (including MAT credit). This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer note 20 for details.

4 **Recognition of tooling revenue over time**

In respect of tooling contracts where revenue is recognised over time, the measurement of progress towards completion requires the group to estimate the services performed to date as a proportion of the total services to be performed which is based on the proportion of actual costs incurred to total estimated costs. Such estimates are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

5 **Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

6 **Provision for warranty**

Warranties are provided for a specified period of time. Warranty obligations vary depending upon the type of the product, geographical location of its sale and other factors. The estimated liability for warranties is recorded when the products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and estimates regarding possible future incidence based on actions on product failures. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Actual claims incurred in the future may differ from our original estimates, which may materially affect warranty expenses.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 3.1 - Property, plant and equipment

For the year ended March 31, 2023

(₹ in Million)

Asset class	Gross carrying amount						Accumulated depreciation						Net carrying amount	
	As at April 1, 2022	Additions	Translation adjustment	Reclassified from Assets held for sale**	Deductions/ adjustments	As at March 31, 2023	As at April 1, 2022	Depreciation for the period	Translation adjustment	Reclassified from Assets held for sale**	On Deductions / adjustments	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Freehold Land	638.56	3.63	26.10	-	-	668.29	-	-	-	-	-	-	668.29	638.56
Factory Building	5,439.64	83.79	110.27	-	(47.36)	5,586.34	1,482.34	323.52	23.94	-	(24.59)	1,805.21	3,781.13	3,957.30
Office Building	1,114.98	0.23	11.85	-	(2.01)	1,125.05	105.58	21.87	0.47	-	(0.26)	127.66	997.39	1,009.40
Plant & Machinery*	22,066.39	1,718.88	243.59	23.81	(74.90)	23,977.77	10,935.24	2,079.40	179.47	2.19	(23.41)	13,172.89	10,804.88	11,131.15
Electrical Installation	578.31	25.85	0.48	-	(0.97)	603.67	326.97	52.80	0.21	-	(0.56)	379.42	224.25	251.34
Mould & Dies	904.89	64.40	1.74	-	(9.29)	961.74	628.32	126.11	-	-	(9.00)	745.43	216.31	276.57
Electrical Fitting	131.76	4.99	-	-	-	136.75	63.71	12.47	-	-	-	76.18	60.57	68.05
Office Equipment	203.57	19.89	1.93	-	(4.42)	220.97	188.96	21.45	0.88	-	(4.35)	206.94	14.03	14.61
Furniture and fixtures	422.10	32.96	2.23	9.65	(0.85)	466.09	229.87	50.83	0.82	5.40	(0.81)	286.11	179.98	192.23
Computers	342.40	44.84	1.61	11.71	(3.34)	397.22	247.90	44.97	0.70	9.73	(2.58)	300.72	96.50	94.50
Vehicles	97.42	13.15	0.90	0.99	(1.07)	111.39	77.58	10.00	0.50	0.28	(0.98)	87.38	24.01	19.84
Total	**31,940.02**	**2,012.61**	**400.70**	**46.16**	**(144.21)**	**34,255.28**	**14,286.47**	**2,743.42**	**206.99**	**17.60**	**(66.54)**	**17,187.94**	**17,067.34**	**17,653.55**

* Includes factory equipment and tools & instruments

** Pursuant to sale of VLS business (as explained further in note 51), certain assets which were earlier classified as held for sale in previous financial year, have not been transferred to buyer and accordingly have been reclassified to property, plant and equipments.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 3.1 (i) : Capital work-in-progress as on March 31, 2023

(₹ in Million)

Particulars	Amount
Opening capital work-in-progress	1,124.13
Add: Addition during the year ended March 31, 2023	2,097.88
Less: Capitalised during the year ended March 31, 2023	2,012.61
Closing capital work-in -progress	**1,209.40**

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2023 -

(₹ in Million)

Particulars	Project with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	905.48	39.37	0.97	-	945.82
2) Projects temporarily suspended*	-	-	-	263.58	263.58
Total	**905.48**	**39.37**	**0.97**	**263.58**	**1,209.40**

Closing WIP primarily includes assets relating to plants under construction/ expansion.

***Completion schedule of projects temporarily suspended as at March 31, 2023:**

(₹ in Million)

Particulars	CWIP to be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Forging press project (Italy)	263.58	-	-	-	263.58

(ii) Contractual obligations

Refer to note 47 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Office Building includes premises on ownership basis in a Co-Operative Society ₹ 6.30 million, including cost of shares therein of ₹125.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 3.1: Property, plant and equipment

For the year ended March 31, 2022

(₹ in Million)

Asset class	Gross carrying amount							Accumulated depreciation							Net carrying amount	
	As at April 1, 2021	Additions	Translation adjustmen	Transferred to Investment Property (refer note 3.2)	Deductions/ adjustments	Transferred to discontinued operations (refer note 51)	As at March 31, 2022	As at April 1, 2021	Depreciation for the period	Translation adjustment	On Deductions/ adjustments	Transferred to Investment Property (refer note 3.2)	Transferred to discontinued operations (refer note 51)	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Freehold Land	931.98	0.32	5.82	-	-	(299.56)	638.56	-	-	-	-	-	-	-	638.56	931.98
Factory Building	9,383.39	363.89	(11.49)	(154.88)	(4.45)	(4,136.82)	5,439.64	1,549.03	458.19	29.46	(4.38)	(30.59)	(519.37)	1,482.34	3,957.30	7,834.36
Office Building	1,220.90	11.69	(20.74)	-	(2.16)	(94.71)	1,114.98	162.85	29.09	3.10	(0.25)	-	(89.21)	105.58	1,009.40	1,058.05
Plant & Machinery *	43,473.92	7,560.50	321.90	-	(135.92)	(29,154.01)	22,066.39	17,414.93	4,597.76	104.11	(112.18)	-	(11,069.38)	10,935.24	11,131.15	26,058.99
Electrical Installation	575.73	20.19	0.06	(16.18)	(1.49)	-	578.31	291.45	46.64	0.04	(1.50)	(9.66)	-	326.97	251.34	284.28
Mould & Dies	861.28	69.69	0.95	-	(27.03)	-	904.89	519.77	135.09	0.47	(27.01)	-	-	628.32	276.57	341.51
Electrical Fitting	105.27	26.49	-	-	-	-	131.76	52.46	11.25	-	-	-	-	63.71	68.05	52.81
Office Equipment	251.73	183.75	(5.84)	-	(5.05)	(221.02)	203.57	164.40	89.79	(1.53)	(5.05)	-	(58.65)	188.96	14.61	87.33
Furniture and fixtures	510.34	185.75	8.46	-	(2.54)	(279.91)	422.10	239.17	74.42	1.45	(0.15)	-	(85.02)	229.87	192.23	271.17
Computers	1,157.83	174.53	35.31	-	(79.20)	(946.07)	342.40	800.60	168.95	15.24	(79.20)	-	(657.69)	247.90	94.50	357.23
Vehicles	325.56	3.36	0.41	-	(5.81)	(226.10)	97.42	72.98	15.82	1.80	(5.08)	-	(7.94)	77.58	19.84	252.58
Total	**58,797.93**	**8,600.16**	**334.84**	**(171.06)**	**(263.65)**	**(35,358.20)**	**31,940.02**	**21,267.64**	**5,627.00**	**154.14**	**(234.80)**	**(40.25)**	**(12,487.26)**	**14,286.47**	**17,653.55**	**37,530.29**

*Includes factory equipment and tools & instruments

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 3.1 (i) : Capital work-in-progress as on March 31, 2022

(₹ in Million)

Particulars	Amount
Opening capital work-in-progress	4,936.78
Add: Addition during the year ended March 31, 2022	6,223.63
Less: Capitalised during the year ended March 31, 2022	8,600.16
Less: Transferred to discontinued operations (refer note 51)	1,436.12
Closing capital work-in -progress	**1,124.13**

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2022 -

(₹ in Million)

Particulars	Project with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	765.28	105.12	44.20	209.53	1,124.13
2) Projects temporarily suspended*	-	-	-	-	-
Total	**765.28**	**105.12**	**44.20**	**209.53**	**1,124.13**

Closing CWIP primarily includes assets relating to plants under construction/expansion.

(ii) Contractual obligations

Refer to note 47 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Office Building includes premises on ownership basis in a Co-Operative Society ₹ 6.30 million, including cost of shares therein ₹125.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 3.2 : Investment property

For the year ended March 31, 2023

(₹ in Million)

Asset class	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 1, 2022	Additions	Reclassified from property, plant & equipment	Deductions / adjustments	As at March 31, 2023	As at April 1, 2022	Reclassified from property, plant & equipments	Depreciation charge for the year	On Deductions / adjustments	As at March 31, 2023	As at March 31, 2023
Factory buildings	154.88	-	-	154.88	-	35.80	-	1.80	37.60	-	-
Electrical installations	16.18	-	-	16.18	-	11.34	-	0.58	11.92	-	-
Total	**171.06**	**-**	**-**	**171.06**	**-**	**47.14**	**-**	**2.38**	**49.52**	**-**	**-**

For the year ended March 31, 2022

(₹ in Million)

Asset class	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 1, 2021	Additions	Reclassified from property, plant & equipment	Deductions / adjustments	As at March 31, 2022	As at April 1, 2021	Reclassified from property, plant & equipments	Depreciation charge for the year	On Deductions / adjustments	As at March 31, 2022	As at March 31, 2022
Factory buildings	-	-	154.88		154.88	-	30.59	5.21		35.80	119.08
Electrical installations	-	-	16.18		16.18	-	9.66	1.68		11.34	4.84
Total	**-**	**-**	**171.06**	**-**	**171.06**	**-**	**40.25**	**6.89**	**-**	**47.14**	**123.92**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(i) Amount recognised in Statement of Profit and Loss for investment property

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rental income	3.08	3.59
Profit on sale of investment property	71.35	-
Profit from investment property before depreciation	**74.43**	**3.59**
Less : Depreciation expense	2.38	6.89
Profit/(loss) from investment properties	**72.05**	**(3.30)**

(ii) Fair value

The group has no investment properties as at March 31, 2023. Fair value of the investment property as on March 31, 2022 was ₹ 120.58 million.

Estimation of fair value

These valuations are based on valuations performed by N.G. Karkhane, an accredited independent valuer. N.G. Karkhane is a specialist in valuing these types of investment properties and is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. Fair value of investment property is based on the replacement cost method. The best evidence of fair value is current prices in an active market for similar properties.

Note 3.3 : Right of use assets

(i) Amounts recognised in consolidated balance sheet

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period

For the year ended March 31, 2023

(₹ in Million)

Particulars	Land and building	Plant and machinery	Vehicles	Other equipments	Total
Balance as at April 01, 2022	**1,241.88**	**59.58**	**-**	**-**	**1,301.46**
Add : Additions during the year	1,173.07	-	-	-	1,173.07
Less : Deletion during the year	(54.84)	-	-	-	(54.84)
Less: Depreciation for the year	(197.42)	(6.43)	-	-	(203.85)
Add/(Less) : Effect of change in exchange rate	30.01	3.10	-	-	33.11
Balance as at March 31, 2023	**2,192.70**	**56.25**	**-**	**-**	**2,248.95**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

For the year ended March 31, 2022

(₹ in Million)

Particulars	Land and building	Plant and machinery	Vehicles	Other equipments	Total
Balance as at April 01, 2021	**7,200.74**	**298.33**	**105.94**	**0.19**	**7,605.20**
Add : Additions during the year	446.78	163.58	56.46	105.40	772.22
Less : Deletion during the year	(1.41)	-	-	-	(1.41)
Less : Depreciation for the year	(744.06)	(100.64)	(57.51)	(10.54)	(912.75)
Less: Transferred to discontinued operations (Net of depreciation) (refer note 51)	(5,696.40)	(300.46)	(105.08)	(93.07)	(6,195.01)
Add/(Less) : Effect of change in exchange rate	36.23	(1.23)	0.19	(1.98)	33.21
Balance as at March 31, 2022	**1,241.88**	**59.58**	**-**	**-**	**1,301.46**

The Group has lease contracts for various items of land, building and plant/machineries used in its operations. Leases of land and building generally have lease terms between 3 and 25 years, leases of plant and machinery generally have lease terms between 3 and 15 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(b) Set out below are the carrying amounts of lease liabilities and the movements during the period

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	**717.43**	**6,966.59**
Add : Additions during the year	1,173.07	772.22
Add : Accretion of interest	74.31	194.38
Less : Payments during the year	(282.94)	(1,021.78)
Less : Disposal of contracts	(3.39)	-
Add/(less) : Effect of change in exchange rates	32.68	24.36
Less: Transferred to discontinued operations (refer note 51)	-	(6,218.34)
Closing Balance	**1,711.16**	**717.43**
Presented as -		
Current	225.55	157.99
Non Current	1,485.61	559.44
Total closing lease liability	**1,711.16**	**717.43**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Maturity profile of lease liability as at March 31, 2023

(₹ in Million)

Asset class	Effective Interest Rate	Current	Non-Current					Total non-current
			2024-25	2025-26	2026-27	2027-28	More than 5 years	
Lease liability*	2%- 10%	225.55	259.38	267.86	279.46	214.71	862.55	1,883.96
Total		**225.55**	**259.38**	**267.86**	**279.46**	**214.71**	**862.55**	**1,883.96**

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Maturity profile of lease liability as at March 31, 2022

(₹ in Million)

Asset class	Effective Interest Rate	Current	Non-Current					Total non-current
			2023-24	2024-25	2025-26	2026-27	More than 5 years	
Lease liability	2%- 10%	157.99	124.67	74.17	75.78	72.48	212.34	559.44
Total		**157.99**	**124.67**	**74.17**	**75.78**	**72.48**	**212.34**	**559.44**

(ii) Amounts recognised in consolidated statement of profit and loss account

The statement of profit or loss shows the following amounts relating to leases (for continuing operations)

(₹ in Million)

Particulars	For the period ended March 31, 2023	For the period ended March 31, 2022
Depreciation expense of right-of-use assets (refer note 34)	203.85	171.56
Interest expense on lease liabilities (refer note 33)	74.31	30.56
Amounts included in Rent expense (refer note 35)		
Expense relating to short-term leases	27.66	36.08
Expense relating to leases of low-value assets	112.74	90.09
Total amount recognised in consolidated statement of profit and loss	**418.56**	**328.29**

The Group had total cash outflows for leases of ₹ 423.34 million for the year ended March 31, 2023 (previous year ₹ 1,496.94 million). The future cash outflows relating to leases that have not yet commenced are nil.

(iii) Extension and termination options

As at March 31, 2023, the group has no potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 4.1 : Goodwill

Goodwill acquired through business combinations has been allocated to the CGUs below, which are part of automotive segment, for impairment testing:

- Team Concepts Private Limited ('TCPL') (Merged with Varroc Polymers Limited during FY 2021-22)
- CarIQ Technologies Private Limited ('CarIQ')
- Varroc Electronics Romania SRL ('Electronics Romania') (formerly known as Varroc Lighting Systems Electronics Romania SRL)
- Others

Carrying amount of goodwill allocated to each of the CGUs:

As at March 31, 2023

(₹ in Million)

Particulars	TCPL	CarIQ	Electronics Romania*	Others*	Total
Balance at the beginning of the year	183.90	166.58	82.28	32.17	464.93
Add/(less): Translation adjustment	-	-	4.36	-	4.36
Balance at the end of the year	**183.90**	**166.58**	**86.64**	**32.17**	**469.29**

As at March 31, 2022

(₹ in Million)

Particulars	VLS Turkey **	TCPL	CarIQ	Electronics Romania*	Others*	Total
Balance at the beginning of the year	1,172.49	183.90	166.58	82.19	138.34	1,743.50
Add/(less): Translation adjustment	(67.73)	-	-	0.09	-	(67.64)
Less: Transferred to discontinued operations (refer note 51)	(1,104.76)	-	-	-	(106.17)	(1,210.93)
Balance at the end of the year	**-**	**183.90**	**166.58**	**82.28**	**32.17**	**464.93**

*With respect to goodwill amounts in these CGUs; reasonable change in key assumptions does not result change in the carrying amount exceeding the recoverable amounts as at March 31, 2023 and March 31, 2022.

** CGU pertaining to VLS Turkey has been transferred to discontinued operations. Refer note 51 for more details.

The Group performed its annual impairment test for years ended March 2023 and March 2022 on March 31, 2023 and March 31, 2022 respectively. The Group considers the relationship between the fair value (based on DCF) of each CGU and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amounts of each of the CGU, have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management. As a result of the analysis, management did not identify impairment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Key assumptions used for value in use calculations and the sensitivity to changes in these assumptions for CGUs which have Goodwill amounts which are significant in comparison to the total carrying amount of goodwill are as follows:

CGU	Basis	March 31, 2023		March 31, 2022	
		Assumption used	Sensitivity	Assumption used	Sensitivity
Team Concepts Private Limited (Merged with Varroc Polymers Limited in FY 2021-22)	WACC	14.00%	Increase by 7.56% would result in impairment	14.00%	Increase by 5.14% would result in impairment
	Terminal Growth rate	5.00%	Decrease by 14.23% would result in impairment	5.00%	Decrease by 6.49% would result in impairment
CarIQ Technologies Private Limited	WACC	15.00%	Increase by 2.84% would result in impairment	15.00%	Increase by 0.86% would result in impairment
	Terminal Growth Rate	5.00%	Decrease by 3.91% would result in impairment	5.00%	Decrease by 1.2% would result in impairment

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 4.2 : Other Intangible Assets

Year ended March 31, 2023

(₹ in Million)

Asset Class	Gross carrying amount						Accumulated Amortisation						Net Carrying amount	
	As at April 01, 2022	Additions	Translation adjustment	Deductions/ adjustments	Reclassified from Assets held for sale **	As at March 31, 2023	As at April 01, 2022	Amortisation for the period	Translation adjustment	Deductions/ adjustments	Reclassified from Assets held for sale **	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computer software	461.46	93.42	3.58	(1.35)	1.24	558.35	371.46	48.74	1.05	(1.17)	1.19	421.27	137.08	90.00
Technical know how fees	154.68	9.60	2.41	-	-	166.69	88.60	33.84	1.64	-	-	124.08	42.61	66.08
Customer relationship	201.88	-	-	-	-	201.88	172.17	24.41	-	-	-	196.58	5.30	29.71
Patents and others	361.67	-	-	-	-	361.67	88.51	-	-	-	-	88.51	273.16	273.16
Non compete fees	112.22	-	0.63	-	-	112.85	71.28	14.81	-	-	-	86.09	26.76	40.94
Capitalised development costs	636.81	119.82	7.82	(0.01)	-	764.44	222.21	295.96	3.77	(0.01)	-	521.93	242.51	414.60
Total	**1,928.72**	**222.84**	**14.44**	**(1.36)**	**1.24**	**2,165.88**	**1,014.23**	**417.76**	**6.46**	**(1.18)**	**1.19**	**1,438.46**	**727.42**	**914.49**

** Pursuant to sale of VLS business (as explained further in note 51), certain assets which were earlier classified as held for sale in previous financial year, have not been transferred to buyer and accordingly have been reclassified to intangible assets.

Note 4.2 : Intangible assets under development as at March 31, 2023

(₹ in Million)

Particulars	Amount
Opening balance as at April 01, 2022	273.99
Add: Addition during the year ended March 31, 2023	86.23
Less: Capitalised during the year ended March 31, 2023	222.84
Closing balance as at March 31, 2023	**137.38**

Intangible assets under development mainly pertain to development costs.

Ageing schedule for intangible assets under development as at March 31, 2023 is as follows :

(₹ in Million)

Particulars	Projects with ageing				Total as at March 31, 2023
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Projects in progress	49.91	31.14	0.51	-	81.56
(ii) Projects temporarily suspended *	-	-	55.82	-	55.82
Total	**49.91**	**31.14**	**56.33**	**-**	**137.38**

* Completion schedule of projects temporarily suspended as at March 31, 2023:

(₹ in Million)

Particulars	To be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Two wheeler lighting design project	-	-	55.82	-	55.82

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 4.2 : Other intangible assets

Year ended March 31, 2022

(₹ in Million)

Asset Class	Gross carrying amount						Accumulated Amortisation						Net Carrying amount	
	As at April 01, 2021	Additions	Translation adjustment	Deductions/ adjustments	Transferred to discontinued operations (refer note 51)	As at March 31, 2022	As at April 01, 2021	Amortisation for the period	Translation adjustment	Deductions/ adjustments	Transferred to discontinued operations (refer note 51)	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Computer software	2,411.00	158.56	58.72	(7.74)	(2,159.08)	461.46	2,046.05	193.99	39.64	(7.74)	(1,900.48)	371.46	90.00	364.95
Technical know how fees	998.12	4.92	0.39	-	(848.75)	154.68	596.91	152.12	(2.94)	-	(657.49)	88.60	66.08	401.21
Customer relationship	669.37	-	0.49	-	(467.98)	201.88	153.09	49.26	0.02	-	(30.20)	172.17	29.71	516.28
Patents and others	440.65	4.48	(0.09)	-	(83.37)	361.67	85.90	31.37	-	-	(28.76)	88.51	273.16	354.75
Non compete fees	112.22	-	-	-	-	112.22	48.42	22.86	-	-	-	71.28	40.94	63.80
Capitalised development cost	6,714.23	3,456.23	23.50	(1,027.90)	(8,529.25)	636.81	2,988.37	2,742.41	9.63	(1,154.48)	(4,363.72)	222.21	414.60	3,725.86
Total	**11,345.60**	**3,624.19**	**83.01**	**(1,035.64)**	**(12,088.43)**	**1,928.72**	**5,918.74**	**3,192.01**	**46.35**	**(1,162.22)**	**(6,980.65)**	**1,014.23**	**914.49**	**5,426.85**

Note 4.2 : Intangible assets under development as at March 31, 2022

(₹ in Million)

Particulars	Amount
Opening balance as at April 01, 2021	3,625.48
Add: Addition during the year ended March 31, 2022	1,840.24
Less: Capitalised during the year ended March 31, 2022	3,624.19
Less: Transferred to discontinued operations (refer note 51)	1,567.54
Closing balance as at March 31, 2022	**273.99**

Intangible assets under development mainly pertain to development costs.

