Varroc Engineering Limited

Regd. & Corp. Office

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www.varroc.com
CIN: L28920MH1988PLC047335

VARROC/SE/INT/2022-23/62 September 7, 2022

To,

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

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

Dear Sir/ Madam,

Sub: Notice of the 34th Annual General Meeting of the Company ('AGM') and Annual Report for the Financial Year ended March 31, 2022

Pursuant to the Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the following for your information and records:

1. Notice of the 34th AGM of the Company scheduled to be held on Thursday, September 29, 2022 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, 2022.

In compliance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder ("Act") and 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 Securities and Exchange Board of India ("SEBI"), in relation to the subject matter, Notice of the AGM and Annual Report have been sent only by electronic mode to all the Members whose email addresses are registered with the Depository Participants or the Company.

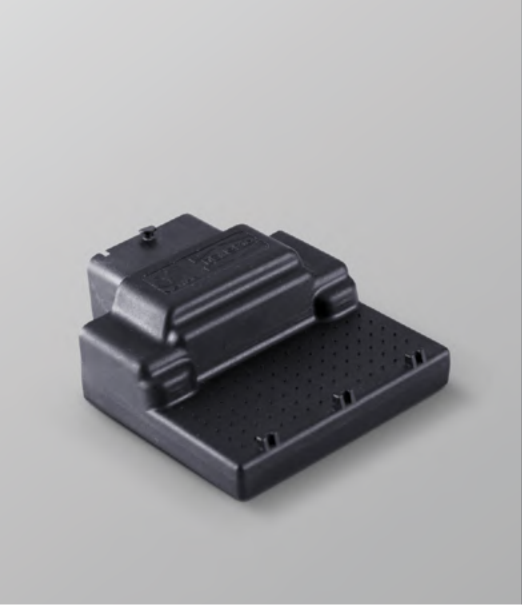
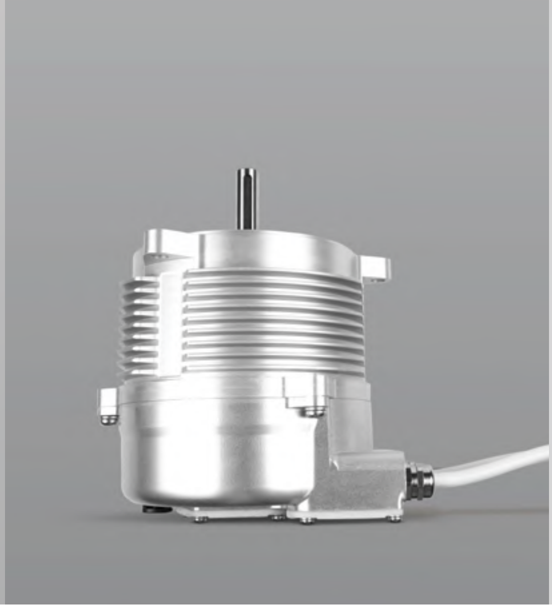
The members can also access the Annual Report on the Website of the Company www.varroc.com. Key information about the AGM is reproduced below for ready reference:

Cut-off date for e-voting	Thursday, September 22, 2022
Commencement of Remote e-voting	9:00 a.m. (IST) on Monday, September 26, 2022
Conclusion of Remote e-voting	5:00 p.m. (IST) on Wednesday, September 28, 2022
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 Sharma
Group General Counsel and Company Secretary

