

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2023-24/45

August 9, 2023

To,

The Manager- Listing
The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai-400051.
NSE Symbol: VARROC

The Manager – Listing
The Corporate Relation Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400001.
BSE Security Code: 541578
[Debt: 973454 & 973455]

Sub: Outcome of Board Meeting – Financial Results

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

Dear Sir/Madam,

This is to inform you that the Board of Directors of the Company, at its meeting held today i.e., on Wednesday, August 9, 2023, which commenced at 2.30 p.m. and concluded at 3.26 p.m. has considered and approved the following items:

1. Unaudited Financial Results (Standalone and Consolidated) for the quarter ended on June 30, 2023:

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

- i. Statements showing the Un-audited Financial Results (Standalone and Consolidated) of the Company for the quarter ended on June 30, 2023; and
- ii. The Limited Review Reports issued by the Statutory Auditors of the Company on the aforesaid Unaudited Financial Results (Standalone and Consolidated).

Further, these Financial Results shall also be made available on the Company's website www.varroc.com and will also be published in Business Standard (English) and Loksatta (Marathi) newspapers.

We request you to please take the above on record.

Thanking you,
Yours faithfully,

For Varroc Engineering Limited

Ajay Sharma
Group General Counsel and Company Secretary
Membership No. A-9127

Encl: a/a

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

1. We have reviewed the accompanying statement of unaudited standalone financial results of Varroc Engineering Limited (the "Company") for the quarter ended June 30, 2023 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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S R B C & C O L L P

Chartered Accountants

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S R B C & C O L L P

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Paul Alvares

Partner

Membership No.: 105754



UDIN: 23105754BGQUPR4733

Place: Pune

Date: August 09, 2023



Statement of unaudited standalone financial results for the quarter ended June 30, 2023

(Rs. in Million)

Sr. No.	Particulars	Quarter ended			Year ended	
		June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023	
		Unaudited	Audited (Refer Note 2)	Unaudited	Audited	
1	Revenue from operations	10,477.62	9,361.08	9,192.12	39,178.90	
2	Other income (refer note 4)	88.76	133.45	152.12	530.03	
3	Total Income (1 + 2)	10,566.38	9,494.53	9,344.24	39,708.93	
4	Expenses					
	(a) Cost of materials consumed	7,251.27	5,945.28	6,163.85	26,696.99	
	(b) Changes in stock of finished goods and work-in-progress	(130.87)	358.10	6.97	(158.22)	
	(c) Employee benefits expense	961.28	914.70	899.01	3,661.84	
	(d) Finance costs	444.53	483.57	336.21	1,700.98	
	(e) Foreign exchange (gain)/loss (net) (refer note 3)	(13.27)	(23.32)	238.68	495.92	
	(f) Depreciation and amortisation expense	474.86	565.35	446.63	1,944.49	
	(g) Other expenses	1,721.29	1,517.33	1,346.23	5,822.43	
	Total expenses (4)	10,709.09	9,761.01	9,437.58	40,164.43	
5	Profit/(loss) before tax and exceptional items (3- 4)	(142.71)	(266.48)	(93.34)	(455.50)	
6	Exceptional item (refer note 5)	45.00	81.90	-	13,321.90	
7	Profit/(loss) before tax (5-6)	(187.71)	(348.38)	(93.34)	(13,777.40)	
8	Tax expense					
	(a) Current tax	(54.19)	58.85	-	137.66	
	(b) Short/(excess) provision in respect of earlier years	-	(37.18)	-	(110.90)	
	(c) Deferred tax	1.65	(92.28)	(34.55)	63.78	
	Total tax expense (8)	(52.54)	(70.61)	(34.55)	90.54	
9	Profit/(loss) for the period (7-8)	(135.17)	(277.77)	(58.79)	(13,867.94)	
10	Other comprehensive income					
	Items that will not be reclassified to profit or loss in subsequent periods (net of tax)					
	Remeasurement of defined benefit obligation (net of tax)	-	1.83	-	1.83	
	Other comprehensive income/(loss) (10)	-	1.83	-	1.83	
11	Total comprehensive income for the period (9+10)	(135.17)	(275.94)	(58.79)	(13,866.11)	
12	Paid-up equity share capital (Face value of the share is Re.1/- each)	152.79	152.79	152.79	152.79	
13	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	5,390.95	
14	Earnings per share (of Re. 1/- each) (not annualised): Basic & Diluted	(0.88)	(1.82)	(0.38)	(90.76)	