Ageing schedule for intangible assets under development as at March 31, 2022 is as follows :

(₹ in Million)

Particulars	Projects with ageing				Total as at March 31, 2022
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Projects in Progress	209.32	24.36	40.31	-	273.99
(ii) Projects temporarily suspended	-	-	-	-	-
Total	**209.32**	**24.36**	**40.31**	**-**	**273.99**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 5: Non-current investments

(₹ in Million)

Particulars	Face value per share	Number of Shares		As at March 31, 2023	As at March 31, 2022
		As at March 31, 2023	As at March 31, 2022		
Investment in equity instruments at FVPL (unquoted)					
The Saraswat Co-Operative Bank Limited	₹ 10.00	13,500	13,500	0.14	0.14
Investment in Government securities at amortised cost (unquoted)					
National saving certificates				0.06	0.06
Total non-current investment				**0.20**	**0.20**
Aggregate amount of unquoted investments				**0.20**	**0.20**

Note 6: Non-current - Other financial assets (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Bank deposits with maturity of more than 12 months from balance sheet date [lien with bank is ₹ 0.04 Million (March 31, 2022 : ₹ 0.04 Million)]	16.93	0.04
Surrender value of keyman insurance receivable	165.52	164.43
Security deposits (considered good, unsecured)	252.74	111.55
Insurance claim receivable	0.07	61.16
Receivable against sale of VLS Business (refer note 51)	1,252.87	-
Total non-current other financial assets	**1,688.13**	**337.18**

Note 7: Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	144.94	107.24
Provision for capital advance	(10.05)	(2.82)
	134.89	**104.42**
Contract assets	1.37	5.42
Government grant receivable	395.31	415.45
Prepaid expenses	7.99	10.68
Others	58.40	55.56
Total other non-current assets	**597.96**	**591.93**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 8 : Inventories

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials [includes material in transit of ₹ 88.61 million (March 31, 2022: ₹ 31.49 million)]	3,147.42	2,702.25
Work-in-progress	1,030.55	1,161.81
Finished goods [includes finished goods in transit of ₹ 505.07 million (March 31, 2022: ₹ 340.90 million)]	2,094.30	1,813.02
Stores and spares [includes stores and spares in transit Nil (March 31, 2022: Nil)]	232.74	214.51
Loose tools [includes loose tools in transit of ₹ 0.70 million (March 31, 2022: ₹12.29 million)]	122.73	182.62
Packing material [includes packing material in transit Nil (March 31, 2022: Nil)]	82.30	81.70
Total inventories	**6,710.04**	**6,155.91**

Note 9 : Current investment

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in mutual funds (valued at fair value through profit or loss) (quoted)		
SBI Overnight Regular Growth Fund (Number of units 83,153.772, previous year Nil)	300.05	-
Total current investment	**300.05**	**-**
Aggregate fair value of quoted investment	**300.05**	**-**

Note 10 : Trade receivables (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Trade receivables	5,866.99	4,828.14
Receivable from related parties (refer note 46)	183.88	424.24
Less: Allowances for doubtful debts	(79.87)	(77.05)
Total	**5,971.00**	**5,175.33**
Break-up of trade receivables		
Unsecured, considered good	5,971.00	5,175.33
Trade Receivables credit impaired	79.87	77.05
Total	**6,050.87**	**5,252.38**
Less: Impairment Allowance (Allowance for doubtful debts)	(79.87)	(77.05)
Total	**5,971.00**	**5,175.33**
Non-Current Portion	-	-
Current Portion	**5,971.00**	**5,175.33**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Trade Receivables Ageing Schedule

As at March 31, 2023

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						
	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - considered good	4,862.58	719.62	320.62	42.90	11.02	14.26	5,971.00
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	1.68	26.71	-	51.48	79.87
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	**4,862.58**	**719.62**	**332.30**	**69.61**	**11.02**	**65.74**	**6,050.87**

As at March 31, 2022

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	4,369.08	760.16	2.59	24.49	14.75	4.26	5,175.33
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	15.87	9.12	4.54	17.79	29.73	77.05
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	**4,369.08**	**776.03**	**11.71**	**29.03**	**32.54**	**33.99**	**5,252.38**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Credit period

Trade receivables are non-interest bearing and are generally on terms of 30 to 215 days.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Transferred Receivables

The carrying amounts of trade receivables include receivable which are subject to a factoring arrangement. Under the arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained credit risk and late payment risk. The Group therefore continues to recognise the transferred assets in its balance sheet. The amount repayable under the factoring agreement is presented as secured/unsecured borrowing.

The relevant carrying amounts are as follows:		
Total transferred receivables (refer note 22)	**350.43**	**127.37**

Note 11(a): Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash in hand	0.16	0.21
Bank balances		
- in current accounts	900.22	1,156.27
Deposit with original maturity of less than three months	2,122.75	-
Total cash and cash equivalents	**3,023.13**	**1,156.48**

Note 11 (b): Other bank balances

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with original maturity more than three months but less than twelve months	248.09	21.34
Total other bank balances	**248.09**	**21.34**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 12 : Current - Loans

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Loans to employees	0.26	2.15
Total current loans	**0.26**	**2.15**

Note 13 : Other financial assets (Current)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Derivative instruments at fair value through Profit and Loss		
Foreign exchange forward contracts	1.70	3.49
Non-derivative financial assets at amortised cost		
Interest receivable other than on fixed deposits	0.45	0.66
Security deposit	64.92	74.07
Insurance claim receivable	17.83	-
Others	0.23	0.89
Total other current financial assets	**85.13**	**79.11**

Note 14 : Other current assets

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance to suppliers	253.85	293.73
Contract assets *	28.05	200.49
Prepaid expenses	170.13	319.44
Export and other incentives	20.02	77.11
Balance with government authorities	569.48	481.19
Government grant receivable	284.78	284.87
Others	98.72	34.43
Total other current assets	**1,425.03**	**1,691.26**

* Pertains to revenue recognised in respect of tooling contracts

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 15 : Share capital

Movement in authorised capital

(₹ in Million)

Particulars	Number of Shares As at March 31, 2023	Number of Shares As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Authorised:				
Equity shares of Re. 1 each (previous year Re. 1 each)	25,45,00,000	25,45,00,000	254.50	254.50
Preference shares of Re. 1 each (previous year Re. 1 each)	25,00,00,000	25,00,00,000	250.00	250.00
			504.50	**504.50**
Issued, subscribed and paid-up:				
Equity shares of Re.1 each (previous year ₹ 1 each) fully paid up	15,27,86,400	15,27,86,400	152.79	152.79
			152.79	**152.79**

(a) Movement in share capital

Particulars	Numbers As at March 31, 2023	₹ in Million As at March 31, 2023	Numbers As at March 31, 2022	₹ in Million As at March 31, 2022
Equity shares				
Outstanding at the beginning of the year	15,27,86,400	152.79	15,27,86,400	152.79
Issue of new shares during the year	-	-	-	-
Outstanding at the end of the year	**15,27,86,400**	**152.79**	**15,27,86,400**	**152.79**

(b) Rights, preferences and restrictions attached to equity shares

The Company has equity shares having a par value of Re. 1 per share (previous year Re. 1 per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares Face value Re. 1	% of shareholding	No. of shares Face value Re. 1	% of shareholding
Mr. Tarang Jain	6,07,29,800	39.75%	6,07,29,800	39.75%
TJ Holdings Trust	3,38,50,000	22.16%	3,38,50,000	22.16%
Naresh Chandra Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
Suman Jain Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
Nippon Life India Trustee Ltd *	**	**	97,90,065	6.41%

* Based on legal ownership of the shares and there are multiple beneficial holders for this holdings which are individually less than 5%.

** Holding less than 5%.

(d) Details of shares held by Promoters in the Company

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022		Change during the year	
	No. of shares Face value Re. 1	% of shareholding	No. of shares Face value Re. 1	% of shareholding	No. of shares Face value Re. 1	% of shareholding
Equity Shares						
Promoter						
Mr. Tarang Jain*	6,07,29,800	39.75%	6,07,29,800	39.75%	-	0.00%

*Mr. Tarang Jain additionally holds 33,850,000 Equity Shares in his capacity as the Trustee of TJ Holding Trust.

(e) Aggregate number of bonus shares issued during the five years immediately preceding March 31, 2023:

	No. of Shares
0.0001% Series B CCPS and Series C CCPS allotted as fully paid up bonus shares out of securities premium during the year ended March 31, 2017.	**20,20,736**

The Company during the preceding 5 years:

i. Has not allotted shares pursuant to contracts without payment received in cash.

ii. Has not issued shares by way of bonus shares except as above.

iii. Has not bought back any shares.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 16 : Other equity

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Reserves and surplus		
Retained earnings		
Balance at the beginning of the year	(5,340.83)	5,797.10
Add : Profit/(loss) for the year	(8,198.35)	(11,098.79)
Less : Remeasurement of post-employment benefit obligation (net of tax)	(54.91)	(39.14)
Balance at the end of the year	**(13,594.09)**	**(5,340.83)**
General reserve		
Balance at the beginning of the year	4,194.73	4,194.73
Balance at the beginning and at end of the year	**4,194.73**	**4,194.73**
Capital Redemption Reserve		
Balance at the beginning of the year	11.30	11.30
Balance at the beginning and at end of the year	**11.30**	**11.30**
Capital Reserve		
Balance at the beginning of the year	5,335.08	5,335.08
Balance at the beginning and at end of the year	**5,335.08**	**5,335.08**
Statutory reserves		
Balance as at beginning of the year	410.80	410.80
Balance at the beginning and at end of the year	**410.80**	**410.80**
Securities premium		
Balance at the beginning of the year	13,024.03	13,024.03
Balance at the beginning and at end of the year	**13,024.03**	**13,024.03**
Total reserves and surplus	**9,381.85**	**17,635.11**
Other reserves		
Foreign Currency Translation Reserve		
Balance at the beginning of the year	2,099.30	1,353.30
Add / (Less) : Exchange differences in translating the financial statements of foreign operations	1,133.74	746.00
Add / (Less) : Re-classified to consolidated statement of profit and loss on sale of VLS business (refer note 51)	(3,005.70)	-
Balance at the end of the year	**227.34**	**2,099.30**
Total other reserves	**227.34**	**2,099.30**
Total other equity	**9,609.20**	**19,734.42**

Nature and purpose of other reserves

General reserve

General reserve is the retained earning of the Group which is kept aside out of the Group's profits to meet future (known or unknown) obligations.

Capital redemption reserve

Capital redemption reserve is not available for distribution as dividend.

Capital Reserve

Capital reserve is not available for distribution as dividend.

Statutory reserves

Statutory reserves are created based on statutory requirements of respective region and hence is not available for distribution as dividend.

Securities premium

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Note 17 : Non- current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Term loans		
From banks		
Rupee loans from banks and financial institutions	3,914.42	2,192.28
Foreign currency loans from bank	241.80	288.74
Unsecured		
Deferred sales tax loan	5.16	19.20
Total non-current borrowing	**4,161.38**	**2,500.22**

Maturity profile of non-current borrowings as at March 31, 2023

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non-Current					
			2024-25	2025-26	2026-27	2027-28	More than 5 years	Total of Non-Current
Non-Convertible Debentures	8.25%	3,734.25	-	-	-	-	-	-
Rupee loans from banks and financial institutions	6.75 % to 11.50%	5,441.35	2,100.27	1,474.52	267.13	72.50	-	3,914.42
Foreign currency loans from bank	0.95% to 1.50%	99.87	122.00	76.14	43.66	-	-	241.80
Buyers Credit	Euribor + 175 bps	275.59	-	-	-	-	-	-
Deferred Sales Tax Loan		14.05	5.16	-	-	-	-	5.16
Total		**9,565.11**	**2,227.43**	**1,550.66**	**310.79**	**72.50**	**-**	**4,161.38**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Maturity profile of non-current borrowings as at March 31, 2022

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non-Current					
			2023-24	2024-25	2025-26	2026-27	More than 5 years	Total of Non-Current
Non-Convertible Debentures	8.25%	3,691.73	-	-	-	-	-	-
Rupee loans from banks and financial institutions	6.25% to 9.00%	2,413.86	761.78	698.23	463.52	196.25	72.50	2,192.28
Foreign currency loans from bank	0.95% to 3.10%	5,213.55	143.17	68.66	58.96	17.95	-	288.74
Buyers Credit	0.33%	256.18	-	-	-	-	-	-
Deferred Sales Tax Loan		20.44	14.04	5.16	-	-	-	19.20
Total		**11,595.76**	**918.99**	**772.05**	**522.48**	**214.20**	**72.50**	**2,500.22**

Nature of Security

Indian entities

1) Non Convertible Debentures are Secured by:

Non Convertible Debentures Secured by Exclusive charge by way of Hypothecation on the specific identified movable properties of the Company situated at:

(1) Varroc Engineering Limited -VEL-III - Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(2) Varroc Engineering Limited -VEL-III (R&D) - Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(3) Varroc Engineering Limited -VEL VII (Valves) - Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra.

(4) Varroc Engineering Limited - VEL VII (Forging) - Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra.

(5) Varroc Engineering Limited - VEL Chennai - Survey No. 128-1B & 129/1B, Ezhichur Village, Taluka Sriperumbudur, Dist. Kancheepuram, Chennai – 603204, Tamil Nadu.

(6) Varroc Engineering Limited- VEL Windmill Satara - Wind Mills 2.10 MW Wind Mills installed at village Vankusawade & Kusawade, District: Satara, Maharashtra

(7) Varroc Engineering Limited - VEL Windmill Supa- 4 MW Wind Mills installed at Village Shahajapur, Pimpalgaon & Jamner (Supa), District Ahmednagar, Maharashtra.

(8) Varroc Engineering Limited- VEL Windmill Jaisalmer- 2.25 MW Wind Mills installed at Village Badabaugh, Site: Baramsar, Dist. Jaisalmer, in Rajasthan State.

(9) Varroc Engineering Limited- Lighting Plant Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra

(10) Varroc Engineering Limited- VEL-I - Plot No. E-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(11) Varroc Engineering Limited -VEL-II - Plot No. K-101-102, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(12) Varroc Engineering Limited - VEL - Halol - Plot No. 103/4, Maswad, GIDC Expansion Estate, Halol-II, Dist. Panchmahal, Gujarat – 389350

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

2) Rupee Term Loans from Banks are secured by:

(a) Kotak Mahindra Bank Limited, Rupee Term Loan 2 outstanding Balance of ₹350 million Secured by Exclusive First Charge By Way Of Hypothecation On Movable Fixed Assets of the Following Plants of Company:

(1) Varroc Engineering Limited, Plant VIII Plot No. M-191/3, MIDC Industrial Area, Waluj, Aurangabad - 431136, Maharashtra

(2) Varroc Engineering Limited, Exhaust Plant - Plot No. B-14, MIDC Industrial Area, Chakan, Tal. Khed, Dist. Pune - 410501, Maharashtra

(b) HSBC Bank Term Loan 1 Outstanding Balance Of ₹ 187.50 Million Secured By Exclusive Charge By Way Of Hypothecation On Identified Movable Fixed Assets Of The Following Plants :

(1) Varroc Engineering Limited Plant Iv Plot No M 140,141, MIDC, Waluj, Aurangabad 431136, Maharashtra.

(2) Varroc Engineering Limited Corporate Office , L 4, MIDC Industrial Area, Waluj, District, Aurangabad 431136 Maharashtra.

(3) Varroc Engineering Limited, Pantnagar, Plot No 20 Sector 9, Integrated Industrial Area, Pantnagar, District Udhamsingh Nagar, Uttrakhand

(c) HSBC Bank Term Loan 2 Outstanding Balance Of ₹ 375 Million Secured By Exclusive Charge By Way Of Hypothecation On Identified Movable Fixed Assets Of The Following Plants :

(1) Varroc Engineering Limited Plant V - Plot No. L-6/2, MIDC, Waluj, Aurangabad 431136 Maharashtra.

(2) Varroc Engineering Limited Plant V - R&D, Plot No L-6/2, MIDC Area, Waluj, Aurangabad 431 136 Maharashtra.

(d) HSBC BANK Working Capital Term Loan (WCTL) of INR 400 Million and INR 435 Million outstanding balance of ₹ 300.00 Million and ₹ 435.00 Million respectively, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) are secured by way of second pari-passu charge on current assets of the Company along with other banks. Further secured by second charge on movable fixed assets of the Company situated at:

(1) Varroc Engineering Limited - Plant IV - Plot No. M-140-141, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra

(2) Varroc Engineering Limited Corporate Office, Plot No. L-4, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra

(3) VEL – Pant Nagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udhamsingh Nagar, Uttarakhand

(4) VEL – V – Plot No. L-6/2, MIDC Industrial Area, Waluj Aurangabad – 431136

(5) VEL – V – R&D, Plot No. L-6/2, MIDC Industrial Area, Waluj Aurangabad – 431136

(e) (i) Rupee Term loan of ₹ 1,000 Million availed from ICICI Bank Ltd. is secured by way of mortgage of immovable properties situated at:

(1) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune, Maharashtra

(2) Plot No. B-14, MIDC, Chakan, Tal. Khed, Dist. Pune, Maharashtra

(3) Plot Nos. K-101-102, M-140-141 and M-191/3, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra

(4) B-3010, 3rd Floor, Marvel Edge, village Vadagaonsheri Taluka Haveli Dist. Pune, Maharashtra

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(5) A-7010 & 7020, B-7010, 7020, 7030 & 7040 at 7th Floor, Marvel Edge, village Vadagaonsheri Taluka Haveli Dist. Pune, Maharashtra

(ii) Rupee Term Loan of of ₹ 1,250 Million availed from ICICI Bank Ltd. on March 31 2023 , security creation is in process.

(f) Rupee Term loan of ₹ 750 Million [partially availment of ₹ 292.60 million] availed from IDBI Bank Ltd. is secured by way of hypothecation of specific movable properties of the Borrower including its movable plant and machinery, machinery spares, tools and accessories and movables, both present and future.

(g) Term Loan facility from IndusInd Bank Ltd. of ₹ 1,250 million is secured as under:

(i) Exclusive charge by way of hypothecation on the specific identified movable properties of Varroc Polymers Limited ('VPL') situated at:

(1) VPL - I - Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune - 412106 Maharashtra

(2) VPL - II - Plot No. E-88, MIDC, Waluj, Aurangabad - 431136 Maharashtra

(3) VPL - III - Plot No. M-165-167, MIDC, Waluj, Aurangabad - 431136 Maharashtra

(4) VPL - IV - Gut No. 99, Village Pharola, Tal. Paithan, Dist. Aurangabad - 431105 Maharashtra

(5) VPL - TC - Plot No. M-138-139, MIDC, Waluj, Aurangabad - 431136 Maharashtra

(6) VPL - Corporate - Plot No. L-4, MIDC, Waluj, Aurangabad - 431136 Maharashtra

(7) VPL CK - Plot No. C-3, MIDC Chakan, Village Bhamboli, Tal. Khed, Dist. Pune, Maharashtra

(8) VPL GN - Plot No. 35-A, Udyog Vihar, Greater Noida - 201306

(9) VPL BN - 58th Mile Stone, Village Binola 122050, Dist. Gurgaon, Haryana

(10) VPL Karasanpura - Survey Nos. 154/1, 154/3 and 155/2, Village Karasanpura, Tal. Mandal, Dist. Ahmedabad, Gujarat

(ii) mortgage of immovable properties situated at Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune, Maharashtra and Gut No. 97 & 99, Village Pharola, Tal. Paithan, Dist. Aurangabad, Maharashtra

(h) Medium Term Loan facility from IndusInd Bank Ltd. of ₹ 750 million is secured on exclusive charge by mortgage of immovable properties situated at VPL Chennai at Survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai; VPL Pithampur at Plot no. 601-A & B, Sector III, Pithampur, Dist. Dhar, Madhya Pradesh and VPL Karasanpura at Revenue Survey Nos. 533, 534 & 537 of Mouje Karsanpura, Taluka Mandal, District Ahmedabad, State Gujarat.

(i) Term Loan facility from Saraswat Co-operative Bank Ltd. of ₹ 750 million is secured on exclusive charge by mortgage of immovable properties situated at VPL - Ranjangaon at Plot No. E-88, MIDC, Ranjangaon, Tal. Shirur, Dist. Pune, Maharashtra and VPL III- Waluj at Plot No. M-165-167, MIDC, Waluj, Aurangabad, Maharashtra .

(j) Rupee Term Loan facility from ICICI Bank Ltd. of ₹ 500 million is secured by way of exclusive charge on movable fixed assets containing plant and machineries (both present and future) of VPL Chennai plant at survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai, VPL Pithampur at Plot no. 601-A & B, Sector III, Pithampur, Dist. Dhar, Madhya Pradesh, VPL Bangalore at Plot no. 271 & 272 (P), Nara Sapura Industrial Area, Nara Sapura, Dist. Kolar, Karnataka and VPL-TCPL at Plot No. 136 / B, Harohalli Industrial Area, Tal. Kanakapura, Dist. Ramanagara, Karnataka. The said credit facility is further secured by mortgage of immovable properties situated at Plot No. C-3 in the Chakan Industrial Area, Phase-II and within village limits of Bhambholi Taluka, subdistrict Khed, district Pune.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(k) Working Capital Term Loan (WCTL) facility from ICICI Bank Ltd. of ₹ 500 million is secured as under:

(1) first pari-passu charge by way of hypothecation of stocks and receivables of the Company, both present and future

(2) exclusive charge on property, plant and machineries both present and future of VPL Chennai plant at survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai, VPL Pithampur at Plot no. 601-A & B, Sector III, Pithampur, Dist. Dhar, Madhya Pradesh, VPL Bangalore at Plot no. 271 & 271 (P) Nara Sapura Industrial Area, Narsapura, Dist. Kolar, Karnataka and VPL-TCPL at Plot No. 136 / B, Harohalli Industrial Area, Tal. Kanakapura, Dist. Ramanagara, Karnataka. The said credit facility is further secured by mortgage of immovable properties situated at Plot No. C-3 in the Chakan Industrial Area, Phase-II and within village limits of Bhambholi Taluka, subdistrict Khed, district Pune.

(l) Term Loan facility from Standard Chartered Bank of ₹ 100 million is Emergency Credit Line. The said facility is secured by way of second charge on current assets of VPL.

3) Rupee Term Loans from Financial Institution are secured by:

(a) Rupee Term loan of ₹ 1000 Million availed from Bajaj Finance Limited outstanding balance as on March 31, 2023 ₹ 720.66 million is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot Nos. E-4, L-6/2 and L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra State of VEL

(b) Rupee Term loan of ₹ 650 Million outstanding balance as on March 31, 2023 ₹ 259.52 million availed from Bajaj Finance Limited is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot No. B-24/25, MIDC, Chakan, Pune - 410501, Maharashtra State and extension of charge on specific immovable properties located at E-4, L-6/2 and L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra State of VEL

(c) Rupee Term loan of ₹ 600 Million availed from Tata Capital and Financial Services Limited outstanding balance as on March 31, 2023 ₹ 600.00 million is secured by way of mortgage on immovable properties on exclusive charge basis located at Plot No. 20, Sector 9, SIDCUL Industrial area, Pant Nagar, Rudrapur, Uttarakhand 263153 of VEL.