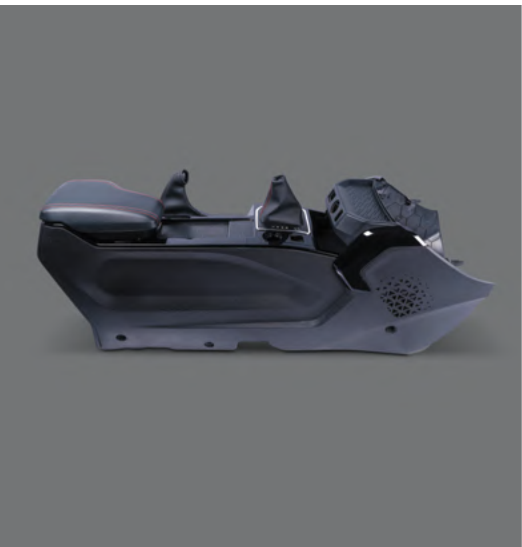
Encl: a/a


varroc
EXCELLENCE

MAKING NEXT HAPPEN

ANNUAL REPORT '22



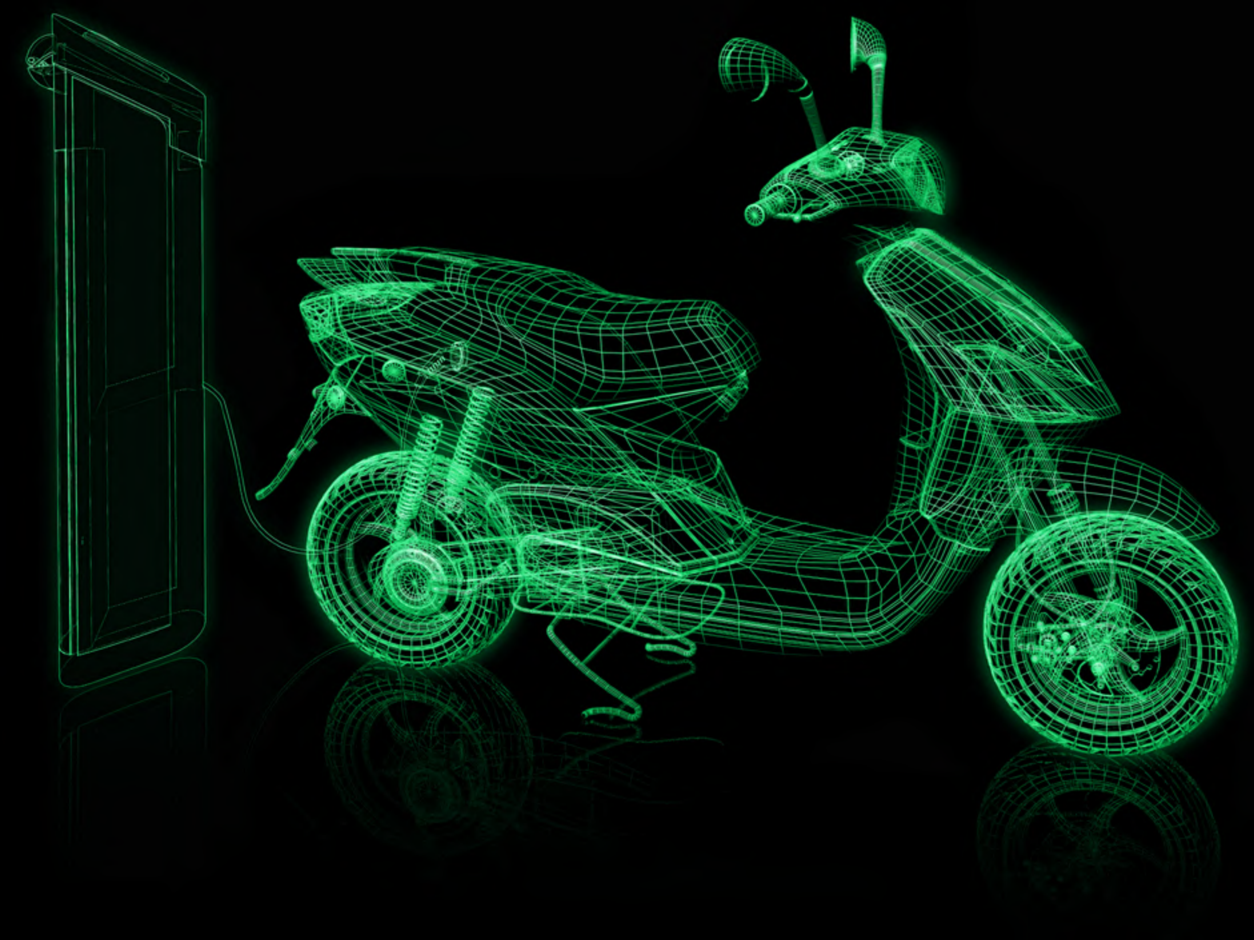

THE WORLD IS TRANSFORMING. WE ENABLE AT VARROC

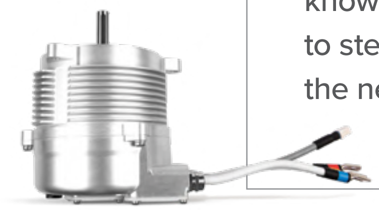
Globally, a massive shift is taking place within the patterns of consumption. In light of the rising awareness around the impact of climate change on the environment and society as a whole, consumers are increasingly opting for options that are sustainable with minimal carbon footprint. To enable the demand for technologically advanced mechanisms is also on the rise, with rapid digital uptake making consumers more tech-savvy.

Details of our business strategy | pg 36

At Varroc, we are attuned to the changing needs of our customers and are well-poised to respond to these evolving preferences, on the back of our tech-led and data-driven innovative approach. We are ready to usher in a new era of mobility by engineering change for a cleaner, greener and more connected world.

The transition to widescale adoption of Electric Vehicles (EV) is being facilitated by favourable regulations all over the world. We are determined to not only keep up with the times but to lead the change, with our enhanced and modified offerings, suited to the needs of green mobility. Our cutting-edge products elevate the functioning of automotives, making them lighter, faster and more agile.





With our strong technological expertise and deep domain knowledge, we are prepared to step up, innovate and make the next happen, seamlessly.

MAKING NEXT HAPPEN

Sustainable organisation

How companies respond to challenges defines them. For us, sustainability means the capacity to continuously identify factors and drive holistic growth in the long term. We have made it our mission to enhance our capabilities to adopt to an era of sustainability.

ABOUT
VARROC GROUP

VARROC GROUP IS A GLOBAL TIER-1 AUTOMOTIVE COMPONENT COMPANY WHICH MANUFACTURES AND SUPPLIES ELECTRICAL-ELECTRONICS, POLYMERS, METALLICS AND EXTERIOR LIGHTING SYSTEMS TO LEADING OEMS, WITH END-TO-END CAPABILITIES ACROSS DESIGN, DEVELOPMENT AND MANUFACTURING.

HIGHLIGHTS OF FY2022

Consolidated Financial Performance of Continued Operations

₹58,442 mn
Revenue from Operations

33.6%
Revenue YoY growth

₹3,933 mn
EBITDA

6.7%
EBITDA Margin

₹20,140 mn
Net Worth

Consolidated Non-Financial Performance in India

Environment

21.24 MW
Units of Power Generated from Renewable Sources

Knowledge

23
New Patent filled in FY22

₹48.37 mn
CSR Expenditure

WHAT'S INSIDE

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

ENGINEERING **CHANGE**

> The VUCA environment we have lived in has automatically made us nimble and agile. We have initiated a strategic exercise to usher in an era of sustainable growth at Varroc. The future of mobility is changing. We are changing with it.

Dear Shareholders,

It is my privilege to present to you the FY2022 Annual Report of Varroc Engineering Limited. I hope this letter finds you in good health. We continue to progress towards sustainable organisation in extraordinary circumstances.