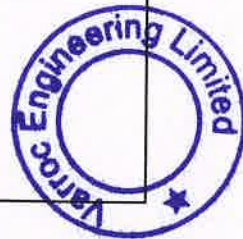


Notes to the Unaudited Standalone Financial Results:

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 09, 2023 and were subjected to review by the Statutory Auditors.
- 2) The figures for the quarter ended March 31, 2023 are the derived figures between audited figures in respect of full financial year and the unaudited published year to-date figures upto the third quarter of that financial year which were subjected to limited review.
- 3) Foreign exchange loss/(gain) for the quarters ended June 30, 2023, March 31, 2023, and June 30, 2022, and the year ended March 31, 2023 includes amounts of Rs 1.90 million, Rs. (6.50) million, Rs. 239.60 million, and Rs. 529.62 million respectively in respect of unrealised foreign exchange loss on loans given to overseas subsidiary.
- 4) Other income for the quarters ended June 30, 2023, March 31, 2023, and June 30, 2022, and the year ended March 31, 2023 includes income from government grant of Rs. 62.59 million, Rs. 60.20 million, Rs. 55.70 million and Rs. 223.06 million respectively.
- 5) Varroc Engineering Limited ("the Company") and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of VEL) (together referred to as "Sellers") entered into a Securities Purchase Agreement dated April 29, 2022 as amended dated October 05, 2022 and May 12, 2023 (collectively referred to as "SPA") with Compagnie Plastic Omnium SE, France (referred to as "Buyer"), to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ("VLS Business"). The equity value agreed under the SPA was Eur 69.5 million (subject to closing adjustments as provided under the SPA) and accordingly the loss on equity investments and loans given to VLS business of Rs 13,321.90 million was recognised as exceptional item during the year ended March 31, 2023.
The Buyer submitted the final adjustments during the previous 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. Subsequently, both the Buyer and the Sellers have entered into Settlement Agreement on July 14, 2023 whereby both the parties have agreed to settle the disagreements on closing adjustments and the final equity value agreed under the Settlement Agreement is Eur 54.5 million. Accordingly, VCHBV has received the remaining consideration amount of Eur 13 million on July 17, 2023 pursuant to this final settlement with Buyer.
Exceptional item of Rs 45 million for the quarter ended June 30, 2023 pertains to expenses directly related to sale of investment in VLS business.
- 6) The total debt as at June 30, 2023 is Rs. 14,522.92 million out of which amounts of Rs. 4,732.03 million are due for repayment in the next 12 months from balance sheet date (excluding working capital facilities of Rs. 6,399.07 million and including NCDs of Rs. 2,500 million due in September 2023 for which the Company has procured binding term sheets with lenders for refinancing). Taking into account the expected cash generation from operations as well as the flexibility with the Company to refinance its loans maturing in next 12 months, the management does not foresee any risk of non-payment/default. Accordingly, the results for the quarter ended June 30, 2023 are prepared based on going concern assumption being appropriate for the next 12 months.
- 7) During an earlier financial year, the Company issued 3,750 Number of Debentures 8% Secured Listed Nonconvertible Debentures of Rs. 1 million each aggregating to Rs. 3,750 million on a private placement basis. The NCDs have bullet repayment on June 17, 2023 of Rs.1,250 million and on September 17, 2023 of Rs. 2,500 million with coupon payments to be made on an annual basis. The first tranche of NCDs due in June 2023 have been duly redeemed. The proceeds from the issue were utilised for investment in overseas subsidiary for loan repayments and for general corporate purposes. These debentures are secured by exclusive charge by way of hypothecation on the specific identified movable properties of the Company. The asset cover in respect of the outstanding Non-Convertible Debentures as on June 30, 2023 is 1.75 times of the total due amount which is higher than the requirement of 1.10 times as specified in the Debenture Trust Deed.
- 8) Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year classification.