4) Buyers Credit

VEL has obtained Buyer's credit of Euro 3,033,187.65 on 13.07.2021 from IDFC First Bank Ltd. for a period of 1 year which is further roll over for another one year against capex import LC payment. The Buyer's credit is due for payment on 03.07.2023 and carries the interest rate of 1.75% p.a.

Overseas entities

Foreign currency loan from banks

1) Credit facilities at Varroc Electronics Romania SRL is secured by way of corporate guarantee furnished by Varroc Engineering Limited.

2) In case of Foreign subsidiary located in Italy, loans are secured by way of specific charge on assets purchased from these loans.

Debt covenants:

As at March 31, 2023, the Group has not complied with some of the covenants under loan agreements. Accordingly, non-current loans of ₹ 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 18 : Non current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	-	3.07
Payable for capital goods	1.53	1.14
Employee benefits payable	4.63	5.60
Redemption liability related to non-controlling interest	13.27	69.02
Total non-current other financial liabilities	**19.43**	**78.83**

Note 19 : Non-current provisions

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Employee defined benefit obligation (refer note 39)	154.66	104.87
Compensated absences	113.07	154.88
Others		
Provision for warranties*	-	15.15
Others #	11.20	18.57
Total non-current provisions	**278.93**	**293.47**

(₹ in Million)

Particulars	Warranties		Others	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Balance as at the beginning of the year	82.91	863.36	46.44	112.69
Add: Additions	64.34	345.71	20.35	62.30
Less: Utilization/Reversed during the year	(54.13)	(438.17)	(37.36)	(117.01)
Add/(less): Foreign exchange translation difference	(0.04)	20.56	-	(0.30)
Less: Transferred to discontinued operations (refer note 51)	-	(708.55)	-	(11.24)
Balance as at the end of the year	**93.08**	**82.91**	**29.43**	**46.44**
Current Portion	93.08	67.76	18.23	27.87
Non Current Portion	-	15.15	11.20	18.57
Total	**93.08**	**82.91**	**29.43**	**46.44**

* Provision for warranties : The Group provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period. The impact of discounting of these provisions is not material.

Other provision includes provision for coupon schemes and provisions related to tooling contract. These claims are expected to be settled within 2-3 years. Management estimates these provision based on historical claim information and any recent trends. The impact of discounting of these provisions is not material.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 20 : Deferred tax

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax Liabilities (Gross)		
Depreciation and amortisation	1,514.95	1,524.87
Government grants	21.67	223.08
	1,536.62	**1,747.95**
Offset with deferred tax asset to the extend they relate to same governing law	(367.34)	(482.21)
Deferred tax liabilities (net)	**1,169.28**	**1,265.74**
Deferred tax assets (Gross)		
Government grants	132.70	128.91
Depreciation and amortisation	0.92	4.00
Expenses allowable under Income Tax on payment basis	108.31	140.19
Provision for doubtful debts and advances	11.91	9.72
Unabsorbed tax depreciation and losses	27.86	2.27
MAT Credit Entitlement	112.32	138.70
Others	43.45	148.09
	437.47	**571.88**
Offset with deferred tax liabilities to the extent they relate to same governing law	(367.34)	(482.21)
Deferred tax assets(net)	**70.13**	**89.67**
Movement in deferred tax assets/(liabilities)		
Opening deferred tax assets/(liabilities) (net)	(1,176.07)	449.51
Recognised in the Statement of Profit and Loss		
- Deferred tax (expense)/credit pertaining to continuing operations	114.46	(132.05)
- Deferred tax (expense)/credit pertaining to discontinued operations (refer note 51)	-	631.09
Recognised in other comprehensive income	0.79	(20.15)
Exchange Differences	(38.33)	19.80
Transferred to discontinued operations (net) (refer note 51)	-	(2,124.27)
Closing deferred tax assets/(liabilities) (Net)	**(1,099.15)**	**(1,176.07)**

Note 21 : Other non-current liabilities

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance received from customer	44.78	40.79
Total other non-current liabilities	**44.78**	**40.79**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 22 : Current borrowings

A. Short term borrowings

(₹ in Million)

Particulars	Maturity Date	Interest rate	As at March 31, 2023	As at March 31, 2022
Secured				
Cash credit	Various	8% to 10%	-	6.64
Working capital facilities				
Working capital loans	Various	0.35% to 4.5%	278.93	502.38
Working capital demand loan (WCDL)	Various	0.67%	-	1.93
Factored receivables (refer note 10)	Various	1.95%	350.43	127.37
Unsecured				
Pre-shipment credit (PCRE)	Various	7.95%-8.15%	958.66	-
Short-term loan from banks	Various	8.15%-8.90%	1,035.47	-
Short-term loan from financial institutions	Various	8.05%	-	800.00
Total short term borrowings (A)			**2,623.49**	**1,438.32**

Working capital facilities availed from banks, are secured by charge by way of hypothecation of stocks of raw materials, work in process, finished goods, consumables, stores and spares, packing materials, receivables and mortgage of certain land and buildings of the group

Working capital facilities short term in nature are repayable on demand.

B. Current maturities of non-current borrowings

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
3,750 number of 8.25% Non Convertible Debentures of ₹ 1,000,000 each	3,734.25	3,691.73
Rupee loans from banks and financial institutions	5,441.35	2,413.86
Foreign currency loans from banks	99.87	5,213.55
Buyers Credit	275.59	256.18
Unsecured		
Deferred sales tax loan	14.05	20.44
Total current maturities of non-current borrowings (B)	**9,565.11**	**11,595.76**
Total current borrowings (A+B)	**12,188.60**	**13,034.08**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Million)

Net Debt	March 31, 2023	March 31, 2022
Cash and cash equivalents (refer note 11 (a))	3,023.13	2,801.92
Liquid investments (refer note 9)	300.05	-
Lease Liabilities (refer note 3.3)	(1,711.16)	(6,935.77)
Current borrowings (refer note 22)	(2,623.49)	(8,366.79)
Non-current borrowings (includes current maturities of non-current borrowings (refer note 17 and 22)	(13,726.49)	(20,929.50)
Interest accrued but not due (refer note 24)	(172.33)	(287.87)
Net debt	**(14,910.29)**	**(33,718.01)**
Pertaining to continuing operations	(14,910.29)	(15,309.90)
Pertaining to discontinued operations	-	(18,408.11)

Reconciliation of Net Debt as at March 31, 2023

(₹ in Million)

Particulars	As at April 1, 2022*	Additions	Cashflows (Pertians to continuing & discontinued operations)	Discontinued Operations Cashflow	Interest Expenses	Interest Paid	Gain on sale of investments	Translation Difference	As at March 31, 2023*
Non-current borrowings	(14,095.98)	-	404.02	(34.53)	-	-	-	-	(13,726.49)
Liquid Investment	-	-	299.96	-	-	-	0.09	-	300.05
Current borrowings	(1,438.32)	-	(728.07)	(457.10)	-	-	-	-	(2,623.49)
Lease Liabilities	(717.43)	(1,173.07)	283.91	(262.35)	(74.31)	264.77	-	(32.68)	(1,711.16)
Cash and cash equivalent	1,156.48	-	1,845.27	120.36	-	-	-	(98.98)	3,023.13
Interest accrued but not due	(214.65)	-	-	-	(1,828.64)	1,870.96	-	-	(172.33)

*Net debt components as at April 01, 2022 & as at March 31, 2023 pertain to continuing operations only.

Reconciliation of Net Debt as at March 31, 2022

(₹ in Million)

Particulars	As at April 1, 2021	Cashflows	Interest Expenses	Interest Paid	Translation Difference	Additions / Gain on sale of investments	As at March 31, 2022	Pertaining to discontinuing operations	Pertaining to continuing operations
Non-current borrowings	(21,761.87)	840.03	-	-	(7.66)	-	(20,929.50)	(6,833.52)	(14,095.98)
Liquid Investment	-	(1.44)	-	-	-	1.44	-	-	-
Current borrowings	(8,216.65)	(141.38)	-	-	(8.76)	-	(8,366.79)	(6,928.47)	(1,438.32)
Lease Liabilities	(6,966.59)	834.80	(194.38)	186.98	(24.36)	(772.22)	(6,935.77)	(6,218.34)	(717.43)
Cash and cash equivalent	7,414.35	(4,617.95)	-	-	5.52	-	2,801.92	1,645.44	1,156.48
Interest accrued but not due	(142.29)	-	(1,711.24)	1,565.66	-	-	(287.87)	(73.22)	(214.65)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 23 : Trade payables

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Total outstanding dues of micro enterprises and small enterprises*	1,138.95	1,583.82
Total outstanding dues other than micro enterprises and small enterprises		
Trade payables to related parties (refer note 46)	34.77	8.88
Others	10,700.16	10,567.09
Total current trade payables	**11,873.88**	**12,159.79**

*Pertains to Indian entities

Trade Payable Ageing Schedule

As at March 31, 2023

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						
	Not due	Unbilled *	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
(i) Undisputed dues - MSME	1,020.98	40.84	64.84	9.71	2.40	0.18	1,138.95
(ii) Undisputed dues - Others	6,359.16	1,346.11	2,778.35	99.30	123.57	28.44	10,734.93
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	**7,380.14**	**1,386.95**	**2,843.19**	**109.01**	**125.97**	**28.62**	**11,873.88**

As at March 31, 2022

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						
	Not due	Unbilled*	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
(i) Undisputed dues - MSME	1,243.45	5.00	329.12	0.55	1.00	4.70	1,583.82
(ii) Undisputed dues - Others	6,776.98	1,148.78	2,529.75	61.63	26.92	31.91	10,575.97
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	**8,020.43**	**1,153.78**	**2,858.87**	**62.18**	**27.92**	**36.61**	**12,159.79**

* Pertains to goods/services received by the Group pending for invoice processing as at closing date.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 24 : Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	172.33	214.65
Payable for capital goods	478.64	680.95
Customer security deposits	89.07	80.80
Unpaid dividends	0.04	0.04
Employee benefits payable	913.95	894.00
Cross currency interest rate swap	1.20	-
Legal and professional fees payable for sale of VLS business (refer note 51)	680.12	-
Others	69.97	-
Total other financial liabilities	**2,405.32**	**1,870.44**

Note 25 : Current provisions

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee benefits		
Employee defined benefit obligation (refer note 39)	80.71	60.67
Compensated absences	107.49	30.04
Others		
Provision for warranties (refer note 19)	93.08	67.76
Others (refer note 19)	18.23	27.87
Total current provisions	**299.51**	**186.34**

Note 26 : Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance received from customers	522.93	948.83
Statutory dues payable	571.80	356.09
Other payables	286.63	199.90
Total other current liabilities	**1,381.36**	**1,504.82**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 27 : Deferred government grant

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year	493.88	781.43
Received/ recognised during the year	255.67	411.77
Released to statement of profit and loss	(281.47)	(267.80)
Transferred to discontinued operation (refer note 51)	-	(431.52)
Others	(18.16)	-
Balance as at the end of the year	**449.92**	**493.88**
Continuing operations		
Current Portion	185.04	161.28
Non-Current Portion	264.88	332.60
Total	**449.92**	**493.88**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other income.

Note 28 : Revenue from operations

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Revenue from contracts with customer	67,958.26	57,768.79
Other operating revenue	672.40	673.22
Total	**68,630.66**	**58,442.01**

Revenue from contracts with customer

A Disaggregated revenue information

(₹ in Million)

Segment	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Automotive	Others	Total	Automotive	Others	Total
Timing of revenue recognition						
Goods/services transferred at a point in time						
Finished goods						
Electrical & automotive lighting auto parts	28,519.82	-	28,519.82	22,423.05	-	22,423.05
Polymer auto parts	21,265.00	-	21,265.00	18,662.10	-	18,662.10
Steel forged products	5,596.87	-	5,596.87	5,000.44	-	5,000.44
Engine valves	2,577.60	-	2,577.60	2,279.59	-	2,279.59
After market auto parts	5,587.04	-	5,587.04	4,744.70	-	4,744.70
Others	-	1,571.84	1,571.84	-	2,662.25	2,662.25
Toolings	1,311.45	-	1,311.45	1,619.33	-	1,619.33
Job Work	57.23	1,030.15	1,087.38	42.25	48.45	90.70

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Million)

Segment	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Automotive	Others	Total	Automotive	Others	Total
Goods transferred over time						
Toolings	441.26	-	441.26	286.63	-	286.63
Total revenue from contracts with customers	**65,356.27**	**2,601.99**	**67,958.26**	**55,058.09**	**2,710.70**	**57,768.79**
Revenue by region						
India	55,963.09	-	55,963.09	47,138.40	-	47,138.40
Asia pacific	2,455.47	-	2,455.47	2,508.65	-	2,508.65
Europe	5,220.74	2,581.28	7,802.02	4,132.09	2,564.49	6,696.58
North America	503.24	20.71	523.95	443.90	146.21	590.11
Others	1,213.73	-	1,213.73	835.05	-	835.05
Total revenue from contracts with customers	**65,356.27**	**2,601.99**	**67,958.26**	**55,058.09**	**2,710.70**	**57,768.79**

B Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

(₹ in Million)

Description	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Automotive	Others	Total	Automotive	Others	Total
Revenue						
External Customer	65,895.07	2,735.59	68,630.66	55,509.00	2,933.01	58,442.01
Inter-segment	-	-	-	-	-	-
	65,895.07	**2,735.59**	**68,630.66**	**55,509.00**	**2,933.01**	**58,442.01**
Less: Other operating revenue	538.80	133.60	672.40	450.91	222.31	673.22
Total revenue from contracts with customers	**65,356.27**	**2,601.99**	**67,958.26**	**55,058.09**	**2,710.70**	**57,768.79**

C Contract balances

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Trade receivables	5,971.00	5,175.33
Contract asset	29.42	205.91
Contract liabilities	567.71	989.62

Trade receivables are non-interest bearing and are generally on terms of 30 to 215 days.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities include advances received from customers for performing engineering design and development services.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Set out below is the amount of revenue recognised from:

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Amount of revenue recognised from amounts included in contract liabilities at the beginning of the year	989.62	948.83

D Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Revenue as per contracted price	68,271.22	58,021.44
Adjustments		
Discount	(312.96)	(252.65)
Revenue from contract with customers	**67,958.26**	**57,768.79**

E Performance obligation

Revenue from contracts with customers include revenue from finished goods, tooling and job work services.

Information about the above Group's performance obligations are summarised below:

Finished goods

For the sale of finished goods the performance obligation is generally satisfied upon its delivery and payment is generally due within 30 to 120 days from delivery. Revenue from the sale of goods is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group provides normal warranty provisions on some of its products sold, in line with the industry practice. The Group considers that the contractual promise made to the automaker in the form of warranties for the parts supplied does not meet the definition of separate performance obligation as it does not give rise to additional service.

Product development/engineering services are considered as related to sale of parts rather than a separate performance obligation. As a result, revenue from engineering services is recognised over the period of production from the date of start of production. Costs incurred in respect of providing engineering services are recognised as intangible assets and amortised over the period of production from the date of start of production. Payments received from customers in respect of product development/engineering services are presented as contract liabilities.

Supply of toolings

Development of toolings for the customers has been identified by the group to be a separate performance obligation. Further, the group has determined that the performance obligation in respect of development of toolings primarily pertaining to automotive lighting business is generally satisfied over time. For other tooling contracts, the performance obligation is satisfied at a point in time or over time based on the specific terms of the contract.

Job work revenue is recognised when the work is completed and billed to customer.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Other operating revenue

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Continuing operations		
Scrap sales	418.12	474.28
Wind and solar power generation	90.76	82.18
Export Incentives	85.94	80.56
Others	77.58	36.20
Total other operating revenue	**672.40**	**673.22**

Note 29 : Other income

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income		
- from financial assets measured at amortised cost	12.58	0.82
- Others	3.47	8.40
Unwinding of discount on security deposit	2.27	5.05
Net gain on disposal of property, plant and equipment / investment property	109.00	-
Net gain on sale of investments	0.09	1.44
Government grants	281.47	215.98
Liabilities no longer required written back	72.80	2.43
Increase in surrender value of keyman insurance policy	18.86	20.52
Miscellaneous income	78.27	84.69
Total Other income	**578.81**	**339.33**

Note 30 : Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw material at the beginning of the year	2,702.25	2,128.40
Add : Purchases	44,900.66	39,608.63
	47,602.91	**41,737.03**
Less : Raw material at the end of the year	3,147.42	2,702.25
Total cost of materials consumed	**44,455.49**	**39,034.78**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 31 : Changes in Inventories of work-in-progress and finished goods

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance		
Work-in-progress	1,161.81	1,778.06
Finished goods	1,813.02	655.54
Total opening balance	**2,974.83**	**2,433.60**
Closing balance		
Work-in-progress	1,030.55	1,161.81
Finished goods	2,094.30	1,813.02
Total closing balance	**3,124.85**	**2,974.83**
Total changes in inventories of work-in-progress and finished goods	**(150.02)**	**(541.23)**

Note 32 : Employee benefit expense

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	6,332.17	5,492.63
Contribution to gratuity and other funds (refer note 39)	508.62	428.11
Staff welfare expenses	332.18	271.90
Total employee benefit expense	**7,172.97**	**6,192.64**

Note 33 : Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest and finance charges on debt and borrowings	1,707.05	1,084.63
Interest and finance charges paid/payable for lease liabilities	74.31	30.56
Other borrowing costs	121.59	68.33
Total finance costs	**1,902.95**	**1,183.52**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 34 : Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment	2,743.42	2,503.83
Depreciation on investment properties	2.38	6.89
Amortisation of intangible assets	417.76	363.19
Amortisation of right of use assets	203.85	171.56
Total depreciation and amortisation expenses	**3,367.41**	**3,045.47**

Note 35 : Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of stores and spares and loose tools	987.84	894.66
Consumption of packing materials	856.54	748.20
Repairs to		
Buildings	32.04	24.63
Machinery	378.87	287.31
Others	515.22	435.64
Telephone and communication expenses	80.99	72.04
Water and electricity charges	2,246.00	1,854.08
Rental charges	140.40	126.17
Rates and taxes	63.78	37.76
Contract labour cost	2,819.16	2,556.99
Legal and professional fees	607.67	683.43
Net foreign exchange loss	217.54	82.19
Net loss on sale of property, plant & equipment	-	13.32
Travelling and conveyance	390.14	283.08
Insurance	168.22	172.88
Corporate social responsibility expenditure *	30.07	48.37
Provision for doubtful loans, advances and debts (Net)	39.70	18.87
Sales promotion, marketing and advertisement cost	133.51	126.87
Freight and forwarding expenses	1,112.42	1,083.95
Warranties	78.34	49.26
IT related cost	174.27	111.06
Miscellaneous expenses	612.63	451.67
Total other expenses	**11,685.35**	**10,162.43**

* Includes amount of ₹ 30.07 million (March 31, 2022 : ₹ 22.30 million) contributed to Varroc Foundation in which some of the directors are trustee.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 36 : Income tax expense

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	555.17	350.20
Deferred tax expense	(114.46)	132.05
Income tax expense (related to continuing operations)	**440.71**	**482.25**
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before tax & share of net profits of investments accounted for using equity method	775.32	(296.27)
Tax at the Indian tax rate of 34.944% (March 31, 2022 : 34.944%)	270.93	(103.53)
Capital gain taxed at different rate	6.59	5.61
Non deductible expenses	10.14	28.33
Depreciation on leasehold land	14.21	17.36
Deferred tax asset not recognised on losses	195.80	388.24
Change in applicable tax rate of one of the subsidiary company	(141.56)	-
Tax liability on dividend from subsidiary	-	74.57
Difference in overseas tax rates	80.17	94.47
Others	4.43	(22.80)
Income tax expense of continuing operations	**440.71**	**482.25**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 37 (a) : Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Group in respect of its Indian Entities for the year ended March 31, 2023:

I Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2022	4,058.60	4,188.87	(130.27)	(133.71)	3.44	-
2	Sept 30, 2022	5,008.10	5,195.43	(187.33)	(189.51)	2.18	-
3	Dec 31, 2022	4,993.29	5,197.85	(204.56)	(204.56)	-	-
4	March 31, 2023	4,109.16	4,283.16	(174.00)	(212.67)	38.67	-

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 4)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments	
1	June 30, 2022	4,266.89	3,022.76	1,244.13	1,258.81	(14.69)	-
2	Sept 30, 2022	5,157.81	3,333.11	1,824.70	1,828.78	(4.08)	-
3	Dec 31, 2022	3,424.74	3,200.69	224.05	225.73	(1.68)	-
4	March 31, 2023	3,033.16	3,052.02	(18.86)	15.25	(34.11)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Difference	Reconciliation items			Net difference (Note 7)
					Components not considered for the purpose of reporting (Note 5)	Additional Components considered for the purpose of reporting (Note 6)	Post closure adjustments (Note 2)	
1	June 30, 2022	8,661.25	6,744.77	1,916.48	1,586.84	-	(27.18)	356.82
2	Sept 30, 2022	9,621.76	7,605.01	2,016.75	2,040.22	-	(18.68)	(4.79)
3	Dec 31, 2022	7,425.58	6,218.75	1,206.83	1,464.65	-	(257.82)	-
4	March 31, 2023	6,333.15	5,267.05	1,066.10	1,074.69	-	(184.13)	175.54

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 4 The net difference is on account of incorrect adjustments.

Note 5 Mainly includes inter company creditors and provision for expenses.

Note 6 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 7 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) The creditor balance outstanding for more than 90 days has not been considered for the plants in lighting division for the purpose of reporting in stock statement.

ii) For reporting in quarterly statement to banks, incorrect capital creditors amounts were considered for exclusion from total creditors balance.

II Varroc Polymers Limited (formerly known as 'Varroc Polymers Private Limited')

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2022	1,069.32	1,084.37	(15.05)	(48.41)	33.36	-
2	Sept 30, 2022	1,092.73	1,137.63	(44.90)	(48.10)	3.20	-
3	Dec 31, 2022	1,024.59	1,064.44	(39.85)	(39.85)	-	-
4	March 31, 2023	786.98	803.83	(16.85)	(16.85)	-	-

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 5)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2022	1,150.72	1,629.27	(478.55)	(467.89)	(10.66)	-
2	Sept 30, 2022	1,230.04	1,710.93	(480.89)	(479.46)	(1.43)	-
3	Dec 31, 2022	747.48	1,654.60	(907.12)	(780.79)	-	(126.33)
4	March 31, 2023	922.74	1,599.98	(677.24)	(819.65)	142.41	-

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items			Net difference (Note 4)
					Components not considered for the purpose of reporting (Note 6)	Additional Components considered for the purpose of reporting (Note 2)	Post closure adjustments (Note 2)	
1	June 30, 2022	3,921.71	3,192.86	728.85	673.50	-	55.47	(0.12)
2	Sept 30, 2022	3,972.83	3,147.09	825.74	774.03	-	51.76	(0.05)
3	Dec 31, 2022	3,772.89	3,041.97	730.92	720.01	-	16.76	(5.85)
4	March 31, 2023	3,551.09	3,167.14	383.95	584.25	-	(167.40)	(32.90)

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Includes post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 4 The net difference for quarter ended March 31, 2023 is mainly on account of erroneous calculation of amount for quarterly returns wherein document currency was considered instead of company's reporting currency (INR).