The year in review

Over the last two years, businesses, and the society at large, have been faced with unique and unprecedented challenges. We have been living in a VUCA environment – volatile, uncertain, complex, and ambiguous. Looking at the past year, while we all were anticipating a rapid recovery in volumes, the second wave of the COVID-19 pandemic struck, impacting both the supply and demand side. Just as we were coming out of the second wave, we saw a worsening of the supply side challenges, particularly the semiconductor shortages, which is continuing and might take till the end of FY23 to get normalised. Higher fuel prices, commodity inflation and tightening of financing has resulted in higher cost of ownership of vehicles, impacting demand. We are also witnessing geo-political issues like the Russia-Ukraine conflict impacting the global economic recovery. All this has made the operating environment for the business very challenging, impacting the profitability of the operations significantly.

In the background of these challenges, the Company took the decision to divest its 4 wheeler lighting business in Europe & Americas and signed an SPA with Plastic Omnium for an Enterprise value of Euro 600 Million in April'22. The transaction will take 5 months to get completed as we need approval from the shareholders, regulatory bodies in various geography and from the lenders. This divestment will help the company to strengthen its balance sheet and invest in identified focus areas to drive future growth.

Our business model proved resilient, and our strategic interventions enabled us to consolidate and grow in a disruptive year. We achieved a revenue of ₹58,422 Million in FY2022, as compared to ₹43,739 Million in the previous year, registering an annual growth of 33.6% for our continued operations.

Business highlights of the year

Details on pg 18

Seeing the Big Picture

The past two years have witnessed immense structural shifts in the way mobility is experienced. Globally, the pandemic accelerated the push towards a more ethical mode of transportation, with growing awareness among consumers about the carbon footprint generated by automotives. This has led to increased demand for the adoption of EVs, both by users and regulators. We have enhanced our business operations to capitalise on the benefits arising from this shift, with the incorporation of EVs into our product portfolio. To capture the growth from Mega Trends, we are happy to announce that the government has approved our application for Production Linked Incentive, and we will be investing around ₹2,800 Million over 5 years under the scheme

At the same time, the policy environment is supportive towards the adoption of EVs, with the Government of India launching FAME II amendments and the PMP scheme. Our EV product portfolio will help facilitate this transition and it is a matter of honour to be able to work with leading OEMs for transitioning to a greener and better world.

Awareness of Business Environment

More on pg 36

Strategic Initiatives

More on pg 40

Making Next Happen

The VUCA environment we have lived in has automatically made us nimble and agile. We have initiated a strategic exercise to usher in an era of sustainable growth at Varroc. The future of mobility is changing. We are changing with it.

With the divestment of our 4W lighting business, we will have management bandwidth and are ready to deploy our futuristic products globally. We plan to leverage the heavy investment we have made in our R&D to expand our product portfolio and become a full system solutions supplier for OEMs. We are ready to initiate and deploy digitalisation (automation and IOT) to strengthen our manufacturing capabilities and enhance our supply chain management. This will ensure the quality of our products and give us the ability to scale up at the lowest possible cost.

Making Next Happen

More on pg 26

> Business units such as electrical-electronics and polymer in India, and the electronics business in Romania, are prepared to capitalise on the emergent trends and experience a high growth trajectory.

The future is ours. Together we can usher in an era of sustainable growth. Together we can make next happen.

Looking Ahead

The external business environment is expected to further normalise by the second half of FY2023. As we enter the new financial year, we are confident that our business fundamentals remain strong and our operating performance is bound to reflect the resilience of our business model.

We are focused on pursuing a combination of growth and margin improvements for our business units. There are several growth opportunities and favourable mega trends that will help secure our businesses. To this end, we will continue to focus on our medium to long-term strategic priorities and growth pillars. Business units such as the electrical-electronics and polymer in India, and the electronics business in Romania, are geared up to capitalise on specific growth opportunities. We are looking to improve the profitability of some of the business unit like IMES in Italy, Metallic Business in India, 4W lighting business in India and 2W global lighting business by mix of improving internal efficiency, higher capacity utilisation and price increase from customers.

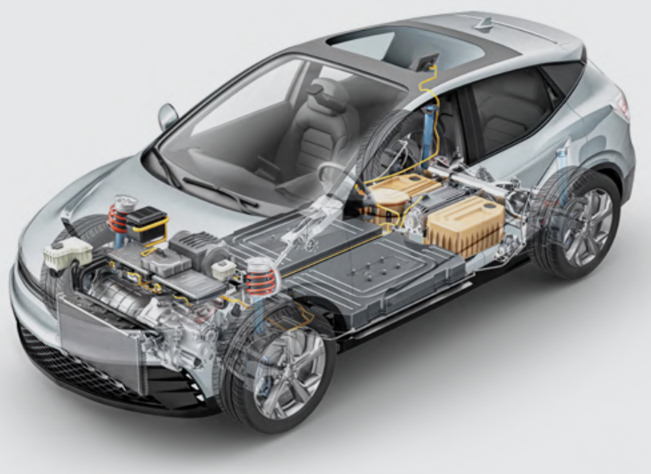
I express my sincerest gratitude to our customers, employees, bankers, and investors for placing their trust in our abilities, through an exceptionally difficult year. I look forward to your continued support as we keep pushing boundaries to reach newer heights.

Sincerely,

Tarang Jain
Chairman and Managing Director

WE ARE **VARROC**

With the growing recognition of the effects of climate change and the consequent shift in consumer preferences, the automotive industry is on the cusp of a revolution. The concepts of energy and mobility are being swiftly redefined, giving way to more efficient and greener solutions. We at Varroc, are ready to adapt to these evolving trends by developing and offering progressive technologies to our customers across the globe, helping engineer a sustainable tomorrow.