For and on behalf of Board of Directors
Varroc Engineering Limited

Tarang Jain
Chairman and Managing Director



Place: Pune
Date: August 09, 2023



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

Particulars		Quarter Ended			Year Ended
		June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023
Debt Equity ratio [refer note (i)]	(No of times)	2.69	2.97	0.59	2.97
Debt service coverage ratio [refer note (ii)]	(No of times)	0.37	0.92	1.00	1.03
Interest service coverage ratio [refer note (iii)]	(No of times)	1.75	1.62	2.05	1.88
Outstanding Redeemable Preference Shares (Qty / Value)		Not Applicable			
Capital Redemption Reserve		Not Applicable			
Debenture Redemption Reserve		Not Applicable			
Net Worth [refer note (iv)]	(Rs. in Million)	5,408.57	5,543.74	19,351.07	5,543.74
Net profit/(loss) after tax	(Rs. in Million)	(135.17)	(277.77)	(58.79)	(13,867.94)
Earning per share (EPS)					
Basic EPS (Not Annualised)	(Rs)	(0.88)	(1.82)	(0.38)	(90.76)
Diluted EPS (Not Annualised)	(Rs)	(0.88)	(1.82)	(0.38)	(90.76)
Current Ratio [refer note (v)]	(No of times)	0.41	0.43	0.98	0.43
Long Term Debt To Working Capital [refer note (vi)] ^	(No of times)	(1.20)	(1.93)	1.46	(1.94)
Bad Debts To Account Receivable Ratio [refer note (vii)]**	(No of times)	-	0.00	0.00	0.00
Current Liability Ratio [refer note (viii)]	(No of times)	0.87	0.87	0.87	0.87
Total Debts To Total Assets [refer note (ix)]	(No of times)	0.46	0.51	0.27	0.51
Debtors Turnover [refer note (x)]*	(No of times)	3.31	2.90	2.23	11.19
Inventory Turnover [refer note (xi)]*	(No of times)	1.70	1.38	1.61	6.87
Operating Margin [refer note (xii)]	(In %)	1.91%	0.27%	0.99%	1.68%
Net Profit Margin [refer note (xiii)]	(In %)	-1.29%	-2.97%	-0.64%	-35.40%
Security cover ratio [refer note (xvii)]	(No of times)	1.75	1.21	0.98	1.21

Formulae for calculation of ratios are as follows:

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

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

** numbers are below 0.01

^ Ratio for quarter ended June 30, 2023 and quarter ended March 31, 2023 and Year ended March 31, 2023 is negative because net working capital is negative.



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

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of Varroc Engineering Limited (the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures for the quarter ended June 30, 2023 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. The Statement includes the results of the following entities:
Subsidiaries
Varroc Polymers Limited; Durovalves India Private Limited; CarIQ Technologies Private Limited; Varroc European Holding B.V.; VarrocCorp Holding B.V.; Varroc Japan Co.



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Limited; IMES, Italy; Varroc Italy S.p.A; Varroc Romania SA.; Varroc Vietnam Co. Ltd.; Varroc Lighting Systems Bulgaria Eood; Varroc Electronics Romania SRL; Varroc Poland s.p.z.oo; Varroc Germany GmbH

Joint Ventures

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

5. As disclosed in Note 3 to the Statement, the financial results and other financial information for the quarter ended June 30, 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 results, is unreviewed. Hence, we are unable to determine the impact of Group's share of the profit/loss from China JV on the consolidated profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the current quarter.
6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 7 and 8 below, except for the possible effect of our observation in para 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. The accompanying Statement includes the unaudited interim financial results/statements and other financial information, in respect of 3 subsidiaries, whose unaudited interim financial results/statements (without giving effect of elimination of intra-group transactions) include total revenues of Rs. 1,677.16 million, total net profit/(loss) after tax of Rs. 107.42 million, total comprehensive income of Rs. 107.42 million, for the quarter ended June 30, 2023 as considered in the Statement which have been reviewed by their respective independent auditors.

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

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



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Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

9. The accompanying Statement includes unaudited interim financial results /statements and other unaudited financial information in respect of:
- 3 subsidiaries, whose interim financial results/statements and other financial information (without giving effect of elimination of intra-group transactions) reflect total revenues of Rs. 237.84 million, total net profit/(loss) after tax of Rs. 6.57 million and total comprehensive income of Rs. 5.14 million, for the quarter ended June 30, 2023.
 - 3 joint ventures whose interim financial results/statements includes the Group's share of net profit/(loss) after tax of Rs. 61.3 million and Group's share of total comprehensive income of Rs. 61.3 million for the quarter ended June 30, 2023.