Note 5 The net difference is on account of incorrect exclusion wherein some of the trade receivables were not included in stock statement.

Note 6 Majorly includes provision for expenses including GST payable, provision for vendor rate increase decrease, pending GRIR accounts, Employee reimbursement and forex restatement.

III Durovalves India Private Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 1)	Net difference
1	June 30, 2022	177.90	178.17	(0.27)	(0.27)	-
2	Sept 30, 2022	195.84	196.51	(0.67)	(0.67)	-
3	Dec 31, 2022	169.01	169.49	(0.48)	(0.48)	-
4	March 31, 2023	161.73	162.30	(0.57)	(0.57)	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 2)	Net difference
1	June 30, 2022	364.40	379.03	(14.63)	(14.63)	-
2	Sept 30, 2022	403.40	403.50	(0.10)	(0.10)	-
3	Dec 31, 2022	416.75	401.08	15.67	15.67	-
4	March 31, 2023	466.16	456.64	9.52	9.52	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 3)	Net difference (Note 4)
1	June 30, 2022	177.14	119.79	57.35	37.68	19.67
2	Sept 30, 2022	185.43	133.49	51.94	46.99	4.95
3	Dec 31, 2022	181.01	127.81	53.20	47.38	5.82
4	March 31, 2023	169.44	131.16	38.28	38.28	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 3 Majorly includes provision for expenses including GST payable. Also, provision for vendor rate increase decrease, pending GRIR accounts, Employee reimbursement and forex restatement.

Note 4 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) While reporting capital creditor are being reduced from overall creditor balance, however the classification between trade creditor and capital creditor are different while finalising the quarterly financial statement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 37 (b) : Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Group in respect of its Indian Entities for the year ended March 31, 2022:

I Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2021	3,783.03	3,874.15	(91.12)	(121.36)	28.19	2.04
2	Sept 30, 2021	3,743.52	3,847.94	(104.42)	(104.43)	-	0.01
3	Dec 31, 2021	3,876.01	3,983.61	(107.60)	(88.49)	(20.00)	0.89
4	March 31, 2022	3,616.32	3,659.95	(43.63)	(103.89)	60.27	(0.01)

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 4)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments	
1	June 30, 2021	3,383.68	3,226.47	157.21	149.06	-	8.15
2	Sept 30, 2021	4,768.70	4,426.27	342.43	341.72	-	0.71
3	Dec 31, 2021	3,470.32	2,338.82	1,131.50	1,145.58	-	(14.08)
4	March 31, 2022	3,971.87	2,513.15	1,458.72	1,479.66	-	(20.94)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Balance as per Financials	Amount as per Stock Statement	Difference	Reconciliation items			Net difference (Note 7)
					Components not considered for the purpose of reporting (Note 5)	Additional Components considered for the purpose of reporting (Note 6)	Post closure adjustments (Note 2)	
1	June 30, 2021	4,577.43	3,483.16	1,094.27	341.09	94.74	(164.17)	822.61
2	Sept 30, 2021	5,980.54	4,669.13	1,311.41	893.86	108.19	(5.01)	314.37
3	Dec 31, 2021	6,414.21	5,210.37	1,203.84	857.48	85.36	(35.66)	296.66
4	March 31, 2022	7,644.68	6,337.57	1,307.11	957.85	87.30	(0.12)	262.08

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 4 The net difference is on account of incorrect adjustments.

Note 5 Mainly includes inter company creditors and provision for expenses.

Note 6 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 7 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) The creditor balance outstanding for more than 90 days has not been considered for the plants in lighting division for the purpose of reporting in stock statement.

ii) For reporting in quarterly statement to banks, incorrect capital creditors amounts were considered for exclusion from total creditors balance.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

II Varroc Polymers Private Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 2)
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2021	1,119.13	1,155.30	(36.17)	(34.26)	-	(1.90)
2	Sept 30, 2021	1,327.25	1,354.76	(27.51)	(30.94)	-	3.44
3	Dec 31, 2021	1,188.56	1,201.39	(12.83)	(21.05)	-	8.22
4	March 31, 2022	1,034.17	1,077.80	(43.63)	(29.07)	-	(14.55)

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 5)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 4)	
1	June 30, 2021	1,803.40	1,753.41	49.99	97.70	-	(47.71)
2	Sept 30, 2021	2,130.51	2,108.23	22.28	(126.70)	6.23	148.98
3	Dec 31, 2021	746.54	1,058.90	(312.36)	(431.18)	-	118.82
4	March 31, 2022	1,075.29	1,667.07	(591.78)	(720.78)	-	129.01

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items			Net difference (Note 8)
					Components not considered for the purpose of reporting (Note 6)	Additional Components considered for the purpose of reporting (Note 7)	Post closure adjustments	
1	June 30, 2021	2,330.66	1,901.65	429.01	390.01	189.87	-	(150.87)
2	Sept 30, 2021	3,384.03	2,581.64	802.39	687.99	104.39	-	10.02
3	Dec 31, 2021	3,355.17	2,741.00	614.17	526.17	89.18	-	(1.18)
4	March 31, 2022	3,894.47	3,355.73	538.74	429.27	62.55	-	46.92

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 The net difference is on account of incorrect adjustments.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 4 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 5 The net difference is on account of incorrect exclusion of balance for one location.

Note 6 Mainly includes inter company creditors and provision for expenses.

Note 7 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 8 The balance difference is on account of incorrect adjustments which mainly pertains to:

i) While reporting capital creditor are being reduced from overall creditor balance, however the classification between trade creditor and capital creditor are different while finalising the quarterly financial statement.

III Durovalves India Private Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 1)	Net difference (Note 2)
1	June 30, 2021	186.11	186.29	(0.18)	(0.37)	0.19
2	Sept 30, 2021	164.68	164.85	(0.17)	(0.36)	0.19
3	Dec 31, 2021	157.88	158.02	(0.14)	(0.34)	0.20
4	March 31, 2022	160.14	160.57	(0.43)	(0.51)	0.08

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items Components not considered for the purpose of reporting (Note 3)	Net difference
1	June 30, 2021	299.38	311.68	(12.30)	(12.30)	-
2	Sept 30, 2021	358.55	372.25	(13.70)	(13.70)	-
3	Dec 31, 2021	368.02	381.05	(13.02)	(13.02)	-
4	March 31, 2022	350.05	367.53	(17.48)	(17.48)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 4)	Net difference (Note 5)
1	June 30, 2021	154.84	109.55	45.29	45.26	0.03
2	Sept 30, 2021	139.88	94.26	45.61	42.18	3.44
3	Dec 31, 2021	147.08	101.30	45.78	44.66	1.12
4	March 31, 2022	144.28	118.38	25.89	39.29	(13.40)

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 The balance difference is on account of incorrect adjustments.

Note 3 Majorly Includes intercompany debtors and provision for customer rate increase/decrease. Further, Trade Receivables balance with Ageing of more than 90 days is not considered.

Note 4 Majorly includes inter company creditors and provision for expenses.

Note 5 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) While reporting capital creditor are being reduced from overall creditor balance, however the classification between trade creditor and capital creditor are different while finalising the quarterly financial statement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 38 : Contingent liabilities

(₹ in Million)

Contingent liabilities not provided for	March 31, 2023	March 31, 2022
Continuing Operation		
a) Claim against the group not acknowledged as debt		
Disputed excise, service tax and goods and service tax matters (Refer note (i))	418.44	474.43
Income Tax matters	201.06	178.56
Sales Tax matters	2.06	3.47
(b) Other money for which the Group is contingently liable/ employees related disputes	41.33	39.77
(c) Export promotion capital goods (EPCG) (Export obligation against the above ₹ 1,032.97 Million (previous year ₹ 850.76 Million))	171.34	185.77
(d) Provident fund liability	See note (iii) below	See note (iii) below
(e) Corporate guarantee to erstwhile foreign subsidiary discontinued on October 06, 2022 (As at March 31, 2023 : USD 7.00 million)	574.56	-
Discontinued Operation		
a) Other money for which the Group is contingently liable/ employees related disputes	-	6.02
(b) Disputed patents matter	-	Refer note (ii)

(i) The Group is contesting Income Tax, Excise, Sales tax and Service tax demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of the operations.

(ii) The Group was defending certain alleged patent infringements by Valeo Vision SAS 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 Vision SAS on October 05, 2022 for out of court settlement of all pending cases with Valeo Vision SAS on payment of ₹ 4,075.92 million (Euro 51 million). The loss on discontinued operations as disclosed in the financial statements includes the settlement amount as above.

(iii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Group has made a provision on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 39 : Employee benefit obligation

A Defined contribution plans:

The Group has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. Contributions are made to defined contribution plans in foreign entities as per regulations of the respective region. The expense recognised during the year towards defined contribution plan are as under:

The expense recognised during the year towards defined contribution plan are as under:

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022	
	Continuing Operations	Continuing Operations	Discontinued operations
(a) Indian Entities			
(I) Contribution to Employees' provident fund	139.85	124.96	-
(II) Contribution to Employees' family pension fund	80.28	74.01	-
Total (a)	**220.13**	**198.97**	-
(b) Foreign Entities			
Contribution to defined employees contribution plan	-	-	41.44
Total (b)	**-**	**-**	**41.44**

B Defined Benefit Plan (Gratuity) (Indian entities) (forming part of continuing operations)

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary plus Dearness Allowance per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Change in present value of benefit obligations

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Liability at the beginning of the year	655.99	542.94
Service cost	78.30	69.13
Interest expense	44.39	35.99
Transfer of obligation	(6.56)	0.05
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	5.64	51.46
Benefits paid	(37.29)	(43.58)
Liability at the end of the year	**740.47**	**655.99**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(b) Change in fair value of plan assets

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	605.78	552.18
Interest income	43.21	38.71
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	1.39	2.29
Contributions	61.85	53.12
Morality Charges and Taxes	(5.55)	(2.50)
Benefits paid	(38.89)	(38.02)
Fair value of plan assets at the end of the year	**667.79**	**605.78**

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of funded obligations	740.47	655.99
Fair value of plan assets	667.79	605.78
(Surplus)/Deficit of funded plan	**72.68**	**50.21**

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses:

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Service cost	78.31	69.13
Net interest (income)/expense	1.18	(2.72)
Transfer in/(out)	0.78	(0.29)
Net gratuity cost	**80.27**	**66.12**

(e) Expenses to be recognized in statement of other comprehensive income:

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Remeasurement		
Experience (Gain)/ Loss on plan liabilities	30.32	(23.21)
Financial (Gain)/ Loss on plan liabilities	29.18	28.86
(Return) / loss on plan assets excluding amounts recognised in interest (income)/expenses	-	(1.40)
(Gain)/Loss from change in demographic assumptions	(53.85)	(1.04)
Experience (Gain)/ Loss on plan assets	(0.78)	(0.66)
(Gain)/loss from change in financial assumptions	-	46.00
Financial(Gain)/ Loss on plan assets	(0.62)	(0.24)
Total expenses to be recognized in statement of other comprehensive income	**4.25**	**48.31**

(f) Valuation in respect of gratuity plan has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.30%	6.30% - 7.00%
Salary growth rate	10.00%	7.00% - 8.50%
Weighted average duration of defined benefit obligation (years)	4.63 - 5.04	4.86 - 12.13

As per actuary report, the group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-4.54%	-9.46%
(ii) 1% decrease in discount rate	4.97%	11.05%
(iii) 1% increase in rate of salary escalation	3.78%	9.56%
(iv) 1% decrease in rate of salary escalation	-3.56%	-8.46%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method(present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Maturity profile of defined benefit obligation:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Within 1 year	145.25	47.63
1-2 year	129.08	38.24
2-3 year	120.63	51.17
3-4 year	121.14	53.82
4-5 year	118.06	67.67
5-10 years	519.05	440.93

C **Pension Plans (Overseas Entities)**

The group operates defined benefit pension plan in Italy (previous year - Mexico, Germany, Italy, Poland and Turkey). The plan is salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members length of services and their salary in the final years leading up to retirement.

The group funds the pension liability as per legal requirements of respective countries. Plan assets are governed by local regulations and practice in each country, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Change in present value of benefit obligations

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022	
	Continuing Operations	Continuing Operations	Discontinued operations
Liability at the beginning of the year	243.30	187.60	1,343.46
Service cost	-	-	80.72
Past service cost – plan amendments	-	-	10.90
Interest expense	4.31	1.21	38.61
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	57.71	95.40	(137.17)
Benefits paid	(18.92)	(39.57)	(38.62)
Effect of Foreign exchange rate	17.79	(1.34)	9.01
Liability at the end of the year	**304.19**	**243.30**	**1,306.91**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(b) Change in fair value of plan assets

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022	
	Continuing Operations	Continuing Operations	Discontinued operations
Fair value of plan assets at the beginning of the year	127.97	119.85	651.79
Interest income	2.39	0.87	11.46
Transfer of assets	-	-	9.11
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	5.57	5.19	(18.38)
Contributions	16.32	15.92	76.30
Benefits paid	(18.92)	(13.61)	(31.43)
Effect of foreign exchange rate	8.17	(0.25)	0.61
Fair value of plan assets at the end of the year	**141.50**	**127.97**	**699.46**

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022	
	Continuing Operations	Continuing Operations	Discontinued operations
Present value of funded obligations	304.19	243.30	1,306.91
Fair value of plan assets	141.50	127.97	699.46
Deficit of funded plan	**162.69**	**115.33**	**607.45**

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses.

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022	
	Continuing Operations	Continuing Operations	Discontinued operations
Service cost	-	-	80.72
Past service cost	-	-	10.90
Net interest (income)/expense	1.92	0.34	27.15
Net gratuity cost	**1.92**	**0.34**	**118.77**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(e) Expenses to be recognized in statement of other comprehensive income:

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022	
	Continuing Operations	Continuing Operations	Discontinued operations
Remeasurement			
Experience (Gain)/ Loss on plan liabilities	19.33	19.25	32.84
Financial (Gain)/ Loss on plan liabilities	36.18	34.43	(94.10)
(Return) /Loss on plan assets excluding amounts recognised in interest (income)/expenses	-	-	0.57
(Gain)/Loss from change in demographic assumptions	2.20	41.73	(16.61)
Experience (Gain)/ Loss on plan assets	(4.06)	(6.30)	17.83
(Gain)/Loss from change in financial assumptions	-	-	(59.32)
Financial (Gain)/ Loss on plan assets	(1.51)	1.10	-
Total expenses to be recognized in statement of other comprehensive income	**52.14**	**90.21**	**(118.79)**

(f) Valuation in respect of above pension plan has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Continuing operations

Italy

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	4.20%	1.90%
Salary growth rate	7.00%	3.30%
Weighted average duration of defined benefit obligation (years)	11.00 to 15.73	11.18 to 15.34

Change in Assumption

Particulars	As at March 31, 2023	As at March 31, 2022
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 0.1% increase in discount rate	-1.30%	-1.25%
(ii) 0.1% decrease in discount rate	1.32%	1.17%
(iii) 0.1% increase in rate of salary escalation	1.19%	1.05%
(iv) 0.1% decrease in rate of salary escalation	-1.18%	-1.14%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 0.1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Maturity profile of defined benefit obligation:

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022	
	Continuing Operations	Continuing Operations	Discontinued operations
Within 1 year	5.64	7.25	33.08
1-2 year	5.91	4.98	33.01
2-3 year	6.26	9.20	54.61
3-4 year	22.01	23.03	63.62
4-5 year	7.25	8.77	55.98
5-10 years	108.10	72.04	468.97

RISK EXPOSURE AND ASSET LIABILITY MATCHING

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under as companies take on uncertain long-term obligations to make future benefit payments.

1) Liability Risks

Asset-Liability Mismatch Risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

Discount Rate Risk:

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Future Salary Escalation and Inflation Risk:

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often resulting higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

For Overseas entities, the group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 40 : Fair value measurement

Financial instruments by category

(₹ in Million)

Particulars	March 31, 2023			March 31, 2022			
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	
	Continuing Operations	Continuing Operations	Continuing Operations	Continuing Operations	Continuing Operations	Continuing Operations	Discontinued Operations
Financial assets							
Investments							
- Equity instruments	0.14	-	-	0.14	-	-	-
- Mutual funds	300.05	-	-	-	-	-	-
- Government securities	-	-	0.06	-	-	0.06	-
Loans	-	-	0.26	-	-	2.15	5.96
Trade receivables	-	-	5,971.00	-	-	5,175.32	12,163.27
Cash and cash equivalents	-	-	3,040.06	-	-	1,156.52	1,645.44
Other bank balances	-	-	248.09	-	-	21.34	-
Derivative contracts	1.70	-	-	3.49	-	-	-
Other financial assets	-	-	1,754.63	-	-	412.77	938.19
Total financial assets	**301.89**	**-**	**11,014.10**	**3.63**	**-**	**6,768.16**	**14,752.86**
Financial liabilities							
Borrowings (Long Term and Short Term)	-	-	16,349.98	-	-	15,534.30	13,761.99
Lease liabilities	-	-	1,711.16	-	-	717.43	6,218.34
Security deposits	-	-	89.07	-	-	83.87	-
Trade payables	-	-	11,873.88	-	-	12,159.79	22,649.60
Acceptances	-	-	91.01	-	-	1,182.45	-
Payable for capital goods	-	-	480.17	-	-	682.09	1,308.10
Employee benefits payable	-	-	918.58	-	-	899.60	1,424.18
Other financial liabilities	-	-	936.93	-	-	283.71	560.82
Total financial liabilities	**-**	**-**	**32,450.78**	**-**	**-**	**31,543.24**	**45,923.03**

(i) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for assets/liabilities as at March 31, 2023:	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Equity instruments	-	0.14	-	0.14
Derivative contracts	-	1.70	-	1.70
Investments - Mutual funds	300.05	-	-	300.05
Total	**300.05**	**1.84**	**-**	**301.89**
Liabilities measured at fair value	**-**	**-**	**-**	**-**

(₹ in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in Government Securities	0.06	-	-	0.06
Total financial assets	**0.06**	**-**	**-**	**0.06**
Financial Liabilities				
Borrowings (Long Term and Short Term)	-	16,349.98	-	16,349.98
Lease liabilities	-	1,711.16	-	1,711.16
Total financial liabilities	**-**	**18,061.14**	**-**	**18,061.14**

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for assets/liabilities as at March 31, 2022:	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value for continuing operations				
Equity instruments	-	0.14	-	0.14
Derivative contracts	-	3.49	-	3.49
Total	**-**	**3.63**	**-**	**3.63**
Liabilities measured at fair value	**-**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in Government Securities	0.06	-	-	0.06
Total financial assets	**0.06**	**-**	**-**	**0.06**
Financial Liabilities				
Borrowings (Long Term and Short Term)	-	15,534.30	-	15,534.30
Lease liabilities	-	717.43	-	717.43
Total financial liabilities	**-**	**16,251.73**	**-**	**16,251.73**

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair value of the financial instruments included in the above tables:

- The fair values of the mutual funds are based on price quotations at the reporting date.
- The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves, etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

(iii) Fair value of non-current financial assets and liabilities measured at amortised cost

(₹ in Million)

Description	For the year ended March 31, 2023		For the year ended March 31, 2022**	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
- Government securities	0.06	0.06	0.06	0.06
Other financial assets	1,688.13	1,688.13	337.18	337.18
Total	**1,688.19**	**1,688.19**	**337.24**	**337.24**
Financial liabilities				
Borrowings	4,161.38	4,161.38	2,500.22	2,500.22
Lease liabilities	1,485.61	1,485.61	559.44	559.44
Trade payables	-	-	-	-
Other financial liabilities	19.43	19.43	78.83	78.83
Total financial liabilities	**5,666.42**	**5,666.42**	**3,138.49**	**3,138.49**

** Non Current assets and liabilities related to discontinued operations are part of asset/liabilities classified as held for sale as at March 31, 2022 and accordingly are part of current assets/liabilities in the Consolidated Financial Statements. Therefore, amounts as at March 31, 2022 in above table only pertain to continuing operations.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

- The borrowings are at floating rate of interest and hence their fair values as at March 31, 2023 approximate their carrying values. The fair value of the other non-current financial assets and liabilities measured at amortised costs is determined using discounted cash flow basis.
- The carrying amounts of current financial assets and liabilities including trade receivables, loans, trade payables, cash and bank balances, borrowings, security deposits, other financial assets, other financial liabilities, acceptances measured at amortised costs are considered to approximate their fair values, due to their short-term nature.

Note 41 : Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk : currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, receivables, payables, deposits, investments and derivative financial instruments.

a) Foreign currency risk

The continuing operations of the Group operate internationally and the business is also transacted in several currencies. Consequently the Group is exposed to foreign exchange risk mainly in the North America and Europe. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The Group evaluates exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts, interest and principle swaps and options to mitigate the risk of changes in exchange rates on foreign currency exposures. The Group follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency. The Group has designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

The group's exposure to foreign currency risk as of March 31, 2023 expressed in INR, is as follows:

(₹ in Million)

Particulars	USD	EURO	JPY	Other	Total
Financial assets					
Trade receivables	160.94	291.78	-	1.69	454.41
Other assets	-	35.51	-	-	35.51
Financial liabilities					
Borrowings	-	673.34	-	-	673.34
Trade payables	775.08	385.12	40.01	14.00	1,214.21
Other liabilities	-	19.46	-	-	19.46
Net assets/(liabilities)	**(614.14)**	**(750.63)**	**(40.01)**	**(12.31)**	**(1,417.09)**

The group's exposure to foreign currency risk as of March 31, 2022 expressed in INR, is as follows*:

(₹ in Million)

Particulars	USD	EURO	JPY	Other	Total
Financial assets					
Trade receivables	169.46	606.95	-	-	776.41
Financial liabilities					
Borrowings	-	231.11	-	-	231.11
Trade payables	673.71	281.82	17.65	24.68	997.86
Other liabilities	-	1.75	-	-	1.75
Net assets / (liabilities)	**(504.25)**	**92.27**	**(17.65)**	**(24.68)**	**(454.31)**

* pertaining to continuing operations

Sensitivity

For the year ended March 31, 2023 and March 31, 2022, every 5% percentage point appreciation/ depreciation in the exchange rate between the INR and U.S. Dollar would have affected the Group's incremental operating margins by approximately Rs. 6.14 Million and Rs. 5.04 Million respectively, Euro by approximately Rs. 7.45 Million and Rs. 0.92 Million.