As a global tier-I automotive component manufacturer, we design, produce and supply the highest quality exterior lighting systems, polymer components, electrical-electronic components, and precision metallic components for Original Equipment Manufacturers (OEMs) all over the world. Our offerings are of critical importance across vehicle segments – passenger, commercial, two-wheelers, three-wheelers and off-highway vehicles. With over three decades of relentless commitment to delivering excellence, Varroc offers the best design solutions that provide customers with a competitive edge. This enables us to be the most preferred partner of leading OEMs in the automotive industry across the globe.

Making Next Happen

The business environment is VUCA – it is rife with opportunities. We are primed to take advantage and ready to usher in a new era of mobility – A cleaner, greener, safer and more connected world. We are ready to make next happen.

Awareness of Business Environment
More on pg 36

Witness 'our Firsts' on our journey to make Next Happen

2021
Localised EV auto-component production

2019
Making the world sustainable with coffee chaff headlamp housing

2017
Bringing Sodium-Filled Valves to India

2016
Bringing LED Headlamps to India

2006
Digitalising 2W clusters

2004
Bringing LED Taillamps to India

1990
Making 2Ws lighter

Company Snapshot

6,500+ Employees	**6** Partnership	**750+** R&D Engineers
36 Manufacturing Footprint	**7** R&D Centres	**75+** Patent

Our business highlights
More on pg 18

Our Business Units

Metallic Business Unit
12%
Revenue contribution

Lighting Business
21.4%
Revenue contribution

Polymer Business
33.1%
Revenue contribution

Electrical-Electronics Business
19.8%
Revenue contribution

Aftermarket Division
8.5%
Revenue contribution

MILESTONES

MOVING AHEAD WITH A **STRONG FOUNDATION**

Incorporated in 1990, we began our operations with a vision to provide greater fuel efficiency to an energy-starved nation. Our Company ethos gave wings to our aspirations, enabling us to soon emerge as a global powerhouse supplying to leading OEMs, across vehicle segments.

OVER THREE DECADES OF **DELIVERING EXCELLENCE**

1990s

First Decade Focus

Cost, Delivery and Quality

1990

Established as supplier of choice to Bajaj Auto

1990

- Incorporated and commenced business in Aurangabad
- Supplied injection moulded parts to Videocon
- Provided value engineering to Bajaj auto by replacing aluminium with plastic in scooters

1996

Established Electrics-Electronics business, marking our emergence as a proprietary player

1997

Started supplying engine valves

2000s

Second Decade Focus

Sustainable Growth and Diversification

2004

Established metallic forging for 2W and 3W segments

2005

Collaborated with Umicore for 2W and 3W catalytic converters in India

2007

Acquired Forging company IMES, Italy

2010s

Third Decade Focus

Globalisation

2011

Acquired Triom (Italy), for 2W lighting

2012

Acquired Visteon's global PV lighting business (now VLS)

2014

- PE Investments by Omega TC Holdings and Tata Capital
- Acquired 50% in Varroc TYC Corporation (China)

2017

- JV with Dell'Orto for Electronic Fuel-injection Technology for 2W in India
- Technical Collaboration with Heraeus, Germany for 2W catalytic converters in India

2017

- Established JV in Romania with ELBA for manufacturing Electronic Components I
- Invested in manufacturing facilities in Brazil and Morocco
- Acquired 90% stake in auto accessories manufacturer Team Concepts (India)
- Acquired Sa-ba Automotive PV Lighting business in Turkey

2018

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

2019

Acquired 74% stake in CarIQ, a leading telematics solution provider

2020s

Fourth Decade Focus

Varroc 2.0

2020

Started to launch products which saw us become a system solutions supplier for OEMs

2021

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

2022

Launched EV Product Lines for Traction Motor, Traction Motor Controller Unit, On-Board Chargers, Varroc Intelligence System-Telematics Unit, DC-DC Converters and Battery Management Systems

2022

Entered into an agreement with Compaigne Plastic Omnium SA, France (PO) to divest 4-Wheeler lighting business in the Americas and Europe to strengthen balance sheet

PRESENCE & PRODUCT PORTFOLIO

DIVERSE PORTFOLIO AND VIBRANT FOOTPRINT FOR **DRIVING EXCELLENCE**

Our diverse portfolio offers world-class products across vehicle segments globally and champions the ethos of sustainable growth. We deliver customised solutions for two-wheelers, three-wheelers, and four-wheelers, cementing our position as the supplier of choice for leading OEMs across the world. With the addition of new products, we are proactively making next happen.

36 Operating Global Manufacturing Factories

8 Global Business Manufacturing Facilities across 4 counties i.e. Italy, Vietnam, China and Romania and supported by **3 R&D centres**

7 R&D Centres

28 India Business Manufacturing Facilities supported by **4 R&D centres**

Varroc's Global Lighting

Asean PV & Global /Indian 2W Lighting

We are a global supplier of exterior lighting systems for 2 Wheelers and passenger cars for OEMs

Select Product Portfolio


Matrix


Xenon


LED with AFS


Light Guides


LED

5 Facilities in India

1 Facilities each in Italy, Romania, and Vietnam

2 Facilities in China

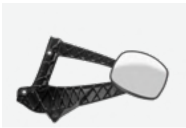
Varroc's India business

Polymer

We offer polymer-based solutions across vehicle segments

Select Product Portfolio


Air Filter


Assemblies Mirror


Assemblies Seat


Painted Plastic Exterior Products


Assemblies Trims
(Interior and Door Trims)

13 Facilities in India

Electrical & Electronics

We offer complete solutions in electrical-electronics components, and assemblies for automotives

Select Product Portfolio


Body Switches CDI


Magneto


Digital instrument Cluster


Regulator and Rectifier


DC-DC Converter


Speedometer


Electronic Fuel injection


Traction Motor and Controller


Battery management system offerings


Throttle Position Sensor

6 Facilities in India

Metallic

We supply precision forged and machined parts for engines and transmissions, along with engine valves

Select Product Portfolio


Transmission gears


Crankshaft


Connecting rod


Sun and Planetary gears


Engine valves


Crankpins

5 Facilities in India

2 Facilities in Italy

Other (IMES)

Select Product Portfolio


Undercarriage Links


Drill bit cones and heads


Undercarriage Segments

2 Facilities in Italy

BUSINESS MODEL

CREATING LASTING VALUE WITH **ADAPTIVE STRATEGIES**

Our Capabilities

Manufacturing Excellence
Our state-of-the-art integrated manufacturing facilities are equipped with world-class machinery, ensuring advanced quality products.