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

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

For SRBC & COLLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Paul Alvares
Partner

Membership No.: 105754



UDIN: 23105754BGQUPS8432

Place: Pune

Date: August 09, 2023

Statement of unaudited consolidated financial results for the quarter ended June 30, 2023

Sr. No.	Particulars	(Rs. in Million)			
		Quarter ended		Year ended	
		June 30, 2023 Unaudited (refer note 2)	March 31, 2023 Audited (refer note 2 & 8)	June 30, 2022 Unaudited (refer note 2)	March 31, 2023 Audited (refer note 2)
	Continuing Operations				
1	Revenue from operations	17,924.06	16,900.58	16,282.83	68,630.66
2	Other income (refer note 5)	187.67	211.96	90.57	578.81
3	Total income (1+2)	18,111.73	17,112.54	16,373.40	69,209.47
4	Expenses				
	Cost of materials consumed	11,595.22	10,112.10	10,474.42	44,455.49
	Changes in inventories of work-in-progress and finished goods	(182.90)	577.81	23.39	(150.02)
	Employee benefits expense	1,922.21	1,894.32	1,729.21	7,172.97
	Finance costs	488.95	525.27	375.83	1,902.95
	Foreign exchange (gain)/loss (net)	(25.25)	(58.48)	96.77	217.54
	Depreciation and amortisation expenses	801.61	921.72	854.09	3,367.41
	Other expenses	2,920.76	2,813.53	2,778.19	11,467.81
	Total expenses	17,520.60	16,786.27	16,331.90	68,434.15
5	Profit/(loss) before share of profit/(loss) of joint ventures and tax from continuing operations (3-4)	591.13	326.27	41.50	775.32
6	Share of profit/(loss) of Joint Ventures (refer note 3)	61.30	85.05	(45.10)	53.28
7	Profit/(loss) before tax from continuing operations (5+6)	652.43	411.32	(3.60)	828.60
8	Tax expense				
	Current tax	110.61	181.21	111.67	660.95
	Short/ (excess) provision in respect of earlier year	(0.68)	(37.18)	-	(105.78)
	Deferred tax	(7.82)	(132.87)	(76.43)	(114.46)
	Total tax expense	102.11	11.16	35.24	440.71
9	Profit/(loss) for the period from continuing operations (7-8)	550.32	400.16	(38.84)	387.89
	Discontinued operations (refer note 2)				
10	Profit/(loss) before tax for the period from discontinued operations	(209.20)	-	(779.01)	(8,557.23)
11	Tax (Income)/expense of discontinued operations	-	-	23.66	1.91
12	Profit/ (loss) for the period from discontinued operations (10-11)	(209.20)	-	(802.67)	(8,559.14)
13	Profit/(loss) for the period (9 + 12)	341.12	400.16	(841.51)	(8,171.25)
14	Other comprehensive income from continuing operations				
A	Items to be reclassified to profit or loss in subsequent periods				
	Exchange differences in translating the financial statements of foreign operations	(234.18)	174.71	(66.88)	472.99
B	Items not to be reclassified to profit or loss in subsequent periods				
	Remeasurement of defined benefit obligation (net of tax)	(1.43)	(55.59)	-	(55.59)
15	Other comprehensive income from discontinued operations				
A	Items to be reclassified to profit or loss in subsequent periods				
	Exchange differences in translating the financial statements of foreign operations	-	-	304.53	(2,344.95)
B	Items not to be reclassified to profit or loss in subsequent periods				
16	Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations (14+15)	(235.61)	119.12	237.65	(1,927.55)
17	Total comprehensive income/(loss) for the period (13+16)	105.51	519.28	(603.86)	(10,098.80)
18	Profit/(loss) for the period attributable to:				
	Shareholders of the Company	322.57	396.23	(848.41)	(8,198.35)
	Non-controlling interests	18.55	3.93	6.90	27.10
19	Other comprehensive income/(loss) attributable to:				
	Shareholders of the Company	(235.61)	119.80	237.65	(1,926.87)
	Non-controlling interests	-	(0.68)	-	(0.68)
20	Total comprehensive income/(loss) for the period attributable to:				
	Shareholders of the Company	86.96	516.03	(610.76)	(10,125.22)
	Non-controlling interests	18.55	3.25	6.90	26.42
21	Paid-up equity share capital (face value of Re.1)	152.79	152.79	152.79	152.79
22	Reserves excluding revaluation reserves as per balance sheet	-	-	-	9,609.20
23	Earnings per equity share attributable to Owners [Nominal value per share: Re. 1 (Previous year : Re. 1)] (not annualised)				
	-for continuing operations				
	Basic and diluted (in Rupees)	3.48	2.59	(0.30)	2.36
	- for discontinued operations				
	Basic and diluted (in Rupees)	(1.37)	-	(5.25)	(56.02)
	- for continuing and discontinued operations				
	Basic and diluted (in Rupees)	2.11	2.59	(5.55)	(53.66)