Sensitivity analysis is computed based on the changes in receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the group profit before tax is affected through the impact on floating rate borrowings, as follows:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Million)

For the year ended	Currency	Increase/ decrease in base points	Variable rate Cash Credit and Term loans balances	Effect on profit before tax
March 31, 2023	INR	+100	10,014.32	(100.14)
March 31, 2023	INR	-100	10,014.32	100.14
March 31, 2022*	INR	+100	14,095.98	(140.96)
March 31, 2022*	INR	-100	14,095.98	140.96

* Pertaining to continuing operations.

c) Other price risk

The Group does not have material investments in equity securities other than investments in Joint Ventures. Hence equity price risk is considered to be low. Further, the Group's operating activities require the ongoing purchase of various commodities for manufacture of automotive parts. However, the movement in commodity prices are substantially adjusted through price differences as per customer contracts and hence commodity price risk for the Group is also considered to be low.

B Credit Risk Management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group only deals with parties which have good credit rating/worthiness given by external rating agencies or based on the Group's internal assessment.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, Group's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2023, receivable from Group's top 15 customers accounted for approximately 82% (March 31, 2022 : top 15 customers accounted for approximately 87%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in note 10.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's corporate treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. Credit limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at 31 March, 2023 and 31 March, 2022 is the carrying amounts as disclosed in note 11. The group's maximum exposure relating to financial guarantee is disclosed in Note 38.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

C Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows. As of March 31, 2023, cash and cash equivalents are held with major banks.

Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual payments.

(₹ in Million)

March 31, 2023	On demand	< 1 year	1 to 5 years	> 5 years
Non- derivative				
Borrowings	7,385.95*	4,802.65	4,161.38	-
Lease liabilities**	-	225.55	1,021.41	862.55
Trade Payables	-	11,873.88	-	-
Acceptances	-	91.01	-	-
Other financial liabilities	89.07	2,316.25	19.43	-

*Includes non-current loans of Rs. 2,381.23 million that have been reclassified as current on account of covenant non-compliance.

**Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

(₹ in Million)

March 31, 2022	On demand	< 1 year	1 to 5 years	> 5 years
Non- derivative				
Borrowings	10,340.35	2,693.73	2,427.72	72.50
Lease liabilities	-	157.99	347.10	212.34
Trade Payables	-	12,159.79	-	-
Acceptances	-	1,182.45	-	-
Other financial liabilities	80.80	1,789.64	78.83	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 42 : Capital Management

(a) Risk management

The group's capital comprises equity share capital, security premium, retained earnings and other equity attributable to shareholders.

The group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares .

The Group monitors debt-equity ratio, which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and bank balances & investments in liquid funds. Equity includes equity share capital and other equity attributable to equity shareholders. The debt-equity ratio at the end of the reporting period was as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Net debt*^	12,778.71	26,473.04
Total Equity**	9,761.99	19,887.21
Net debt to equity ratio	**1.31**	**1.33**

*Net Debt as at March 31, 2022 is inclusive of discontinued operations.

^Net Debt = Long term borrowings + Short term borrowings - Cash and cash equivalents - Other bank balance - Investment in liquid mutual fund

**Total equity does not include share of non-controlling interest.

No changes were made in the objectives, policies or processes for managing capital of the Group during the year.

Loan covenant

The group capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Some of the financial covenants were not complied as at March 31, 2023 and March 31, 2022 (refer note 17 for details).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 43: Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2023

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts-EUR	199.03	-	-	1.21	Various dates	1:1	₹89.57	1.21	(1.21)
Foreign exchange forward contracts-USD	262.41	-	1.71	-	Various dates	1:1	₹83.20	(1.71)	1.71

*Maturity dates vary on account of multiple hedging contracts which range from April 28, 2023 to July 31, 2023.

March 31, 2022

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio	Weighted average strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts-EUR	-	130.23	-	0.46	July 30, 2022	1:1	₹ 85.67	0.46	(0.46)
Foreign exchange forward contracts-USD	261.74	-	3.94	-	August 30, 2022	1:1	₹ 77.52	(3.94)	3.94

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 44 : Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), which is the Board of Directors.

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 Venture and corresponding share of profit from joint venture is considered under unallocated assets and profit respectively.

(a) Operating segment

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
		Automotive	Others	Total	Automotive	Others	Total
	Segment revenue						
1	Revenue from operations (continuing operations)	65,895.07	2,735.59	68,630.66	55,509.00	2,933.01	58,442.01
	Revenue from operations (discontinued operations)	38,544.87	-	38,544.87	68,899.04	-	68,899.04
	Total revenue from operations	**1,04,439.94**	**2,735.59**	**1,07,175.53**	**1,24,408.04**	**2,933.01**	**1,27,341.05**
2	**Expenses**						
	Continuing operations						
	Cost of goods sold	43,622.58	682.89	44,305.47	36,887.37	1,606.18	38,493.55
	Employee benefits expense	6,613.17	559.80	7,172.97	5,627.32	565.32	6,192.64
	Depreciation and amortisation expenses	3,189.82	177.59	3,367.41	2,866.30	179.17	3,045.47
	Other expenses	10,563.53	1,121.82	11,685.35	9,144.89	1,017.54	10,162.43
	Other income (allocable)	(274.28)	(7.01)	(281.29)	(96.53)	(17.60)	(114.13)
	Discontinued operations	46,567.44	-	46,567.44	78,525.80	-	78,525.80
3	**Segment results before other income, finance cost and tax**						
	- Continuing operations	2,180.26	200.49	2,380.75	1,079.65	(417.62)	662.04
	- Discontinued operations	(8,037.74)	-	(8,037.74)	(9,626.76)	-	(9,626.76)
4(i)	Unallocable other income (Net of unallocated expense)						
	- Continuing operations			350.80			220.87
	- Discontinued operations			15.17			-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
		Automotive	Others	Total	Automotive	Others	Total
4(ii)	Finance costs						
	- Continuing operations			1,902.95			1,183.52
	- Discontinued operations			534.66			722.09
4(iii)	Profit before tax and share of net profit of joint ventures accounted for using the equity method						
	- Continuing operations			775.32			(296.27)
	- Discontinued operations			(8,557.23)			(10,348.85)
4(iv)	Share of net profit of joint ventures accounted for using the equity method (continuing operations)			53.28			(4.33)
5	Tax expenses including deferred tax						
	- Continuing operations			440.71			482.25
	- Discontinued operations			1.91			(64.43)
6	**Profit/(loss) after tax from continuing operations**			**387.89**			**(782.85)**
7	**Profit/(loss) from discontinued operations**			**(8,559.14)**			**(10,284.42)**
8	**Profit/(loss) for the year**			**(8,171.25)**			**(11,067.27)**

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2023			As at March 31, 2022		
		Automotive	Others	Total	Automotive	Others	Total
9	**Segment assets**	35,989.43	2,551.26	38,540.69	33,886.39	2,458.67	36,345.06
	Add: Discontinued operations (refer note 51)	-	-	-	66,417.12	-	66,417.12
	Unallocable assets						
	Government grant receivable (Other non current assets and other current assets)			680.09			700.32
	Term deposits (Cash and cash equivalents, other bank balances and other non-current financial assets)			2,387.77			21.38

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for the year ended March 31, 2023

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2023			As at March 31, 2022		
		Automotive	Others	Total	Automotive	Others	Total
	Current & Non-Current investments			300.05			-
	Investments accounted for using the equity method			3,906.20			3,875.96
	Income tax assets (net)			323.89			119.81
	Deferred Tax Asset (net)			70.13			89.67
	Income tax assets (net)- Discontinued operations			-			219.33
	Deferred Tax Asset (net) - Discontinued operations			-			2,191.21
	Non Trade investment			0.20			0.20
	Total Assets			**46,209.02**			**1,09,980.06**
10	**Segment liabilities**	17,079.59	852.26	17,931.85	16,734.68	1,081.07	17,815.75
	Add: Discontinued operations (refer note 51)	-	-	-	40,304.38	-	40,304.38
	Unallocable liabilities						
	Borrowings (Non -Current, Current Maturities and Short term Borrowings)			16,349.98			29,296.28
	Other non-current liabilities and Other current liabilities			622.25			849.53
	Deferred Tax Liabilities (net)			1,169.28			1,265.74
	Income tax liabilities (net)			92.94			33.09
	Deferred Tax Liabilities (net) - Discontinued operations			-			66.94
	Income tax liabilities (net) - Discontinued operations			-			208.03
	Derivative liabilities pending settlement			1.20			-
	Total Liabilities			**36,167.50**			**89,839.74**
11	**Other Information**						
	Cost to acquire fixed assets	2,174.03	61.43	2,235.46	3,864.32	297.87	4,162.19
	Depreciation and amortization	3,189.82	177.59	3,367.41	2,866.30	179.17	3,045.47

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(b) Geographical information

(i) Segment revenue by geographical area based on geographical location of customers:

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	India	56,493.24	47,564.97
2	Asia Pacific	2,455.47	2,532.60
3	Europe	7,938.65	6,919.28
4	North America	529.33	590.11
5	Others	1,213.97	835.05
	Total	**68,630.66**	**58,442.01**

(ii) Total of non-current assets pertaining to - Property, plant and equipment, Capital work-in-progress, Other intangibles assets, Intangible assets under development, Right of use assets, Goodwill, Investment property and other non-current assets

(₹ in Million)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
1	India	18,826.00	18,877.32
2	Asia Pacific	402.86	139.98
3	Europe	3,228.88	3,430.70
	Total	**22,457.74**	**22,448.00**

(c) Revenue from 1 customer amounted to Rs. 25,123.17 million (March 31, 2022: Rs. 23,244.48 million) arising from sales in the automotive segment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 45 A : Interests in Subsidiaries

(a) Subsidiaries

The list of subsidiaries as at March 31, 2023 is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Particulars	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Direct subsidiaries					
Varroc Polymers Limited	India	100%	100%	-	-
Durovalves India Private Limited	India	72.78%	72.78%	27.22%	27.22%
Varroc European Holding B.V.	Netherlands	100%	100%	-	-
VarrocCorp Holding B.V.	Netherlands	100%	100%	-	-
Varroc Japan Co. Limited	Japan	100%	100%	-	-
CarlQ Technologies Private Limited	India	74%	74%	26%^	26%^
VL Lighting Solutions Private Limited (upto October 06, 2022*)^^	India	100%	-	-	-
Step down subsidiaries					
Industrial Meccanica E Stampaggio S.p.a.	Italy	100%	100%	-	-
Varroc Italy S.p.A. (formerly known as Varroc Lighting Systems, Italy S.p.A.)	Italy	100%	100%	-	-
Varroc Vietnam Co. Ltd. (formerly known as Varroc Lighting Systems, Vietnam Co. Ltd.)	Vietnam	100%	100%	-	-
Varroc Romania S.A. (formerly known as Varroc Lighting Systems, Romania S.A.)	Romania	98.23%	98.23%	1.77%^	1.77%^
Varroc Lighting Systems Bulgaria EOOD	Bulgaria	100%	100%	-	-
Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)	Romania	100%	100%	-	-
Varroc Poland s.p.z.oo ^^	Poland	100%	-	-	-
Varroc Germany GmBH ^^	Germany	100%	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Particulars	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Step down subsidiaries - up to October 06, 2022*					
Varroc Lighting Systems SRO	Czech Republic	-	100%	-	-
Varroc Lighting Systems Inc.	USA	-	100%	-	-
Varroc Lighting Systems GmBH.	Germany	-	100%	-	-
Varroc Lighting Systems S.de.R.L. De. C.V.	Mexico	-	100%	-	-
Varroc Lighting Systems S.A., Morocco	Morocco	-	99.87%	-	0.13%^
Varroc do Brasil Industria E Commercia LTDA	Brazil	-	100%	-	-
Varroc Lighting Systems sp. Z o.o.	Poland	-	100%	-	-
Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi.	Turkey	-	100%	-	-

^ Voting rights of the subsidiaries are held by the Group.

* Considered as part of discontinued operations as at March 31, 2022. Refer note 51

^^ Subsidiaries incorporated in FY 2022-23

Principal activities

All the group companies are primarily engaged in the business of auto components and services in the automotive industry to Indian and global customers.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023

Note 45 B : Additional information as on March 31, 2023 required by Schedule III of the Companies Act, 2013
(This disclosure pertains to continuing and discontinued operations together)

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		as % of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	55.21%	5,543.74	-169.72%	(13,867.94)	0.09%	1.83	-137.30%	(13,866.11)
	Indian Subsidiaries								
1	Varroc Polymers Limited	47.99%	4,818.97	-8.38%	(684.53)	-0.14%	(2.77)	-6.81%	(687.30)
2	Durovalves India Private Limited	10.04%	1,008.28	1.23%	100.27	-0.13%	(2.52)	0.97%	97.75
3	CarIQ Technologies Private Limited	0.11%	11.35	0.15%	12.08	0.00%	-	0.12%	12.08
4	VL Lighting Solutions Private Limited (upto October 06, 2022*)^^	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	103.65%	10,407.98	-7.40%	(604.74)	0.00%	-	-5.99%	(604.74)
2	Varroc Lighting Systems Bulgaria EOOD	-4.63%	(465.19)	-1.54%	(125.86)	-	-	-1.25%	(125.86)
3	Varroc Japan Co. Ltd	0.12%	11.86	0.01%	0.86	0.00%	-	0.01%	0.86
4	Varroc European Holding B.V.	-24.51%	(2,460.86)	-4.23%	(345.25)	0.00%	-	-3.42%	(345.25)
5	Industria Meccanica e Stampaggio S.p.A.	3.12%	313.20	1.69%	138.12	-2.18%	(41.93)	0.95%	96.19
6	Varroc Italy S.p.A.	10.86%	1,090.41	-0.18%	(14.91)	-0.53%	(10.21)	-0.25%	(25.12)
7	Varroc Romania S.A.	0.90%	90.00	-0.13%	(10.77)	0.00%	-	-0.11%	(10.77)
8	Varroc Vietnam Co. Ltd.	9.91%	995.05	5.03%	410.99	0.00%	-	4.07%	410.99
9	Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)	-2.78%	(279.32)	-2.58%	(211.06)	0.00%	-	-2.09%	(211.06)
10	Varroc Poland s.p.z.oo ^^	-1.35%	(135.34)	-1.54%	(125.90)	0.00%	-	-1.25%	(125.90)
11	Varroc Germany GmBH ^^	-0.71%	(71.73)	-0.85%	(69.15)	0.00%	-	-0.68%	(69.15)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		as % of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
	Foreign Subsidiaries (up to October 06, 2022)*								
1	Varroc Lighting Systems S.R.O.	0.00%	-	-50.63%	(4,136.86)	0.00%	-	-40.96%	(4,136.86)
2	Varroc Lighting Systems S.de.R.L.de.C.V.	0.00%	-	-0.32%	(26.41)	0.00%	-	-0.26%	(26.41)
3	Varroc Lighting Systems INC	0.00%	-	0.08%	6.75	0.00%	-	0.07%	6.75
4	Varroc Lighting Systems GmBH	0.00%	-	0.25%	20.36	0.00%	-	0.20%	20.36
5	Varroc Lighting Systems S.A., Morocco	0.00%	-	-13.93%	(1,137.85)	0.00%	-	-11.27%	(1,137.85)
6	Varroc do Brasil Industria E Commercia LTDA	0.00%	-	-0.78%	(63.73)	0.00%	-	-0.63%	(63.73)
7	Varroc Lighting Systems sp. Z o.o.	0.00%	-	-11.28%	(921.93)	0.00%	-	-9.13%	(921.93)
8	Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi.	0.00%	-	-6.34%	(518.27)	0.00%	-	-5.13%	(518.27)
	Joint Venture								
	(Investment accounted as per equity method)								
1	Varroc TYC Corporation, BVI	37.36%	3,751.57	0.19%	15.58	0.00%	-	0.15%	15.58
2	Nuova CTS S.r.l	0.99%	99.70	0.26%	21.49	0.00%	-	0.21%	21.49
3	Varroc Dell'Orto Private Limited	0.55%	54.93	0.20%	16.23	0.00%	(0.02)	0.16%	16.21
	Non-controlling interests in subsidiaries	2.78%	279.53	0.33%	27.10	-0.04%	(0.68)	0.26%	26.42
	Subtotal		**25,064.13**		**(22,095.33)**		**(56.30)**		**(22,151.63)**
	Adjustment arising out of consolidation	-149.60%	(15,022.61)	170.40%	13,924.08	-97.08%	(1,871.25)	119.35%	12,052.83
	Total	**100%**	**10,041.52**	**100.00%**	**(8,171.25)**	**100.00%**	**(1,927.55)**	**100.00%**	**(10,098.80)**

* Entities were disposed off on October 06, 2022. Hence, do not form part of net assets as on March 31, 2023 (Refer note 51).

^^ Subsidiaries incorporated in FY 2022-23

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 45 B : Additional information as on March 31, 2022 required by Schedule III of the Companies Act, 2013

(This disclosure pertains to continuing and discontinued operations together)

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		as % of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	96.37%	19,409.85	2.35%	259.85	2.8%	(19.63)	2.32%	240.22
	Indian Subsidiaries								
1	Varroc Polymers Private Limited	27.34%	5,506.59	2.89%	319.74	1.21%	(8.51)	3.00%	311.23
2	Durovalves India Private Limited	4.52%	910.54	1.06%	117.29	0.51%	(3.59)	1.10%	113.70
3	CarIQ Technologies Private Limited	0.00%	(0.72)	0.09%	9.88	0.00%	-	0.10%	9.88
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	51.80%	10,432.25	-2.02%	(223.17)	0.00%	-	-2.15%	(223.17)
2	Varroc Lighting Systems S.R.O.	40.54%	8,165.34	-27.56%	(3,050.39)	0.00%	-	-29.44%	(3,050.39)
3	Varroc Lighting Systems S.de.R.L.de.C.V.	9.47%	1,907.78	2.56%	282.86	-3.19%	22.48	2.95%	305.34
4	Varroc Lighting Systems INC	13.69%	2,756.35	-10.43%	(1,154.17)	0.00%	-	-11.14%	(1,154.17)
5	Varroc Lighting Systems GmBH	0.79%	159.30	0.54%	59.27	-8.35%	58.89	1.14%	118.16
6	Varroc Lighting Systems S.A., Morocco	-5.36%	(1,078.72)	-31.48%	(3,484.36)	0.00%	-	-33.63%	(3,484.36)
7	Varroc do Brasil Industria E Commercia LTDA	2.37%	477.61	-2.00%	(220.81)	0.00%	-	-2.13%	(220.81)
8	Varroc Lighting Systems sp. Z o.o.	2.90%	583.12	-21.45%	(2,374.28)	-2.10%	14.80	-22.77%	(2,359.48)
9	Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi.	2.44%	491.32	-4.15%	(459.67)	2.09%	(14.75)	-4.58%	(474.42)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		as % of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
10	Varroc Lighting Systems Bulgaria EOOD	-1.89%	(380.73)	-1.52%	(168.08)	0.00%	-	-1.62%	(168.08)
11	Varroc Japan Co. Ltd	0.06%	11.09	0.00%	0.06	0.00%	-	0.00%	0.06
12	Varroc European Holding B.V.	-9.80%	(1,973.18)	-5.13%	(567.66)	0.00%	-	-5.48%	(567.66)
13	Industria Meccanica e Stampaggio S.p.A.	0.10%	21.14	-3.97%	(439.71)	7.14%	(50.38)	-4.73%	(490.09)
14	Varroc Italy S.p.A.	5.19%	1,044.75	0.13%	14.64	5.65%	(39.83)	-0.24%	(25.19)
15	Varroc Romania S.A.	0.48%	95.78	-0.41%	(45.76)	0.00%	-	-0.44%	(45.76)
16	Varroc Vietnam Co. Ltd.	3.11%	626.81	2.22%	246.15	0.00%	-	2.38%	246.15
17	Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)	-0.25%	(50.54)	-1.09%	(120.55)	0.00%	-	-1.16%	(120.55)
	Joint Venture								
	(Investment accounted as per equity method)								
1	Varroc TYC Corporation, BVI	18.58%	3,741.78	-0.38%	(41.94)	0.00%	-	-0.40%	(41.94)
2	Nuova CTS S.r.l	0.47%	95.45	0.18%	20.26	0.00%	-	0.20%	20.26
3	Varroc Dell'Orto Private Limited	0.19%	38.72	0.16%	17.36	0.00%	-	0.17%	17.36
	Non-controlling interests in subsidiaries	1.26%	253.11	0.28%	31.52	0.20%	(1.38)	0.29%	30.14
	Subtotal		**53,244.79**		**(10,971.67)**		**(41.90)**		**(11,013.57)**
	Adjustment arising out of consolidation	-164.37%	(33,104.47)	-0.86%	(95.60)	-105.94%	747.38	6.29%	651.78
	Total	**100%**	**20,140.32**	**100.00%**	**(11,067.27)**	**100.00%**	**705.48**	**100.00%**	**(10,361.79)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 46 : Related Party Disclosure

a.	**Related parties and their relationships**	Nuova CTS S.r.l, Italy
1	Joint Ventures	Varroc TYC Corporation, British Virgin Islands
		Varroc TYC Auto Lamps Co. Ltd., China (Subsidiary of Varroc TYC Corporation, BVI)
		Varroc TYC Auto Lamps Co. Ltd. CQ, China (Subsidiary of Varroc TYC Auto Lamps Co. Ltd., China)
		Varroc Dell'Orto Private Limited
2	**Key Management Personnel**	
	Chairman & Managing Director	Mr. Tarang Jain
	Whole time Directors	Mr. Arjun Jain
		Mr. Rohit Prakash
	Independent Directors	Mr. Gautam Khandelwal
		Mr. Marc Szulewicz
		Mrs. Vijaya Sampath
		Mr. Vinish Kathuria
	Non-Executive Director	Mr. Dhruv Jain (w.e.f. September 09, 2022)
	Chief Financial Officer	Mr. K. Mahendra Kumar (w.e.f. September 28, 2022)
		Mr. Tharuvai R. Srinivasan (up to August 31, 2022)
	Company Secretary	Mr. Ajay Kumar Sharma
3	**Enterprises owned or controlled by key management personnel and/or their relatives with whom transactions have taken place**	Endurance Technologies Limited
		Endurance Adler S.P.A.
		Scarpa & Colombo S.r.l, Italy
		Freccia International S.r.l, Italy
		MS Consulting S.A.R.L.
		Varroc Foundation