36 Manufacturing Facilities

Financial Prudence
Investment in R&D and manufacturing facilities enables us to expand our product portfolio, technical capabilities, and geographic reach.

₹772.25 mn R&D expenditure (Standalone)

Technology
We focus on technology innovation and engineering excellence, prioritising and investing in next-generation research and development programmes to deliver competitive solutions to meet our current and future customers' needs.

7 R&D Centres

Qualified Professionals
We have the best, most competent talent pool at our disposal, with years of industry experience.

6500 + Employees

Marketing
Our innovative marketing initiatives enable us to seamlessly connect with our customers.

Diversified Product Portfolio
We provide innovative end-to-end solutions for automotive OEMs through a wide range of products across lighting, polymers, metallic and electrical-electronics segments.

5 Products lines

Relationships
Strong relationships with regulators and automobile authorities across all our markets, and successful collaborations with industry partners, enable us to achieve our growth objectives.

₹48.37 mn CSR Expenditure

Our Value creation process

Our Offerings
- **India Business**
  Polymers/Plastics, Electrical/ Electronic, Metallic components and Telematics solutions
- **Global Business**
  Design, manufacture, and supply of exterior lighting for passenger vehicles & 2-wheelers

Our Products
- Lighting
- Polymer
- Electrics and Electronical
- Metallic
- IMES
- Aftermarket division

Segments we serve
- 2-Wheelers
- 3-Wheelers
- Commercial Vehicles
- Passenger Vehicles
- Off-Highway Vehicles

Creating Value for Stakeholders

Customers
We deliver value to customers by providing high-quality solutions that meet their needs.

Employees
We have built a safe, rewarding, and inspiring workplace for our employees and consistently nurture their career progression.

Supply chain
We create partnership opportunities for suppliers and subcontractors, to contribute to, and share in our success.

Community
We are committed to improving the quality of lives and maintaining leadership in the nurturing of social and environmental sustainability.

Shareholders
We always go the extra mile to enhance value for our shareholders.

Outcomes

₹58,442 mn
Revenue

Revenue growth as **33.6%**

₹3,933 mn
EBITDA

Launched
BS-VI and EV products

23
New Patent in FY22

21.24 MW
Renewable power generated

BOARD OF DIRECTORS

VISION. FOCUS. PRECISION.

Arjun Jain
Whole-time Director
M M M M
10+

Vinish Kathuria
Independent Director
M M M
25+

Marc Szulewicz
Independent Director
M
50+

Tarang Jain
MD and Chairman
C C M M
33+

Vijaya Sampath
Independent Director
C M M
40+

Gautam Khandelwal
Independent Director
C C C M
35+

Rohit Prakash
Whole-time Director
30+

Board Snapshot

57%
Independent Directors

30+ years
Average Experience of Board of directors

14%
Women Directors

Years of experience

Ⓒ Chairperson
Ⓜ Member

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholder's Relationship Committee
- Corporate Social Responsibility Committee
- Finance Committee
- Risk Management Committee

RISK MANAGEMENT

ADAPTING TO VUCA

Amidst the challenges of an uncertain global market, it is imperative to have in place a robust framework that intricately analyses the risks to our businesses, both external and internal, along with stringent measures to address them effectively. Our rigorous approach to identify risks, assess their potential, and mitigate their impact, prepares us to adapt and create a safe and stable business environment, to build the future of mobility.

For us, risk management is an on-going process wherein we consistently track different types of risks throughout the year. This helps us make our organisation dynamic and convert our bold ideas into value for our stakeholders.

Risk Management Committee

Name of member	Position in the Committee
Vijaya Sampath	Chairperson
Vinish Kathuria	Member
Tarang Jain	Member
Arjun Jain	Member
T.R. Srinivasan	Member
Lalit Dua	Member

Risk Management Process

Context Formation

We create a map and forecast of our business environment based on our deep market insights

Risk Identification

We define the different categories of risk and their potential impact on our business

Risk Mitigation Strategies

We develop well-defined mitigation strategies, which can be quantified and assessed effectively

Communication and Consultation

We seek feedback from industry-leading consultants for improving our in-house mapping of the business environment, risk identification, and risk mitigation strategies

Monitoring and Review

During the year, we continuously track our indicators of risk and assess their relevance for our business in each quarter

Risks	Business Risk	Financial Risk	Human Capital Risk
	Business risk refers to any risk that are specific to our company that we face that impacts our profitability	Financial is any type of risk associated with financing	Human capital risk is the risk associated human skills, knowledge, and ethical conduct component of operational risk
Risk Source	• Ineffective capacity utilisation • Inadequate product / service quality • Reduced customer share of business • Strategy Management Framework • Inadequate Business Continuity and Disaster Recovery Plans	• Profitability • Debt	• Talent management • Future Leaders / Succession planning
Key Risk Indicator	• Capacity utilisation • Market Share • Number of Natural calamities, pandemics, unrest, cyber attacks • Opportunity losses, General Business Growth & Profitability MIS	• EBITDA • Debt to Equity ratio	• Employee Attrition • Number of key leadership positions vacant
Mitigation plans	• Ensuring all the manufacturing processes as per lean manufacturing • Periodic review and update of quality standards • Quality KPI review mechanism • Establish more linkages with OEMs and partnerships with tech shows • Conducting frequent strategic reviews • SAP DR environment to be setup on Cloud. BCP Process for business continuity	• Monitoring of low margin products. Adhering to SOB as per business. • Improving cash flows and financial performance.	• Devising a plan for long term attraction and retention of talent • Review and update of the existing performance management system • Define clear career paths for high potential employees. • Well-defined HR roadmaps