Unaudited Consolidated Segment wise Revenue, Results, Assets and Liabilities

(Rs. in Million)

Particulars	Quarter ended			Year ended
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023
	Unaudited (refer note 2)	Audited (refer note 2 & 8)	Unaudited (refer note 2)	Audited (refer note 2)
1) Segment Revenue				
(i) Automotive	17,374.44	16,204.74	15,541.69	65,895.07
(ii) Others	549.62	695.84	741.14	2,735.59
Total Segment Revenue from continuing operations	17,924.06	16,900.58	16,282.83	68,630.66
Add : Segment revenue from discontinued operations (automotive segment) (refer note 2)	-	-	19,452.97	38,544.87
Revenue from continuing and discontinued operations	17,924.06	16,900.58	35,735.80	1,07,175.53
2) Segment Results				
(i) Automotive	900.33	634.06	329.51	2,180.26
(ii) Others	24.36	117.85	15.85	200.49
Total segment results from continuing operations	924.69	751.91	345.36	2,380.75
Add : Segment results of discontinued operations (automotive segment) (refer note 2)	(209.20)	-	(560.92)	(8,037.74)
Add/ (Less) :				
(a) Finance Cost	(488.95)	(525.27)	(601.54)	(2,437.61)
(b) Net unallocated (expenditure) / income	216.69	184.68	34.49	365.97
Profit/(loss) before tax	443.23	411.32	(782.61)	(7,728.63)
3) Segment Assets				
(i) Automotive	36,558.99	35,989.43	34,435.32	35,989.43
(ii) Others	2,259.64	2,551.26	2,323.83	2,551.26
Total segment assets of continuing operations	38,818.63	38,540.69	36,759.15	38,540.69
Add : Segment assets of discontinued operations (automotive segment) (refer note 2)	-	-	68,765.46	-
Add: Unallocated	5,657.35	7,668.33	7,304.44	7,668.33
Total assets	44,475.98	46,209.02	1,12,829.05	46,209.02
4) Segment Liabilities				
(i) Automotive	18,029.08	17,079.59	17,559.29	17,079.59
(ii) Others	629.50	852.26	1,128.35	852.26
Total segment liabilities of continuing operations	18,658.58	17,931.85	18,687.64	17,931.85
Add: Segment liabilities of discontinued operations (automotive segment) (refer note 2)	-	-	41,679.52	-
Add: Unallocated	15,670.38	18,235.65	32,925.43	18,235.65
Total liabilities	34,328.96	36,167.50	93,292.59	36,167.50





Notes :

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 09, 2023 and were subjected to review by the Statutory Auditors.
- Varroc Engineering Limited ("VEL") and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of VEL) (together referred to as "Sellers") entered into a Securities Purchase Agreement dated April 29, 2022 as amended dated July 01, 2022, October 05, 2022 and May 12, 2023 (collectively referred to as "SPA") with Compagnie Plastic Omnium SE, France (referred to as "Buyer"), to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ("VLS Business"). The equity value agreed under the SPA was Euro 69.5 million (subject to closing adjustments as provided under the SPA) and accordingly the loss on sale of VLS Business was recognised during the quarter ended September 30, 2022 and has been included in the profit/loss from discontinued operations for the year ended March 31, 2023.

The Buyer submitted the final adjustments during the previous 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. Subsequently, both the Buyer and the Sellers have entered into Settlement Agreement on July 14, 2023 whereby both the parties have agreed to settle the disagreements on closing adjustments and the final equity value agreed under the Settlement Agreement is Euro 54.5 million. Accordingly, VCHBV has received the remaining consideration amount of Euro 13 million on July 17, 2023 pursuant to this final settlement with Buyer.