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

b. Transactions with related parties and balances at period end

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
		For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023		As at March 31, 2022	
				Receivable	Payable	Receivable	Payable
A]	**Sale of goods, services and fixed assets***						
	Endurance Technologies Limited	6.90	4.75	0.63	-	0.26	-
	Endurance Adler S.P.A.	6.86	7.06	2.32	-	1.43	-
	Varroc TYC Auto Lamps Co. Limited	536.84	546.76	1.87	-	104.41	-
	Nuova CTS S.R.L, Italy	1.68	3.77	0.12	-	0.75	-
	Varroc Dell'Orto Private Limited	132.95	118.29	23.34	-	31.59	-
	Scarpa & Colombo S.r.l, Italy	158.71	201.88	113.89	-	137.77	-
	Freccia International S.r.l, Italy	73.38	69.54	37.54	-	36.69	-
B]	**Purchase of goods, services and fixed assets***						
	Nuova CTS S.R.L, Italy	129.21	139.09	-	24.83	-	26.15
	Varroc TYC Auto Lamps Co. Limited	9.99	11.39	-	0.26	-	7.36
	Endurance Technologies Limited	9.75	0.14	-	1.21	-	-
	Scarpa & Colombo S.r.l, Italy	0.46	1.88	-	1.47	-	0.01
C]	**Royalty received/receivable**						
	Varroc TYC Auto Lamps Co. Limited	267.05	197.12	-	-	276.45	-
D]	**Professional charges paid/ payable**						
	Mr. Gautam Khandelwal	2.10	1.00	-	2.10	-	1.00
	Mr. Marc Szulewicz	0.97	1.00	-	0.97	-	1.00
	Mrs. Vijaya Sampath	1.70	1.00	-	1.70	-	1.00
	Mr. Vinish Kathuria	1.60	1.00	-	1.60	-	1.00
	MS Consulting S.A.R.L.	-	6.93	-	-	-	1.69
E]	**Director fees paid/ payable**						
	Mr. Gautam Khandelwal	1.40	1.50	-	0.09	-	-
	Mr. Marc Szulewicz	1.28	0.80	-	0.10	-	0.02
	Mrs. Vijaya Sampath	1.80	1.40	-	0.09	-	-
	Mr. Vinish Kathuria	1.90	1.30	-	0.09	-	-
F]	**Managerial remuneration #**						
	Mr. Tarang Jain	84.58	84.58	-	-	-	-
	Mr. Arjun Jain	20.34	20.87	-	-	-	-
	Mr. Dhruv Jain (w.e.f September 09, 2022)	4.94	-	-	-	-	-
	Mr. K. Mahendra Kumar	11.22	-	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

b. Transactions with related parties and balances at period end

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
		For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023		As at March 31, 2022	
				Receivable	Payable	Receivable	Payable
	Mr. Tharuvai R. Srinivasan	20.12	29.19	-	-	-	-
	Mr. Ajay Kumar Sharma	14.92	14.27	-	-	-	-
	Mr. Rohit Prakash	26.73	27.35	-	-	-	-
G]	**Remuneration#**						
	Mr. Dhruv Jain	2.85	4.90	-	-	-	-
H]	**Dividend received**						
	Varroc TYC Auto Lamps Co. Limited	-	196.24	-	-	-	-
	Nuova CTS S.r.l	19.24	13.85	-	-	-	-
I]	**Reimbursement of expenses (received/ receivable)**						
	Varroc Dell'Orto Private Limited	0.75	0.09	0.75	-	0.10	-
J]	**Reimbursement of expenses (paid/ payable)**						
	Varroc Dell'Orto Private Limited	0.92	-	-	-	-	-
	Scarpa & Colombo S.r.l, Italy	23.98	1.47	-	-	-	-
	Freccia International S.r.l, Italy	0.79	0.25	-	0.27	-	-
K]	**Management consultancy fees received/receivable**						
	Varroc Dell'Orto Private Limited	11.30	10.27	3.05	-	8.88	-
L]	**Rent received**						
	Varroc Dell'Orto Private Limited	2.07	1.88	0.37	-	0.37	-
M]	**Corporate Social Responsibility (CSR)**						
	Varroc Foundation	30.07	22.30	-	-	-	-

Notes :

* All the amounts exclusive of taxes, if any.

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 47 : Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022	
	Continuing operations	Continuing operations	Discontinued operations
Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advances)	1,084.02	1,407.68	1,162.76

Note 48 : Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Earnings per share (EPS) for continuing operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	360.79	(814.37)
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	**2.36**	**(5.33)**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	360.79	(814.37)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees) (C/D)	**2.36**	**(5.33)**
B. Earnings per share (EPS) for discontinued operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	(8,559.14)	(10,284.42)
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	**(56.02)**	**(67.31)**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	(8,559.14)	(10,284.42)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees) (C/D)	**(56.02)**	**(67.31)**
C. Earnings per share (EPS) for continuing and discontinued operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	(8,198.35)	(11,098.79)
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	**(53.66)**	**(72.64)**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	(8,198.35)	(11,098.79)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees) (C/D)	**(53.66)**	**(72.64)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 49 : Interests in Joint Ventures

Set out below are the Joint Ventures of the group as at March 31, 2023 :

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2023	As at March 31, 2022
Varroc TYC Corporation, BVI and its subsidiaries	China/ British Virgin Islands	50%	Joint Venture	Equity Method	3,751.57	3,741.78
Nuova CTS S.r.l	Italy	50%	Joint Venture	Equity Method	99.70	95.45
Varroc Dell'Orto Private Limited	India	50%	Joint Venture	Equity Method	54.93	38.72
Total					**3,906.20**	**3,875.95**

The joint venture entities are primarily engaged in the business of auto components and services in the automotive industry.

Commitments and contingent liabilities in respect of joint ventures

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments – Joint Ventures		
Varroc TYC Corporation, BVI and its subsidiaries	Refer foot note to Note 50(ii)	125.21

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 50 : Interests in Joint Ventures

Summarised financial information for Joint Ventures

The summarised financial information for Joint Ventures disclosed below, reflects the amounts presented in the financial statements of the relevant joint ventures and not Varroc's share of those amounts.

(i) Summarised balance sheet

(₹ in Million)

Particulars	Varroc TYC Corporation, BVI (Consolidated)*	Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Current assets					
Cash and cash equivalents	1,206.14	17.73	36.51	66.21	35.17
Other assets	9,064.02	67.18	52.70	131.45	156.59
Total current assets	**10,270.16**	**84.91**	**89.21**	**197.66**	**191.76**
Total non-current assets	**7,444.64**	**24.44**	**13.58**	**2.09**	**1.24**
Current liabilities					
Financial liabilities	1,005.15	24.13	36.08	80.87	91.99
Other liabilities	8,743.49	5.68	4.81	8.15	22.91
Total current liabilities	**9,748.64**	**29.81**	**40.89**	**89.02**	**114.90**
Non-current liabilities					
Financial liabilities	360.08	8.99	-	-	-
Other liabilities	184.75	0.50	0.35	0.87	0.66
Total non-current liabilities	**544.83**	**9.49**	**0.35**	**0.87**	**0.66**
Net assets	**7,421.33**	**70.05**	**61.55**	**109.86**	**77.44**

*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 hence the Group's investment in Varroc TYC Corporation, BVI ('VTYC'or'China JV'), which is carried at ₹3,751.57 million as at March 31,2023 and the Group's share of VTYC's net profit of ₹15.58 million which is included in the Group's income for the year ended March 31,2023 are based on the limited information as available with the management and such information has not been subjected to audit.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(ii) Summarised statement of profit and loss

(₹ in Million)

Particulars	Varroc TYC Corporation, BVI (Consolidated)		Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Total income	13,642.91	13,956.82	194.34	194.29	474.01	421.60
Cost of goods sold	11,214.51	9,580.38	37.74	35.13	390.98	346.11
Depreciation and amortisation	261.17	933.02	2.59	0.84	0.41	0.36
Finance costs	76.40	43.40	0.42	-	0.22	0.16
Employee benefit expenses	535.39	2,113.19	47.27	45.81	10.01	9.08
Other expenses	1,650.44	1,522.79	63.34	55.55	29.00	23.71
Profit before tax for the year	**(95.00)**	**(235.96)**	**42.98**	**56.96**	**43.39**	**42.18**
Income tax expense / (credit)	(126.16)	(152.08)	-	16.45	10.93	7.47
Profit for the year	**31.16**	**(83.88)**	**42.98**	**40.51**	**32.46**	**34.71**
Other comprehensive income	-	-	-	-	(0.04)	-
Total comprehensive income for the year	**31.16**	**(83.88)**	**42.98**	**40.51**	**32.42**	**34.71**
Group's share of profit for the year	**15.58**	**(41.94)**	**21.49**	**20.26**	**16.21**	**17.36**
Dividends received	-	392.48	38.48	27.70	-	-

(iii) Reconciliation of carrying amounts

(₹ in Million)

Particulars	Varroc TYC Corporation, BVI (Consolidated)		Nuova CTS S.r.l		Varroc Dell 'Orto Private Limited	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Closing net assets	**7,440.93**	**7,421.33**	**70.05**	**61.55**	**109.86**	**77.44**
Group's share in %	50%	50%	50%	50%	50%	50%
Group's share in INR	3,720.47	3,710.68	35.03	30.78	54.93	38.72
Goodwill	31.10	31.10	64.67	64.67	-	-
Carrying amount	**3,751.57**	**3,741.78**	**99.70**	**95.45**	**54.93**	**38.72**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 51 : Discontinued operations

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 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") which was included in the Automotive segment. The equity value agreed under the SPA was Euro 69.5 million (subject to closing adjustments as provided under the SPA) and accordingly the loss on sale of VLS Business of ₹ 5,709.12 million (after considering gain on release of foreign currency translation reserve balance of ₹ 3,005.70 million) was recognised as of the Closing Date.

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 Closing Date i.e. October 06, 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 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 statements as of March 31, 2023.

A. Summarised financial information of the discontinued operations

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. The income and expenses of continuing operations includes 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 statements.

i) Results of VLS Business are presented below

(₹ in Million)

Particulars	Period / Year ended	
	September 30, 2022 **	March 31, 2022
Total income	38,659.62	69,095.14
Total expenses	47,216.85	79,443.99
Profit before tax	(8,557.23)	(10,348.85)
Tax expense	1.91	(64.43)
Profit/(loss) for the period *	(8,559.14)	(10,284.42)

* Profit/ (loss) for the year ended March 31, 2023 includes loss recognised on sale of discontinued operations as explained above.

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

ii) **Assets classified as held for sale and liabilities directly associated with the assets classified as held for sale as on March 31, 2022 and as at Closing date**

(₹ in Million)

Particulars	As at September 30, 2022 **	As at March 31, 2022
Assets		
Property, plant and equipment	22,208.78	22,870.94
Capital work-in-progress	3,270.20	1,436.12
Goodwill	1,151.67	1,210.93
Other Intangible assets	5,382.46	5,107.78
Right-of-use assets	7,351.96	6,195.01
Intangible assets under development	1,596.41	1,567.54
Inventories	7,708.67	8,091.93
Financial assets		
(i) Trade receivables	12,821.35	12,163.27
(ii) Cash and cash equivalents	1,525.08	1,645.44
(iii) Loans	5.94	5.96
(iv) Other financial assets	1,221.33	938.19
Income tax assets (net)	166.22	219.33
Deferred tax assets (net)	2,449.13	2,191.21
Other assets	798.02	5,184.01
Assets classified as held for sale	**67,657.22**	**68,827.67**
Liabilities		
Financial liabilities		
(i) Borrowings	12,588.12	13,761.99
(ia) Lease liabilities	7,187.41	6,218.34
(ii) Trade payables	26,894.61	22,649.60
(iii) Other financial liabilities	2,830.21	3,293.10
Provisions	1,272.37	1,339.15
Deferred tax liabilities (net)	190.37	66.94
Current tax liabilities (net)	32.52	208.03
Other liabilities	12,833.44	6,941.22
Liabilities associated with assets classified as held for sale	**63,829.05**	**54,478.38**

** These are the assets and liabilities pertaining to VLS business which have been considered for the purpose of computation of loss on sale. The figures as disclosed above are till September 30, 2022 since sufficient financial information till October 6, 2022 (closing date) for VLS business is not available. This however has no impact on the net loss recognised in respect of the discontinued operations.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

iii) The net cash flows attributable to discontinued operations are as follows

(₹ in Million)

Particulars	Period ended September 30, 2022	Year ended March 31, 2022
Net cash generated from/(used in) operating activities	2,658.83	(1,701.39)
Net cash used in investing activities	(1,007.06)	(5,212.10)
Net cash generated from/ (used in) financing activities *	(1,772.12)	5,513.95

*Cash flow generated/(used in) financing activities for period ended September 30, 2022 include amount of ₹ 1,516.88 million (March 31, 2022: ₹ 9,206.47 million) being funds received by discontinued operations from Holding Company which is part of continuing operations.

B List of entities included in VLS Business which is considered discontinued operations

(i) Varroc Lighting Systems INC., USA

(ii) Varroc Lighting Systems S.de.R.L.de.C.V.

(iii) Varroc Lighting Systems S.R.O.

(iv) Varroc Lighting Systems GmBH

(v) Varroc Lighting Systems S.A., Morocco

(vi) Varroc do Brasil Indsutria E Commercia LTDA

(vii) Varroc Lighting Systems sp. Z o.o.

(viii) Varroc Lighting Systems Turkey Endüstriyel ürünler Imalat Ve Ticaret Anonim Şirketi

(ix) VL Lighting Solutions Private Limited

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 52 (a) : Ultimate Beneficiary

During the Financial Year 2022-23, Varroc Engineering Limited ('Funding party') has loaned to VarrocCorp Holding B.V. The Netherlands ('Intermediary'), which is a wholly owned subsidiary. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount (₹ in Million)	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	Amount (₹ in Million)	Name of ultimate Beneficiary
Various Dates	Loan	581.1	Varroc Corp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	80.96	Varroc do Brasil Industria E Commercia LTDA
						36.43	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
						119.39	Varroc Lighting Systems S.A., Morocco
					Loans	344.33	Varroc Electronics Romania SRL (Formerly known as "Varroc Lighting Systems Electronics Romania SRL")

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc do Brasil Industria E Commercia LTDA	13.384.641/0001-39	Subsidiary	Avenida Parana 2879 Sorocaba 18105-00 Brazil
Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	60142	Subsidiary	Av Parque Industrial Monterrey 608, 66600 Apodaca Mexico
Varroc Lighting Systems S.A., Morocco	84097	Subsidiary	Lot133, Zone Franche Tanger Automotive City, Commune Joumaa, Province of Fahs Anjra Tanger, Morocco
Varroc Electronics Romania SRL (Formerly known as "Varroc Lighting Systems Electronics Romania SRL")	40419203	Subsidiary	Street- Calarasilor,112-114 Targu Mures, Romania

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Varroc Engineering Limited has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

Varroc Engineering Limited has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

Varroc Engineering Limited has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Note 52 (a) : Ultimate Beneficiary

During the Financial Year 2022-23, Varroc Polymers Limited ('Funding party') has given loan to VarrocCorp Holding B.V. The Netherlands ('Intermediary'), which is a wholly owned subsidiary of the Funding Party's holding company (Varroc Engineering Limited). The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount (₹ in Million)	Name of intermediary	Date of further loan/investment during the year	Nature of funding	Amount (₹ in Million)	Name of ultimate Beneficiary
Various Dates	Loan	1,784.95	Varroc Corp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	124.83	Varroc Lighting Systems S.A., Morocco
						83.22	Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi
						41.61	Varroc do Brasil Industria E Commercia LTDA
						582.54	Varroc Lighting Systems sp. Z.o.o, Poland
						79.16	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
					Inter Corporate Loans	41.47	Industria Meccanica e Stampaggio S.p.A.
						233.67	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc Lighting Systems S.A., Morocco	84097	Group Company	Lot 133, Zone Franche Tanger Automotive City, Commune Joumaa, Province of Fahs Anjra Tanger, Morocco
Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi	217194-0	Group Company	Aydinli Mh. Birlik OSB 5,Sok No: 8 Tuzla 34953- Istanbul, Turkey.
Varroc do Brasil Industria E Commercia LTDA	13.384.641/0001-39	Group Company	Avenida Parana 2879 Sorocaba 18105-00 Brazil
Varroc Lighting Systems sp. Z.o.o, Poland	A3444/2017	Group Company	ul. Pawia 7, High5ive 31-154 Krakow, Poland.
Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	60142	Group Company	Av Parque Industrial Monterrey 608, 66600 Apodaca Mexico
Industria Meccanica E Stampaggio s.p.a. Italy	02316270129	Group Company	Via A, Sandroni,46 Italy 21040, Sumirago

Varroc Polymers Limited has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

Varroc Polymers Limited has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

Varroc Polymers Limited has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 52 (b) : Ultimate Beneficiary

For the year ended March 31, 2022

During the Financial Year 2021-22, Varroc Engineering Limited ('Funding party') has loaned to VarrocCorp Holding B.V. The Netherlands ('Intermediary'), which is a wholly owned subsidiary. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount (₹ in Million)	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	Amount (₹ in Million)	Name of ultimate Beneficiary
Opening	Investment in equity shares	392.87	Varroc Corp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	253.00	Varroc Lighting Systems S.A., Morocco
					Loans	140.00	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
Various Dates	Loan	8,664.97	Varroc Corp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	1,993.02	Varroc Lighting Systems S.A., Morocco
						4,729.20	Varroc Lighting Systems sp. Z.o.o, Poland
						517.30	Varroc do Brasil Industria E Commercia LTDA
						42.23	Varroc Lighting Systems Electronics Romania SRL
						168.90	Varroc TYC Auto Lamps Co. Ltd., China (Subsidiaries of Varroc TYC Corporation, BVI)
					Loans	877.00	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
						211.13	Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi
						126.68	Industria Meccanica E Stampaggio s.p.a.,Italy

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc Lighting Systems S.A., Morocco	84097	Subsidiary	Lot 133, Zone Franche Tanger Automotive City, Commune Joumaa, Province of Fahs Anjra Tanger, Morocco
Varroc Lighting Systems sp. Z.o.o, Poland	A3444/2017	Subsidiary	ul. Pawia 7, High5ive 31-154 Krakow, Poland.
Varroc do Brasil Industria E Commercia LTDA	13.384.641/0001-39	Subsidiary	Avenida Parana 2879 Sorocaba 18105-00 Brazil
Varroc Lighting Systems Electronics Romania SRL	40419203	Subsidiary	Street- Calarasilor,112-114 Targu Mures, Romania
Varroc TYC Auto Lamps Co. Ltd., China (Subsidiaries of Varroc TYC Corporation, BVI)	500000500065121	Jointly Controlled Entity	No 228 Taishan Road, Changzhou, New Zone Jiagsu 213022 PRC Chine.
Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	60142	Subsidiary	Av Parque Industrial Monterrey 608, 66600 Apodaca Mexico
Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi	217194-0	Subsidiary	Aydinli Mh. Birlik OSB 5,Sok No: 8 Tuzla 34953- Istanbul, Turkey.
Industria Meccanica E Stampaggio s.p.a.,Italy	02316270129	Subsidiary	Via A, Sandroni,46 Italy 21040, Sumirago

Varroc Engineering Limited has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

Varroc Engineering Limited has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

Varroc Engineering Limited has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

Note 53 : Other Statutory Information

1. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property in respect of its Companies incorporated in India.

2. The Group does not have any transactions with companies struck off in respect of its Companies incorporated in India.

3. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period, in respect of its Companies incorporated in India.

4. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

5. The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961 in respect of its Companies incorporated in India).

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 23, 2023

For and on behalf of the Board of Directors

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

K. Mahendra Kumar
Group CFO
Place : Pune

Ajay Kumar Sharma
Company Secretary
(M No: ACS 9127)
Place : Pune

Date : May 23, 2023

FORM AOC-1

STATEMENT CONTAINING SAILENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATES COMPANIES / JOINT VENTURES
[Pursuant to first provisio of Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

(A) SUBSIDIARY COMPANIES

Name of Subsidiary Company	Name of Subsidiary Company	Amount in	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment (Refer note 1)	Turnover	Profit Before Tax	Provision For Tax (Net of Write back)	Profit after Tax	% Share Holding
Varroc Polymers Limited (formerly known as Varroc Polymers Private Limited)	₹	₹ in Million	-	5.29	4,813.68	13,585.49	8,766.52	0.04	19,496.59	(471.46)	213.07	(684.53)	100.00%
Durovalves India Private Limited	₹	₹ in Million	-	43.21	965.07	1,304.58	296.30	0.03	1,493.92	123.97	23.70	100.27	72.78%
CarIQ Technologies Private Limited	₹	₹ in Million	-	0.33	11.03	52.78	41.42	-	72.50	10.02	(2.05)	12.08	74.00%
VarrocCorp Holding B.V.	€	₹ in Million	89.49	9,581.29	826.69	31,145.33	20,737.35	2,341.06	-	(604.74)	-	(604.74)	100.00%
Varroc Lighting Systems Bulgaria EOOD	€	₹ in Million	89.49	0.04	(465.23)	133.87	599.06	-	-	(127.38)	(1.52)	(125.86)	100.00%
Varroc Japan Co. Ltd	¥	₹ in Million	0.62	0.06	11.80	17.69	5.83	-	22.21	1.16	0.30	0.86	100.00%
Varroc European Holding B.V.	€	₹ in Million	89.49	1,429.60	(3,890.46)	812.86	3,273.72	-	-	(345.25)	-	(345.25)	100.00%
Industria Meccanica e Stampaggio S.p.A.	€	₹ in Million	89.49	388.02	(74.83)	2,360.71	2,047.51	121.55	2,735.59	170.65	32.53	138.12	100.00%
Varroc Italy S.p.A. (formerly known as Varroc Lighting Systems, Italy S.p.A.)	€	₹ in Million	89.49	237.32	853.09	2,435.36	1,344.95	491.56	2,109.20	(26.54)	(11.63)	(14.91)	100.00%
Varroc Romania S.A. (formerly known as Varroc Lighting Systems, Romania S.A.)	LEU	₹ in Million	18.04	102.84	(12.83)	892.46	802.46	-	776.45	(10.77)	-	(10.77)	98.23%
Varroc Vietnam Co. Ltd. (formerly known as Varroc Lighting Systems, Vietnam Co. Ltd.)	VND	₹ in Million	0.0035	62.93	932.12	1,679.56	684.51	-	2,564.24	515.29	104.30	410.99	100.00%
Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)	€	₹ in Million	89.49	208.39	(487.72)	2,292.68	2,572.01	-	1,874.82	(211.06)	-	(211.06)	100.00%
Varroc Poland s.p.z.oo (refer note 3)	€	₹ in Million	19.13	0.10	(135.44)	56.58	191.92	-	58.50	(125.90)	-	(125.90)	100.00%
Varroc Germany GmBH (refer note 3)	€	₹ in Million	89.49	2.24	(73.96)	2.94	74.66	-	0.24	(69.15)	-	(69.15)	100.00%

Name of Subsidiary Company	Name of Subsidiary Company	Amount in	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment (Refer note 1)	Turnover	Profit Before Tax	Provision For Tax (Net of Write back)	Profit after Tax	% Share Holding
Subsidiaries up to October 06, 2022 (refer note 2)													
Varroc Lighting Systems S.R.O.	€	₹ in Million	89.49	-	-	-	-	-	21,642.69	(4,038.05)	98.81	(4,136.86)	-
Varroc Lighting Systems S.de.R.L.de.C.V.	US$	₹ in Million	82.08	-	-	-	-	-	8,292.74	(198.28)	(171.87)	(26.41)	-
Varroc Lighting Systems INC	US$	₹ in Million	82.08	-	-	-	-	-	7,844.87	(86.89)	(93.65)	6.75	-
Varroc Lighting Systems GmBH	€	₹ in Million	89.49	-	-	-	-	-	403.04	28.03	7.67	20.36	-
Varroc Lighting Systems S.A., Morocco	€	₹ in Million	89.49	-	-	-	-	-	4,562.27	(1,137.85)	-	(1,137.85)	-
Varroc do Brasil Industria E Commercia LTDA	BRL	₹ in Million	16.23	-	-	-	-	-	589.30	(63.73)	-	(63.73)	-
Varroc Lighting Systems sp. Z o.o.	€	₹ in Million	89.49	-	-	-	-	-	5,813.99	(921.93)	-	(921.93)	-
Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi	EUR	₹ in Million	89.49	-	-	-	-	-	2,370.61	(518.27)	-	(518.27)	-

Note :

1) Investment shown at fair value net of provision, where applicable.