Risks	Market Risk	Regulatory Risk	Technological Risk
	Market risk is risk associated with changes in our business environment	Regulatory risk is risk associated with regulators that adversely impact our growth and profitability	Technology risk is associated with vulnerabilities in our digital infrastructure
Risk Source	• Evolving customer needs • Competitor Landscape • Global Industry Volumes • Global Supply Chain risks	• Regulatory Compliance and ESG • Employees	• Cyber Attacks / Cyber security threats • Inadequate information management and technology adoption • IPR Management
Key Risk Indicator	• Average turnaround time for NPD. • Market Share • Sales volume • Number of stock shortages	• Number of instances of non-compliances reported • Changes in labour regulations in the countries we have manufacturing plants	• Number of incidents of cyber-attacks reported with detailed analysis of impact on business operations • Information generated for monthly MIS (financial, operational etc.) • Instances of IPR infringements, Legal cases related to IPRs.
Mitigation plans	• Conducting Robust SWOT's of our organisation • Improving customer engagement • Development of tooling competency • Partnerships with leading OEMs • Benchmarking process of competition products	• Company has a robust Compliance Management System (CMS) covering all existing statutes applicable to the Company and the said Compliances are being monitored by the Legal Department periodically	• Review and update of IT policy with training and awareness of employees related to IT security, usage, restrictions etc. • Required anti-virus software are in use. • Conducting IT Audits • Optimum utilisation of ERP systems. • Continuous efforts are being made by IA together with stakeholders to increase usage of SAP. • Initiating plans to make progress on IOT and other relevant automation of processes. • Develop IP portfolio management capability in R&D. • Plan for IP filing early on based on novelty. • Monitor patents owned by the company along with competition and benchmarking to identify instances of infringement.

BUSINESS HIGHLIGHTS

MANUFACTURING THE **FUTURE OF MOBILITY**

We are on a journey to become an indisputable industry leader in the global automotives component space, propelling the growth of our customers along the way. With each passing fiscal, we get closer to achieving our vision, leading the transition towards greener, efficient, and more integrated automotives - closer to making next happen.

In FY2022, we were successful in securing a remarkable performance, owing to our strategic business interventions. Our business decisions are helping us gain traction and fast-tracking our growth journey, with new order wins, increased investments and a deleveraged balance sheet.

Making Next Happen Products Developed

We expanded our product portfolio to capitalise on emerging market dynamics and help usher in a new era of mobility. We believe our products will help make the world greener, cleaner, safer and more connected.

Electronic Fuel Injection (EFI)

Key features and benefits

Feature rich BS VI fuel injection controller meeting all Indian regulatory requirements

Target Application

2W

Medium-term Megatrend

Regulatory landscape

More on pg 38

Technical Specifications

- BS VI fuel injection ECU
- BS VI emissions compliant
- Closed loop engine control
- OBD 1 ready
- Single-cylinder dual ignition/Two cylinder application ready
- Roll over protection for safety
- IP 67 compliant

Traction Motor and Controller

Target Application

Electric 2W

Electric 3W

Medium-term Megatrend

Regulatory landscape

More on pg 38

Our Capabilities

- One-stop solution for motor and controller
- Localised design, development and manufacturing
- Up to 94% peak system efficiency
- Customisation available for customer specifications within agreed timeline

Technical Specifications

- **Motor Type:** PMSM
- **DC bus Voltage:** 48 V
- **Nominal Power:** 3 kW
- **Peak Power:** 6.4 kw @4000 RPM
- **Peak Torque:** 27Nm for 1.4 min
- **Base Speed:** 2400 RPM
- **Max. Speed:** 7500 RPM
- **Peak Efficiency:** System - 93 % / Motor - 94% / Controller - 98%
- **Controller:** 135 A RMS for 8 minutes / Output Current 70 A RMS Continuous
- **Communication:** CAN
- **Ingress Protection:** Motor -67 / Controller-65
- **Motor OD (with fins):** 170mm
- **Motor Length (w/o shaft):** 148mm
- **Motor Weight:** Approx. 7.5 kg
- **Cooling:** Natural cooling
- **Control:** Field Oriented Control (FOC)

BUSINESS HIGHLIGHTS

EV Fan

Key features and benefits

- Fan Blades without outer-ring (Special Design)
- Lightweighting

Target Application

Electric 2W

Electric 3W

Medium-term Megatrend

Regulatory landscape
Shift in Purchasing patterns

More on pg 38

Technical Specifications

- Molded in Glass-Filled Engineering Plastic Material
- Spin Test passed - No stress mark observed after 16000 RPM running test
- Brass Insert Moulded Functional Part

LED- Reflector Technology

Key features and benefits

- Low cost indirect reflector concept + clinched HS
- Low cost LED HL

Target Application

Low/ Mid/High End Vehicles 4W

Medium-term Megatrend

Shift in Purchasing Patterns	Safety and security
Integration of New Technologies	

More on pg 38

Technical Specifications

- Base Beam - 3 Chip x 1
- Kink Beam - 3 Chip x 1
- High Beam - 3 Chip x 1

Tail Gate Carrier

Key features and benefits

- Tailgate Opening with light module. High Gloss Piano Black, Water Sealing, 2K technology
- Aesthetic look along with functionality