Profit/loss from discontinued operations for the quarter ended June 30, 2023 pertains to adjustments pursuant to revised equity value as per above settlement agreement and expenses directly related to sale of investment in VLS business.

Further, the management had assessed that such sale of VLS business satisfies the criteria prescribed under Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" for classification as discontinued operation. The income and expenses of continuing operations include transactions with discontinued operation, which does not have impact on "Profit / (loss) for the period from continuing and discontinued operations" as disclosed in Consolidated financial results.

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

Particulars	Quarter ended			Year ended
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023**
Total income	-	-	19,525.67	38,659.62
Total expenses	209.20	-	20,304.68	47,216.85
Profit/(loss) before tax	(209.20)	-	(779.01)	(8,557.23)
Tax expense	-	-	23.66	1.91
Profit/(loss) for the period*	(209.20)	-	(802.67)	(8,559.14)

* Profit/ (loss) for the year ended March 31, 2023 includes loss recognised on discontinued operations as explained above.

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

- The Group's investment in Varroc TYC Corporation BVI ("VTYC" or 'China JV'), a joint venture accounted for under the equity method, which is carried at Rs. 3,580.96 million as at June 30, 2023, and the Group's share of VTYC's net profit of Rs. 58.69 million which is included in the Group's income for the quarter then ended are based on management certified accounts and were not subjected to review. 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 get the financial and other information of VTYC reviewed from its auditors. The statutory auditors in their review report have included a qualification in respect of this matter.
- The total debt of the Group as at June 30, 2023 is Rs. 13,700.70 million out of which amounts of Rs. 6,203.46 million are due for repayment in the next 12 months from balance sheet date (excluding working capital facilities of Rs. 1,846.44 million and including NCDs of Rs. 2,500 million due in September 2023 for which the Group has procured binding term sheets with lenders for refinancing). Taking into account the expected cash generation as well as the capacity of the Group to refinance its loans maturing in next 12 months, the management does not foresee any risk of non-payment/default. Accordingly, the results for the quarter ended June 30, 2023 are prepared based on going concern assumption being appropriate for the next 12 months.
- Other income forming part of continuing operations for the quarter ended June 30, 2023, March 31, 2023, June 30, 2022 and year ended March 31, 2023 includes income from government grant of Rs. 132.79 million, Rs. 90.57 million, Rs. 69.39 million and Rs. 281.47 million respectively.
- During an earlier financial year, the Company issued 3,750 Number of Debentures 8% Secured Listed Nonconvertible Debentures of Rs. 1 million each aggregating to Rs. 3,750 million on a private placement basis. The NCDs have bullet repayment on June 17, 2023 of Rs. 1,250 million and on September 17, 2023 of Rs. 2,500 million with coupon payments to be made on an annual basis. The first tranche of NCDs due in June 2023 have been duly redeemed. The proceeds from the issue were utilised for investment in overseas subsidiary for loan repayments and for general corporate purposes. These debentures are secured by exclusive charge by way of hypothecation on the specific identified movable properties of the Company. The asset cover in respect of the outstanding Non-Convertible Debentures as on June 30, 2023 is 1.75 times of the total due amount which is higher than the requirement of 1.10 times as specified in the Debenture Trust Deed.





- 7 The "Automotive" segment consists of the business of automobile products consisting of auto parts for two-wheelers, three-wheelers and four-wheelers and related design, development and engineering activities and other services. "Others" comprise of forging components for off road vehicles and components for mining and oil drilling industry which is below the thresholds for reporting as separate operating segment. Investment in joint ventures and corresponding share of profit/loss from joint ventures is considered under unallocated assets and profit/loss respectively.
- 8 The figures for the quarter ended March 31, 2023 are the derived figures between audited figures in respect of full financial year upto March 31, 2023 and the unaudited published year to-date figures upto December 31, 2022, being the date of end of the third quarter of the previous financial year which were subjected to
- 9 Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year's classification.

Place : Pune
Date : August 09, 2023



For and on behalf of Board of Directors
Varroc Engineering Limited

A handwritten signature in blue ink, appearing to read 'Tarang Jain'.

Tarang Jain
Chairman and Managing Director