2) The subsidiaries were considered as part of discontinued operations as at March 31, 2022, hence assets and liabilites as at March 31, 2023 are not considered. The revenue, profit before tax, tax expense & profit after tax are till September 30, 2022 since sufficient financial information till October 6, 2022 (closing date) for VLS business is not available.

3) Susbsidiaries incorporated in FY 2022-23.

(B) ASSOCIATES AND JOINT VENTURES

Name of Associates/ Joint Ventures	Latest Audited Balance Sheet Date	Share of Associates / Joint Ventures held by the Company year end			Networth Attributable to Shareholding as per latest Balance sheet (₹ in million)	Profit/ (loss) for the year		Description of how there is significant influence	Reason why the Associate/joint Venture is not consolidated
		No. of shares	Amount of Investment in Associates/ Joint Venture (₹ in million)	Extent of Holding %		Consider in consolidation (₹ in million)	Not Consider in Consolidation (₹ in million)		
Nuova CTS Italy	March 31, 2023	25,000	89.49	50%	99.70	21.49	21.49	-	Consolidated as per equity method
Varroc TYC, BVI	Refer note 2	-	-	-	-	-	-	NA	Refer note 2
Varroc TYC Auto Lamps Co. Ltd., China	Refer note 3	10,94,59,427	1,252.70	50%	3,751.57	15.58	15.58	-	Consolidated as per equity method
Varroc Dell'Orto Private Limited	March 31, 2023	15,25,000	15.25	50%	54.93	16.21	16.21	-	Consolidated as per equity method

Note :

1) Reporting period for Varroc TYC Auto Lamps Co. Ltd., Varroc TYC, BVI and Varroc TYC Auto Lamps CQ China is January to December. For all other entities, the same is April to March.

2) There is no significant operation based on materiality.

3) 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 hence the Group's investment in Varroc TYC Corporation, BVI ('VTYC' or 'China JV'), 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 ended March 31, 2023 are based on the limited information.

For and on behalf of the Board of Directors

Tarang Jain
Chairman and Managing Director
(DIN 00027505)
Place : Pune

Gautam Khandelwal
Director
(DIN 00270717)
Place : Lugano, Italy

K. Mahendra Kumar
Group CFO
Place : Pune

Ajay Kumar Sharma
Company Secretary
(M No: ACS 9127)
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

Sl No.	Particulars	Remarks
		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. 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.
	(iii) Auditors' Comments on (i) or (ii) above:	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.

III. Signatories

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

For and behalf of the Board

JAIN TARANG NARESH
Digitally signed by JAIN TARANG NARESH
Date: 2023.05.23 11:24:51 +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 11:26:35 +05'30'

Mahendra Kumar Karumanchi
Group CFO

Place: Pune
Date: May 23, 2023

GAUTAM PREMNATH KHANDELWAL
Digitally signed by GAUTAM PREMNATH KHANDELWAL
Date: 2023.05.23 11:39:31 +05'30'

Gautam Khandelwal
Chairman of Audit Committee

Place: Lugano, Italy
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
	impact, reasons for the same:	Agreement ("SPA") entered into among Varroc Engineering Limited ("VEL") and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of VEL) (together referred to as "Sellers") and Compagnie Plastic Omnium SE, France ("Buyer"), a specific 'Adjustment Escrow' has been provided for the Final Closing Statement and the Final Closing Adjustment Statement to be prepared as of 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. 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.
	(iii) Auditors' Comments on (i) or (ii) above:	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 consolidated loss and financial position as at and for the year ended March 31, 2023.

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: As disclosed in Note 50 to the consolidated financial statements, the financial results and other financial information for the year ended March 31, 2023 in respect of Varroc TYC Corporation BVI (“China JV”), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, 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 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.
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:	 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.

Sl No.	Particulars	Remarks
	(iii) Auditors' Comments on (i) or (ii) above:	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 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

For and behalf of the Board

JAIN TARANG NARESH
Digitally signed by JAIN TARANG NARESH
Date: 2023.05.23 11:24:51 +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 11:26:35 +05'30'

Mahendra Kumar Karumanchi
Group CFO

Place: Pune
Date: May 23, 2023

GAUTAM PREMNATH KHANDELWAL
Digitally signed by GAUTAM PREMNATH KHANDELWAL
Date: 2023.05.23 11:39:31 +05'30'

Gautam Khandelwal
Chairman of Audit Committee

Place: Lugano, Italy
Date: May 23, 2023

NOTICE TO MEMBERS

NOTICE is hereby given that the 35th Annual General Meeting of the Members of Varroc Engineering Limited will be held on Wednesday, September 13, 2023, at 11:00 a.m. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact, the following business. The venue of the meeting shall be deemed to be Registered Office of the Company situated at L-4, MIDC Industrial Area, Waluj, Aurangabad - 431 136, Maharashtra, India:

ORDINARY BUSINESS:

1. **TO RECEIVE, CONSIDER AND ADOPT:**

   (a) THE AUDITED STANDALONE FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023, AND THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON AND IN THIS REGARD, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023, along with reports of the Board of Directors and Independent Auditors thereon as circulated to the Members, be and are hereby received, considered, approved and adopted."

   (b) THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023, AND THE REPORT OF THE AUDITORS THEREON AND IN THIS REGARD, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023, along with report of the Independent Auditors thereon as circulated to the Members, be and are hereby received, considered, approved and adopted."

2. DIRECTOR RETIRING BY ROTATION

To appoint Mr. Tarang Jain (DIN: 00027505), as a Director, who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Tarang Jain (DIN: 00027505), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

3. **RE-APPOINTMENT OF THE STATUTORY AUDITORS**

To re-appoint M/s SRBC & CO. LLP, Chartered Accountants, Pune, as Statutory Auditors of the Company and to fix their remuneration and in this regard, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Sections 139,142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the recommendation of Audit Committee and Board of Directors of the Company, M/s. SRBC & CO. LLP, Chartered Accountants, Pune (LLP Identification No: AAB-4318) (Firm Registration Number 324982E/E300003), who have confirmed their eligibility to be re-appointed in terms of Section 141 of the Act, be and are hereby re-appointed as Statutory Auditors of the Company for a second term of 5 (five) consecutive years from the conclusion of this Thirty fifth Annual General 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, at such remuneration as shall be fixed by the Board of Directors of the Company in consultation with the Statutory Auditors of the Company."

SPECIAL BUSINESS:

4. **RATIFICATION OF REMUNERATION OF COST AUDITOR OF THE COMPANY**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment(s) thereto or re-enactment thereof for the time being in force), M/s. S. R. Bhargave & Co., Cost Accountants (Firm Registration No. M - 000218) appointed by the Board of Directors of the Company, to conduct audit of the cost records of the Company for the Financial Year ending March 31, 2024 or extended Financial Year as may be decided by the Board, be paid the remuneration of Rs. 4,00,000 (Rupees Four Lakh only) and applicable taxes thereon and reimbursement of out-of-pocket expenses, if any for the Financial Year ending on March 31, 2024.

"**RESOLVED FURTHER THAT** any Director and/or Group Chief Financial Officer and/or Company Secretary of the Company be and are hereby severally authorised to do all acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

5. ISSUE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], and subject to the provisions of the Articles of Association of the Company and subject to compliance with such other provisions of law as may be applicable, approval of the Members be and is hereby accorded to the Board of Directors of the Company ('the Board', which term shall include its duly empowered Committee(s) constituted/to be constituted by it for this purpose), to offer or invite subscriptions for Secured/ Unsecured Non-Convertible Debentures ('Debentures'), of an amount not exceeding Rs.500 Crore (Rupees Five Hundred Crore only) in one or more series/tranches, on Private Placement Basis, on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company, including as to when the Debentures be issued, the consideration for the issue, utilisation of the issue proceeds and all matters connected therewith or incidental thereto PROVIDED THAT the total amount that may be so raised in the aggregate, by such offer or invitation for subscriptions of the Debentures, and outstanding at any point of time, shall be within the overall borrowing limit as approved by the Members under Section 180(1) (c) of the Act;

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to do all such acts, deeds, matters and things as may be necessary or expedient for or in connection with this Resolution and to settle any question or difficulty that may arise in this regard in the best interest of the Company."

6. APPOINTMENT OF MR. TARUN TYAGI AS WHOLE TIME DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof) read with Schedule V of the Act and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force) and subject to compliance with such other provisions of law as may be applicable, approval of the Members, be and is hereby accorded for appointment of Mr. Tarun Tyagi (DIN 10204986) as Whole Time Director ["WTD"] of the Company, liable to retire by rotation, for a period of (3) three years commencing from August 9, 2023 to August 8, 2026 on such terms and conditions including remuneration under:

TERM OF APPOINTMENT: 3 years i.e., from August 9, 2023, to August 8, 2026

TERM OF REMUNERATION: 3 years i.e., from August 9, 2023, to August 8, 2026

REMUNERATION / SALARY:

A. BASIC SALARY

Basic Salary in the scale of Rs. 2,75,000 to Rs. 6,00,000 per month, with power to grant annual increment by the Board of Directors as they may deem fit, based on the recommendation of the Nomination and Remuneration Committee, which shall not exceed the overall limit approved by the Members of the Company at any point of time.

B. ALLOWANCES

(a) House Rent Allowance payable monthly, equivalent to 50% of a basic salary;

(b) Other allowances in the scale of Rs. 2,50,000 to Rs. 7,50,000 per month;

(c) Reimbursement of Leave Travel Expenses Rs. 10,000 per month or as per the policy of the Company.

(d) Miscellaneous allowances / other payments, reimbursements, if any, shall not exceed Rs. 2,00,000 per month;

C. PERQUISITES

i. Health Insurance Policy as per the policy of the Company and/or reimbursement of medical expenses incurred in India/abroad where no cashless facility is available, as per the policy of the Company.

ii. Provision of Car with Driver for official as well as personal use, as may be applicable to senior executives of the Company.

iii. Contribution towards Provident Fund as per the Rules of the Company.

iv. Gratuity as per rules of the Company.

v. Payment/Re-imbursement of entertainment expenses incurred in the normal course of business of the Company, as per the policy of the Company.

vi. Leave with full pay as per the Rules of the Company, un-availed leave can be encashed as per the rules of the Company.

vii. Other benefits and reimbursements, if any, including Long Term Incentives as may be applicable to senior executives of the Company.

D. VARIABLE PAY

Based on the performance evaluation, Mr. Tarun Tyagi will be entitled to a variable pay equivalent to 18% of his gross salary payable at the end of the year, or as modified further as per the Rules of the Company

E. LONG-TERM INCENTIVE (LTI) as per policy of the company.

F. VALUATION OF PERQUISITES ETC.

The perquisites/allowances shall be valued as per the Income-tax Rules, wherever applicable, in the absence of such Rules, perquisites/allowances shall be valued at actual cost. Provided that the total annual remuneration (including annual increments) payable to Mr. Tarun Tyagi shall not exceed Rupees Three Crore per Financial Year during the tenure for which remuneration is approved. PROVIDED FURTHER THAT the limits referred to herein shall not apply to those components of his perquisites which, as per Company Policy in force from time to time, are reimbursable at actuals."

"**RESOLVED FURTHER THAT** the remuneration including benefits, amenities and perquisites as set out above shall nevertheless be paid and allowed to Mr. Tarun Tyagi as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such year, subject to the provisions prescribed under Section 197 read with Schedule V to the Companies Act, 2013 and Rules framed thereunder and any other applicable provisions of the Act or any statutory modification or re-enactment thereof and approval of the Central Government, if and when required."

"**RESOLVED FURTHER THAT** any Director of the Company and / or Company Secretary of the Company be and are hereby severally authorised to do all the acts, deeds and things which are necessary for the appointment of Mr. Tarun Tyagi as a Whole Time Director of the Company, including filing of necessary forms with the Regulatory Authorities and executing and signing all relevant documents, agreements, certificates etc., as may be required in order to give effect to these Resolutions."

"**RESOLVED FURTHER THAT** the Board of Directors may from time to time subject to the applicable provisions of the Companies Act, 2013 and Rules made thereunder, re-designate Mr. Tarun Tyagi and / or reallocate his duties and responsibilities, vary/alter/modify or increase the remuneration including salary, perquisites, allowances, etc. as they deem fit, provided the overall Remuneration payable to Mr. Tarun Tyagi shall not exceed Rupees Three Crore per Financial Year based on the recommendation of the Nomination & Remuneration Committee from time to time."

7. TO CONSIDER AND APPROVE THE AMENDMENT IN ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Section 14, 71 and 161 of the Companies Act, 2013 read with Rule 18(3)(e) of the Companies (Share Capital and Debentures) Rules, 2014, Regulation 15(1)(e) of the Securities and Exchange Board of India ("SEBI") (Debenture Trustees) Regulations, 1993, read with Regulation 23 (6) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended vide the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023 and further amendments thereto, if any, other applicable laws / Rules, Regulations, Circulars and amendments and all other applicable provisions of the Companies (Incorporation) Rules, 2014, and SEBI Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), on the recommendation and approval of the Board of Directors, approval of the Members be and is hereby accorded for alteration of Articles of Association of the Company in the manner set out herein below:

I. Insertion of new Sub-Clause (i) (A) in the existing Clause (t) of Article 23 of Articles of Association of the Company as below;

"23 (t) (i)(A) Debenture trustees, on behalf of the Debenture Holders, shall have a right to recommend, appoint and nominate in writing a Director on the Board of Directors of the Company (hereinafter referred to as the "Debenture Trustee Nominee Director") within such timelines stipulated under Applicable Law as amended, updated and replaced from time to time in the event of:

1. Two consecutive defaults in payment of interest to the Debenture Holders; or
2. Default in creation of security for Debentures; or
3. Default in redemption of Debentures

The right to appoint the Debenture Trustee Nominee Director shall be exercised by the Debenture Trustee(s) as per the statutory guidelines as may be applicable from time to time. The Debenture Trustee Nominee Director appointed pursuant to above clauses shall neither be liable to retire by rotation nor shall be required to hold any qualification Shares. The Nominee Director so appointed shall vacate his office on discharge of his duties as required under the applicable laws/ Rules, Regulations, Circulars."

II. Substitution of existing Clause (ii) of the Article 65 (The Seal) of Articles of Association of the Company by the following:

"(ii) The Common Seal shall not be affixed to any instrument except by the authority of a Resolution of the Board or a Committee of the Board authorized by it in that behalf."

"**RESOLVED FURTHER THAT** any Director of the Company and / or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution along with filing necessary e-form (s) with Registrar of Companies and to delegate all or any of the powers to any officer(s)/authorised representative(s) of the Company."

By Order of the Board of Directors
For Varroc Engineering Limited

Ajay Kumar Sharma
Group General Counsel and
Company Secretary
ACS: 9127

Registered Office
L-4, MIDC Area, Waluj
Aurangabad- 431 136
(MAHARASHTRA)

Place: Pune
Date: August 9, 2023

NOTES:

1. In view of the ongoing threat posed by the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') vide its circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 21/2021 dated December 14, 2021, 2/2022 dated May 5, 2022, and 10/2022 dated December 28, 2022 read together with other circulars issued by MCA in this regard (collectively referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') vide its circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020,SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIRP/P/2022/62 dated May 13, 2022, and SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/001 dated January 5, 2023 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 read together with other circulars issued by SEBI in this regard ('SEBI Circulars') has permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue.

   In compliance with these MCA and SEBI Circulars, applicable provisions of the Act (including any statutory modifications or re- enactments thereof for the time being in force) read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and pursuant to Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the 35th AGM of the Company is being held through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing a facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM. Deemed venue for the 35th AGM shall be the Registered Office of the Company at L-4, MIDC Industrial Area, Waluj, Aurangabad - 431 136, Maharashtra, India.

2. Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 in respect of business under item no 3 to 7 set out above and to be transacted at the AGM are annexed herewith.

3. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS /HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH AND THE FACILITY TO APPOINT PROXY TO ATTEND AND CAST VOTE FOR THE MEMBERS IS NOT AVAILABLE FOR THIS AGM. HOWEVER, THE BODY CORPORATES ARE ENTITLED TO APPOINT AUTHORISED REPRESENTATIVES TO ATTEND THE AGM THROUGH VC/OAVM AND PARTICIPATE THEREAT AND CAST THEIR VOTES THROUGH E-VOTING. SINCE THE AGM WILL BE CONDUCTED THROUGH VC / OAVM, PROXY FORM AND ATTENDANCE SLIP INCLUDING ROUTE MAP ARE NOT ANNEXED TO THIS NOTICE.**

4. Institutional / Corporate Members (i.e., other than individuals / HUF, NRI, etc.) intending to appoint their authorized representatives pursuant to Section 113 of the Companies Act, 2013 ('the Act'), to attend the AGM through VC or OAVM or to vote through remote e-Voting are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/Authorization shall be sent to the Company at investors@varroc.com or to Link Intime India Pvt Ltd, Registrar and Share Transfer Agent at rnt.helpdesk@linkintime.co.in with a copy marked to evoting@nsdl.co.in.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDS:

6. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of AGM along with the Annual Report for FY 2022-23 are being sent only through electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s). The Notice of AGM along with Annual Report for FY 2022-23, is available on the website of the Company at www.varroc.com, on the website of Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL at www.evoting.nsdl.com.

7. The Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants or alternatively, temporarily register/update their email addresses with the Company by writing to the Company's Registrar and Share Transfer Agent, Link Intime India Pvt Ltd at

rnt.helpdesk@linkintime.co.in. Members are requested to submit request letter mentioning the DP id and Client id. and Name of Member and self-attested copy of PAN card for updation of email address.

Instructions for Members for attending the AGM through VC/OAVM are as under:

8. The Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against name of the Company. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM through a live webcast of the meeting and submit votes on announcement by the Chairman.

9. The Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

10. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Members are requested to join the Meeting through Laptops for better experience and will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connected via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of glitches.

11. The Members may note that the VC / OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-serve basis. The large Members (i.e., The Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-serve principle.

12. The Members who need assistance before or during the AGM, can contact Ms. Pallavi Mhatre, Senior Manager / Mr. Anubhav Saxena, Manager NSDL on evoting@nsdl.co.in / 1800 1020 990 and 1800 22 44 30.

Procedure to raise questions / seek clarifications with respect to Annual Report:

13. As the AGM is being conducted through VC / OAVM, Members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id, e-mail id, mobile number at investors@varroc.com to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Wednesday, September 6, 2023, on the aforementioned e-mail id shall only be considered and responded to during the AGM.

14. The Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id, PAN, mobile number at investors@ varroc.com on or before Wednesday, September 6, 2023. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

15. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate depending on the availability of time for the AGM, to ensure the smooth conduct of the AGM.

16. **Procedure for Remote e-voting and e-voting during the AGM:-**

    In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the Listing Regulations and in terms of SEBI vide circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by NSDL, on all the Resolutions set forth in this Notice.

    The Members, whose names appear in the Beneficial Owners as on the Record Date (cut-off date) i.e., Wednesday, September 6, 2023, may cast their vote electronically. The voting right of the Shareholders shall be in proportion to their share in the Paid-Up Equity

Share Capital of the Company as on the cut-off date, being Wednesday, September 6, 2023.

The remote e-voting period begins on

Commencement of Remote e-voting	9:00 a.m. (IST) on Saturday, September 9, 2023
Conclusion of Remote e-voting	5:00 p.m. (IST) on Tuesday, September 12, 2023

The Remote e-voting shall not be allowed beyond the aforesaid date and time and the Remote e-voting module shall be disabled by NSDL for voting thereafter.

The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join a virtual meeting on NSDL e-Voting system.

Details on Step 1 are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for Remote e-Voting and joining virtual meeting for Individual the Shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020, on "e-voting facility provided by Listed Companies", Individual the Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

The Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual the Shareholders holding securities in demat mode is given below:

Type of the Shareholders	Login Method
Individual Members holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. Click on Company name or **e-Voting service provider i.e., NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the Remote e-Voting period.
	2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "**Register Online for IDeAS Portal**" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of the Shareholders	Login Method
	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "**Login**" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or **e-Voting service provider i.e., NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the Remote e-Voting period. 4. The Shareholders / Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Members holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

Type of the Shareholders	Login Method
	3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Members (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e., NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the Remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository, i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for the Shareholders other than Individual the Shareholders holding securities in demat mode and the Shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you login to NSDL eservices after using your login credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for the Shareholders other than Individual the Shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those the Shareholders whose email ids are not registered**.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period or cast your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/ OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the Resolution, you will not be allowed to modify your vote.