Medium-term Megatrend

Shift in Purchasing Patterns	Safety and security
Integration of New Technologies	

More on pg 38

Technical Specifications

- Lighting latch opening, License plate lighting, 2K Injection molded

Target Application

4 W

Floor Console

Key features and benefits

- Deco Stitch, Tambour Door and 2K High Gloss, 3i Tech surface on top, Unique design for Hinge with CAM mechanism in part profile, painted Deco Trims
- Provides reliability and comfort in the vehicle, integrated with arm rest, storage bin & cup holder

Medium-term Megatrend

Shift in Purchasing Patterns	Safety and security
Integration of New Technologies	

More on pg 38

Technical Specifications

- 2K Technology, injection molded, deco stitch, Complied with safety regulation

Target Application

4 W – Commercial Vehicles

BUSINESS HIGHLIGHTS

New Products Developed

We expanded our Order book by developing "Making Next Happen" products across all the business units in FY 2022. We are cautiously optimistic of outperforming the Industry growth as we remain committed to acquiring more business orders win for our new age products in the coming years.

EV Business Achievement Highlights

We achieved a lifetime revenue worth ₹10,451 Million. We are Future Ready and well positioned to address the technological shift due to change in customer requirements, new trends and government regulation. We are committed to delivering top of the line products, so our customers can benefit from the opportunities arising out of the EV transition.

(₹ in Crore)

Vehicle Segment	Total Installed Capacity*	Expected Revenue in FY25*
2W	866	596
3W	368	306

* Constrained by the lowest capacity product; some of the products at Varroc will have much larger capacity; This is based on certain volume assumptions for existing business wins
* This based on SOB and industry price

Approval of Production Linked Incentive (PLI)

The Government of India approved our application for Production Linked Incentives under the Component Champion Incentive scheme. We aim to benefit from this highly beneficial 'sales value linked' incentive plan. Under the scheme, we have committed to investing ~₹2,800 Million over the next five years and are proud to contribute to India's nation building efforts proactively.

What is the PLI scheme?

The Production Linked Incentive (PLI) scheme is a key initiative undertaken by the Government of India to boost manufacturing in key areas by offering ₹2.4 lakh crores in incentives over the next five years. The PLI scheme for automobiles and auto components was successful in attracting a proposed investment of ₹74,850 crores. Under the PLI scheme, 75 applicants were approved under the Component Champion Incentive scheme and 20 applicants were approved under the Champion OEM Incentive scheme.

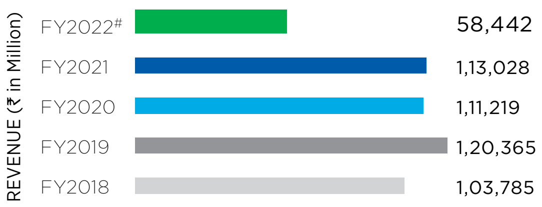
Way Forward

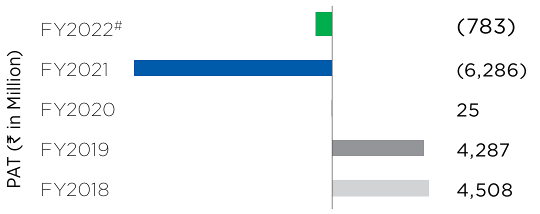
- Increased penetration in Indian markets
- Exploiting potential growth opportunities in EV components, Electronics, and Connectivity solutions
- Focused on maintaining leadership position in our Polymer, Electrics-Electronical, and Metallic business in India
- Preparing a 2030 strategic roadmap

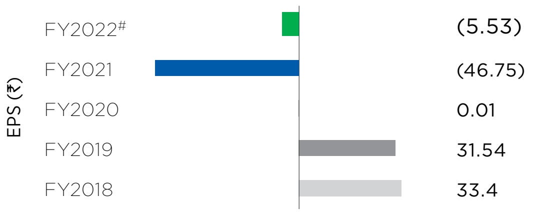
KEY PERFORMANCE INDICATORS

ACCELERATING
AHEAD

Profit and Loss Metrics

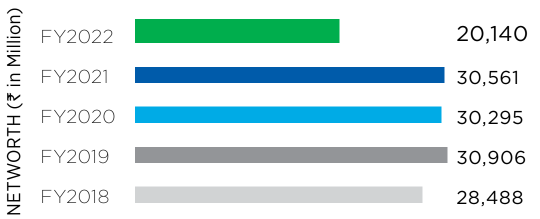






Non-Financial Metrics

Balance Sheet Metrics



Details for FY 2022 represent continuing operations

AWARDS AND RECOGNITION

RECOGNITIONS THAT
MAKE US PROUD

Awarded **Platinum Winner** In Control Type Category at 8th CII National POKA YOKE Competition

Received **Silver Award** In Restorative Category at 41st CII National Kaizen Competition

Winner in Innovative HR / Beyond HR
2nd HR Best Practices Competition at ACMA WR

Presented with **Platinum Award** In POKA YOKE Competition – Control Type at 10th CII National POKA YOKE competition