Procedure for E- Voting on the day of the AGM:

i. Only those Members who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions by remote e-voting prior to the AGM shall be entitled to cast their vote through the e-voting system at the AGM.

ii. The procedure for e-voting on the day of the AGM is the same as the instructions mentioned above for Remote e-voting.

iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

GENERAL INFORMATION FOR MEMBERS

17. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on https://www.evoting.nsdl.com/ to reset the password.

18. In case of any queries relating to e-voting you may refer to the FAQs for Members and e-voting user manual for Members available at the download section of https://www.evoting.nsdl.com/ or call on toll free No.: 022 - 4886 7000 and 022 - 2499 7000 or send a request at evoting@nsdl.co.in. In case of any grievances connected with facility for remote e-voting or e-voting at the AGM, please contact Ms. Pallavi Mhatre, Senior Manager / Mr. Anubhav Saxena, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Email: evoting@nsdl.co.in.

19. Any person holding shares in physical form and non-individual the Shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e., Wednesday, September 6, 2023, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free No. 022 - 4886 7000 and 022 - 2499 7000. In case of Individual The Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., Wednesday, September 6, 2023, may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

20. The Company has appointed Mrs. Uma Lodha, Practicing Company Secretary (Membership No. FCS 5363) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

21. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, unblock the votes cast through Remote e-voting and e-voting at the AGM and submit, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.

22. The result declared along with the Scrutinizer's Report shall be placed on the Company's website: www.varroc.com and on NSDL's website: https://www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

23. All the documents referred to in the accompanying Notice shall be available for inspection at the Registered Office of the Company situated at Plot No: L-4, MIDC Industrial Area, Waluj, Aurangabad – 431 136 (M.S.) from Monday to Friday from 10:00 a.m. to 12:00 Noon, except holidays, up to the date of the AGM and through electronic mode, basis the request being sent on investors@varroc.com.

24. During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act along with Documents referred to in the notice and the explanatory statement will be kept open for inspection by the Members upon login at NSDL e-voting system at https://www.evoting.nsdl.com.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF) RELATED INFORMATION:

25. Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') including any statutory modification(s) or re-enactment thereof for the time being in force, as of now no dividend for the Financial Year ended March 31, 2016 and onwards, which is unpaid or unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account of the Company is required to be transferred to Investor Education and Protection Fund (IEPF).

26. The Members who have so far not yet claimed their dividend for the previous years are advised to submit their claim to the Company's Registrar and Transfer Agent at their address given herein below, quoting their DP Id and Client Id:

    Link Intime India Private Limited
    Unit: Varroc Engineering Limited
    C-101,1st Floor,247 Park, LBS Marg
    Vikhroli West, Mumbai – 400083 (M.S.)
    Tel:- +91 22 49186270
    Fax: - +91 22 49186060
    E-mail: - rnt.helpdesk@linkintime.co.in

27. The details of unpaid and unclaimed amounts lying with the Company as on March 31, 2023, is available on the website of the Company www.varroc.com.

OTHER INFORMATION:

28. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify any change in information to the Registrar and Share Transfer Agent or Company as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

29. The Members holding shares in dematerialised form may please note that, while opening a depository account with Participants they may have given their bank account details. However, if Members want to change/correct the bank account details, they should send the same immediately to the Depository Participant concerned. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for cancellation/change in the bank account details furnished by Depository Participants to the Company.

30. The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts.

31. Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility. Such Members may contact their Depository Participant for recording the nomination in respect of their holdings.

32. All documents, requests and other communications in relation thereto should be addressed directly to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, at the address mentioned below:

Link Intime India Private Limited
Unit: Varroc Engineering Limited
C-101,1st Floor,247 Park, LBS Marg,
Vikhroli West, Mumbai – 400083 (M.S.)
Tel:- +91 22 49186270
Fax: - +91 22 49186060
E-mail: - rnt.helpdesk@linkintime.co.in

33. Pursuant to provisions of the Listing Regulations, the Company is maintaining an E-mail Id: investors@varroc.com exclusively for quick redressal of Members/ investors grievances.

EXPLANATORY STATEMENT IN RESPECT OF THE ORDINARY BUSINESS ITEM NO 3/ SPECIAL BUSINESS ITEM NO 4 TO 7 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.3

RE-APPOINTMENT OF THE STATUTORY AUDITORS

The Members at the Thirtieth Annual General Meeting ('AGM') of the Company held on September 5, 2018, had approved appointment of M/s S R B C & Co. LLP, Chartered Accountants, Pune (LLP Identification No: AAB-4318) (Firm Registration Number 324982E/ E300003) hereinafter referred to as "SRBC", as the Statutory Auditors of the Company to hold office for the first term of 5 years commencing from the conclusion of Thirtieth Annual General Meeting of the Company till the conclusion of Thirty Fifth Annual General Meeting of the Company.

As per the provisions of Section 139(2)(b) of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act read with Rule 6 of Companies (Audit and Auditors) Rules, 2014 ("Audit Rules") including any Statutory enactment or modification thereof, a Company can appoint / re-appoint an audit Firm as Statutory Auditor maximum for two terms of five consecutive years.

After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., the Board of Directors of the Company ('the Board') has, based on the recommendation of the Audit Committee, proposed the re-appointment of M/s S R B C & Co. LLP, Chartered Accountants, Pune (LLP Identification No: AAB-4318) (Firm Registration Number 324982E/ E300003), as the Statutory Auditors of the Company for the second consecutive term of five years from the conclusion of this Thirty Fifth Annual General 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, at a remuneration as may be mutually agreed between the Board and the Statutory Auditors.

SRBC, have consented to their re-appointment as the Statutory Auditors and have confirmed that the appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed/re-appointed as the Statutory Auditors in terms of the provisions of Section 139 and 141 of the Act and the Rules framed thereunder.

Statement containing additional disclosure as required under Regulation 36(5) of the Listing Regulations:

Proposed fees payable to the Statutory Auditor for the Financial Year 2023-24	Up to Rs. 8.5 Mio plus applicable taxes and out-of-pocket expenses. The Board, in consultation with the Audit Committee, may alter and vary the terms and conditions of re-appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors
Term of appointment	Five Years from the conclusion of this Thirty Fifth Annual General 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.
Material changes in the fee payable to new Statutory auditor	No material changes. The proposed fees commensurate with the size of the Company, audit coverage and scope of work
Basis of recommendation for appointment including the details in relation to and credentials of the Statutory Auditor proposed to be appointed	Given the nature, size and spread of Company's operations, it is required to have competent Audit Firm. SRBC is found to be best suited to handle the scale, diversity and complexity associated with the audit of the Financial Statements of the Company. The recommendations made by the Audit Committee, and the Board of Directors of the Company, are in fulfilment of the eligible criteria as prescribed under the Companies Act, 2013 and the applicable rules made thereunder
Brief Profile of Statutory Auditor	SRBC is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India ("ICAI"). SRBC was registered with ICAI in the year 2002 and is a limited liability partnership firm ("LLP") incorporated in India. SRBC is part of S.R. Batliboi & Affiliates 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.

Besides the Audit Services, the Company would also obtain certifications from the Statutory Auditors under various statutory regulations and certifications required by clients, banks, statutory authorities, audit related services and other permissible non-audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms, as approved by the Board in consultation with the Audit Committee. The above fee excludes the proposed remuneration to be paid to overseas audit firms for the purpose of statutory audit of overseas subsidiaries and branches.

None of the Directors or Key Managerial Persons of the Company or their respective relatives, are in any way, financially or otherwise, concerned or interested in the passing of the Resolution set out at Item No. 3 of the Notice.

Based on the recommendation of the Audit Committee, the Board recommends the **ORDINARY RESOLUTION** set out in Item No. 3 of the Notice for approval of the Members.

ITEM NO.4

RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITORS OF THE COMPANY

The Board of Directors, on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. S. R. Bhargave & Co., Cost Accountants, as Cost Auditors of the Company for auditing the Cost Records of the Company relating to the products of the Company, as applicable, for the FY 2023-24, at a remuneration of Rs. 4,00,000 (Rupees Four Lakh only) and applicable rate of taxes and reimbursement of out-of-pocket expenses, if any at actuals. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and as approved by the Board of Directors, has to be ratified by the Members of the Company.

M/s. S. R. Bhargave & Co. have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of Cost Audit and have conducted the audit of the Cost Records of the Company for previous years under the provisions of the Act.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 of the Notice.

The Board of Directors recommends **ORDINARY RESOLUTION** as set out in item No.4 of the Notice, for ratification of the Cost Auditors' remuneration by the Members of the Company.

ITEM NO.5

ISSUE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

In terms of Sections 42 and 71 of the Companies Act, 2013 ('the Act') read with Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, in case an offer of or invitation to subscribe to Non-Convertible Debentures ('NCDs') is made by the Company on a Private Placement Basis, the Company is required to seek the prior approval of its Members by means of a Special Resolution, on an annual basis for all the offers or invitations for such debentures during the year.

For the purpose of availing financial assistance (including borrowings) for its business operations, the Company may offer or invite subscription to Secured /Unsecured NCDs on Private Placement Basis (within the meaning of Section 42 of the Act) of an amount not exceeding Rs. 500 Crore (Rupees Five Hundred Crore only) in one or more series/tranches.

The issue price and rate of interest depends, inter alia, on the market rates, tenor and security. In the case of secured NCDs, security proposed to be offered would be by way of mortgage over the identified immoveable property(ies) of the Company and additionally by way of hypothecation of movable fixed assets and current assets of the Company. The NCDs will be issued on a private placement basis in accordance with the provisions of the Companies Act, 2013 and relevant SEBI guidelines. Hence, the Board of Directors seeks approval of the Members to offer or invite subscription to NCDs, within the overall borrowing limits as approved by the Members under Section 180(1) (c) of the Act, as may be required by the Company, from time to time, for a year.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in this Resolution.

The Board recommends the **SPECIAL RESOLUTION** set out in Item No. 5 of the Notice, for approval of the Members.

ITEM NO.6

APPOINTMENT OF MR. TARUN TYAGI AS WHOLE TIME DIRECTOR OF THE COMPANY

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013 ('the Act') and on the recommendation of the Nomination and Remuneration Committee in its meeting held on August 9, 2023, the Board of Directors of the Company at its meeting held on even date has approved the appointment of Mr. Tarun Tyagi (DIN 10204986) as an Additional Director of the Company and also as Whole Time Director, liable to retire by rotation, for a term of Three (3) years i.e. from

August 9, 2023 to August 8, 2026, and approved the terms and conditions of his appointment, including payment of remuneration for the said period, subject to the requisite approval of Members and such other approvals as may be necessary. Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Tarun Tyagi holds office up to the date of this Annual General Meeting ('AGM').

The terms of remuneration of Mr. Tarun Tyagi are in accordance with the Nomination and remuneration policy of the Company. Other details pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 12.5 of the Secretarial Standard-2 are given in the Annexure I. The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013, with reference to Special Resolution at item no. 6 is annexed hereto as Annexure II.

The Company has also received a Notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Whole Time Director of the Company. Mr. Tarun Tyagi is not disqualified from being appointed as a Director in terms of Section 164 of the Act. He has provided requisite consent to act as a Whole Time Director of the Company and also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated June 20, 2018, issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed Companies.

Save and except for Mr. Tarun Tyagi and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6 of this Notice.

The Board believes that his vast knowledge and varied experience will be of great value to the Company, hence your Board recommends the **SPECIAL RESOLUTION** set out at item no. 6 of the Notice for approval of the Members.

ITEM NO. 7

TO CONSIDER AND APPROVE THE AMENDMENT IN ARTICLES OF ASSOCIATION OF THE COMPANY

In accordance with the Regulation 15(1)(e) of the Securities and Exchange Board of India ("SEBI") (Debenture Trustees) Regulations, 1993, read with Regulation 23 (6) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended vide the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023, read with SEBI Circular dated February 9, 2023 bearing reference no SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/028, Chapter 10 and Clause 2, of the SEBI Master Circular dated March 31, 2023 bearing reference no SEBI/HO/DDHS-PoD1/P/CIR/2023/109 and other applicable laws / Rules, Regulations, Circulars and amendments thereto, the Companies issuing Debentures / debt issuer(s) are required to incorporate suitable provisions in their Articles of Association ("AOA") to cast obligation on their Board of Directors to appoint the person nominated by their Debenture Trustees ("DT") as a Director in the event of default as per the terms of agreement or on occurrence of any event specified under the applicable laws / Rules, Regulations, Circulars, as amended from time to time, or by virtue of any Document, Agreement, Deed, Indenture, etc.

The Company has its privately placed Non-Convertible Debentures ("NCDs") listed at BSE Limited. Accordingly, the Company is required to amend its AOA by inserting a clause enabling the appointment of a person nominated by its DT as a Director in the event of default as per the terms of agreement. This amendment requirement is to be complied with by the debt issuers on or before September 30, 2023 and accordingly, amendments are required to be made in the existing AOA. Further, it is also proposed to amend existing Clause (ii) of Article 65 (Seal) of AOA.

The Board of Directors of the Company, at its meeting held on August 9, 2023, approved the aforesaid amendments in the AOA and granted its consent to insert a clause for enabling appointment of a person nominated by its DT as a Director in the event of default and substitute Clause (ii) of Article 65 (Seal) of AOA. The Amendment would be subject to the approval of the Members by way of a Special Resolution.

As per the provisions of Section 14(1) of the Companies Act, 2023 ("the Act") read with the applicable Rules under the Act, a Company may by way of a Special Resolution, alter its AOA subject to the provisions of the Act. None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out in Item No. 7 of the Notice.

The Board of Directors recommends the **SPECIAL RESOLUTION** as set out in Item No. 7 of the Notice for approval of the Members.

By Order of the Board of Directors
For Varroc Engineering Limited

Ajay Kumar Sharma
Group General Counsel and
Company Secretary
ACS: 9127

Place: Pune
Date: August 9, 2023

RELEVANT DETAILS OF DIRECTOR RETIRING BY ROTATION AND SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS – 2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ARE PROVIDED HERE UNDER:

Name of the Director	Mr. Tarang Jain	Mr. Tarun Tyagi
Designation	Chairman and Managing Director	Whole Time Director
Age	61 years	51 years
Qualification and Experience (including expertise in specific functional area) / Brief Resume	Mr. Tarang Jain holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay and a diploma in business administration from the University of Lausanne, Switzerland. He has approximately 34 years of experience in the Automotive Industry. He has been associated with the Company since incorporation and was appointed as the Managing Director in the year 2001 and the Chairman of the Company in the year 2020.	Mr. Tarun Tyagi holds bachelor's degree in Mechanical Engineering and Master's in Marketing Management. Mr. Tarun Tyagi has been associated with the Company since August 2009. He has 29 years of experience and he has worked with Companies like VE Commercial Vehicles, Eicher Engineering, FAG Bearings and Shriram Pistons prior to joining the Company.
Terms and Conditions for appointment	Existing terms of Appointment	The appointment is for the period of 3 years and valid till August 8, 2026.
Date of first appointment to Board	11/05/1988	09/08/2023
Shareholding in the Company as on March 31, 2023	6,07,29,800 Equity Shares	Nil
Disclosure of relationships between Directors inter-se;	Mr. Tarang Jain is father of Mr. Arjun Jain, Whole Time Director and Mr. Dhruv Jain, Non-Executive Director and is also the Promoter of the Company	Mr. Tarun Tyagi is neither a member of Promoter Group nor related to the Directors of the Company
Number of Board meetings attended	Attended 9 out of 9 Board Meetings held during FY 2022-23	NA
Directorship of other Companies as on August 9, 2023*	1. Varroc Engineering Limited 2. Varroc Polymers Ltd (Erstwhile Varroc Polymers Pvt. Ltd) 3. Durovalves India Pvt. Ltd. 4. Rudritara Properties Pvt. Ltd. 5. Varroc Dell'Orto Pvt. Ltd. 6. Marathwada Auto Cluster	1. Varroc Engineering Limited 2. Durovalves India Pvt. Ltd.

Name of the Director	Mr. Tarang Jain	Mr. Tarun Tyagi
Membership/ Chairmanship of Committees of other Boards as on August 9, 2023#	Member of Audit Committee: 1. Varroc Engineering Limited 2. Durovalves India Private Limited 3. Varroc Polymers Limited (Erstwhile Varroc Polymers Pvt. Ltd)	None
Remuneration proposed to be paid	Not Applicable, as per existing terms and conditions of appointment.	As provided in the Resolution.
Last drawn remuneration as a Director of the Company	During the Financial Year 2022-23, Mr. Tarang Jain has received a remuneration of Rs. 52.27 Mio from the Company	NA

*Directorship of other Companies: excluding Foreign Companies and Section 8 Companies.

#Membership of Audit and Stakeholders Relationship Committee

Details of last drawn remuneration and other relevant details are provided in the Report on Corporate Governance forming part of the Annual Report.

ANNEXURE II

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013:

I. GENERAL INFORMATION:

(1) Nature of Industry: Manufacturing of automotive components

(2) Date or expected date of commercial production: Not applicable, as the Company is an existing Company.

(3) In the case of new companies, the expected date of commencement of activities as per project approved by the Financial Institutions appearing in the prospectus: Not applicable.

(4) Financial performance based on given indicators:

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22	FY 2020-21
Total Income	**3,970.89**	**3,356.42**	**2,673.19**
Total expenditure (Incl. Finance cost, Exchange Variance, Depreciation and Tax)	**4,016.43**	**3,311.71**	**2,536.04**
Profit/(Loss) before tax*	(45.50)	44.70	137.15
Profit/(Loss) after tax*	(54.60)	25.98	92.16
Earnings Per Share (EPS) (in ₹)	(90.76)	1.70	6.82

(Figures have been regrouped/ recast wherever necessary)

*Excludes exceptional items.

(5) Foreign investments or collaborations, if any: Till date the Company has made foreign investment approximately Rs. 1,096.61 crores in the Share Capital of the overseas subsidiaries. The Company is also having technical collaboration for manufacturing some of its products.

II. INFORMATION ABOUT THE APPOINTEES

Particulars	Mr. Tarang Jain	Mr. Tarun Tyagi
Background Details	Mr. Tarang Jain holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay, and a diploma in business administration from the University of Lausanne, Switzerland. He has approximately 34 years of experience in the Automotive Industry. He has been associated with the Company since incorporation and was appointed as the Managing Director in the year 2001 and the Chairman of the Company in the year 2020.	Mr. Tarun Tyagi holds bachelor's degree in Mechanical Engineering and Master's in Marketing Management. Mr. Tarun Tyagi has been associated with the Company since August 2009. He has 29 years of experience and he has worked with Companies like VE Commercial Vehicles, Eicher Engineering, FAG Bearings and Shriram Pistons prior to joining the Company.
Past remuneration as a Director of the Company	For the Financial Year 2022-23, Mr. Tarang Jain has received a remuneration of Rs. 52.27 Mio from the Company	NA

Particulars	Mr. Tarang Jain	Mr. Tarun Tyagi
Recognition or Awards	The Company has received many awards and recognitions from the Industry Association, Merchant Chambers, Suppliers and Vendors under the able leadership of Mr. Tarang Jain. The most prominent amongst the other awards, on behalf of Indian Merchant Chambers, the Ex-Chief Minister of Maharashtra, Mr. Devendra Fadnavis had felicitated and gave away the citation for 'Emerging Manufacturing Giant' to Mr. Tarang Jain, for carving a special niche in automotive components in the competitive marketplace. Mr. Tarang Jain, has also been inducted in to the 'Automotive Hall of Fame'.	
Job profile and his suitability	Mr. Tarang Jain is responsible for the overall management of the entire Varroc group. His qualification, outstanding experience and excellent management skills are most suitable for the responsibilities shouldered by him.	Mr. Tarun Tyagi is Whole Time Director and Business Head of the After Market and Metallic Division of the Company. His qualification, outstanding experience and excellent management skills are most suitable for the responsibilities shouldered by him.
Remuneration proposed	As per existing terms and conditions	As mentioned in the Resolution
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel or other Director, if any	Mr. Tarang Jain is father of Mr. Arjun Jain, Whole Time Director and Mr. Dhruv Jain, Non-Executive Director. He is also the Promoter of the Company and holds along with his relatives 75% of Paid-up Equity Capital of the Company	None
Comparative remuneration with respect to industry, size of the Company, profile of the person and position	The remuneration offered to Mr. Tarang Jain is at par with the industry norms considering the industry, size of the Company, profile of the person and position. The remuneration is in line with remuneration paid by other automobile Companies to their Whole-Time Directors/ Managing Directors/ Promoters.	The remuneration offered to Mr. Tarun Tyagi is at par with the industry norms considering the industry, size of the Company, profile of the person and position. The proposed remuneration is in line with remuneration paid by other automobile Companies to their Whole Time Directors.

III. OTHER INFORMATION:

(1) **Reasons of loss or inadequate profits:** During the Financial Year the Company has divested its overseas 4w lighting business. Due to the said divestment, the Company has recognised loss on equity investments and loans given to Varroc lighting systems operations ("VLS Business") of Rs. 1,324 Crore during the quarter ended September 30, 2022, as exceptional item. Further loss of Rs. 8.19 crore recognised during the quarter March 31, 2023, pertains to expenses related to sale of investment in VLS business. As on March 31, 2023, the Company made a loss of Rs. 1,378 Crores. However, the Company is passing a Special Resolution pursuant to the proviso to the sub-section (1) of Section 197 of the Companies Act, 2013 and as a matter of abundant precaution, in case in future profitability of the Company gets adversely impacted due to unforeseen Business circumstances.

(2) **Steps taken or proposed to be taken for improvement:** To mitigate the adverse impact, if any, the Company has planned profitability drive, both in the domestic and international markets using a strategy of differentiating itself by its intense customer relationships, product development capabilities and manufacturing excellence. The Company has invested substantially in R&D to grow its domestic business with indigenous customers. The Company is also penetrating in international markets by relying on its technologies, product developments and management capabilities to a diverse customer base. The Company has embarked on a series of strategic and operational measures that is expected to result in the improvement in the present position.

(3) **Expected increase in productivity and profits in measurable terms:** It is difficult to forecast productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average. It has been aggressively pursuing and implementing its strategies to improve financial performance.

IV. DISCLOSURES

1. The remuneration package of the managerial person is given in the respective Resolution.
2. Additional information is given in the respective sections forming part of this Annual report.

Notes

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EXCELLENCE

VARROC ENGINEERING LIMITED

Registered Office
L-4, MIDC Area, Waluj,
Aurangabad 431 136.
Tel: +91 240 6653 700/6653 699
Fax: +91 240 2564 540

www.varroc.com