Won Award **Excellence In CSR** At the Machinist Super Shopfloor Awards 2021

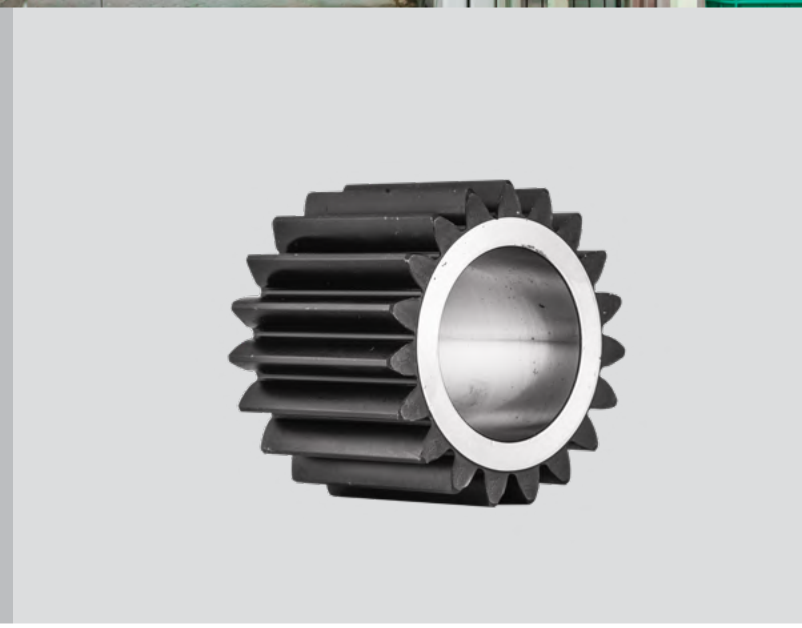
Jury Champion 2021 Award In POKA YOKE Competition – Control Type at TPM Champions Trophy 2021 (08 to 10-Dec-21)

Received **ACMA award** for DIPL in New Product Design and Development by minister of heavy Industries Mr. Mahendra Nath Pandey

Recognition by **The Economic Times Polymer Awards 2022**

Achieved **Certificate of merit** for achieving "Zero Accident Frequency"

MAKING **NEXT** HAPPEN

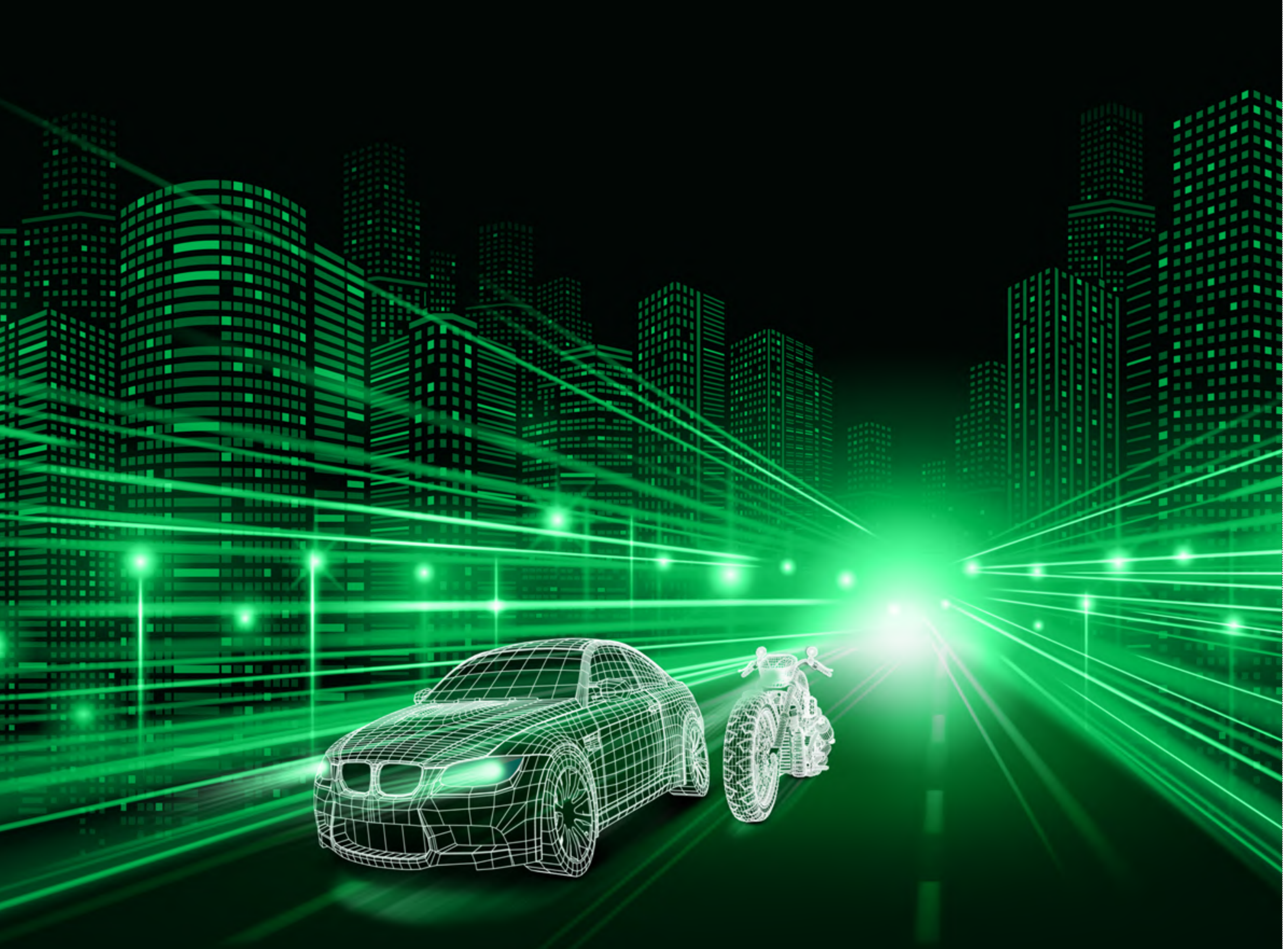


PIONEERING R&D

INNOVATING TO **MAKE NEXT HAPPEN**

Our robust R&D centres consistently fortify and evolve our innovative approach, allowing us to craft products and solutions for tomorrow's automotive requirements, today. We set benchmarks with our efforts in the development, design, and production of automotive components for some of the top OEMs in the world.

Over the years, we have expanded our capabilities through a combination of strategic acquisitions, technology tie-ups and investment. We also provide consultancy services during product development, such as mould flow analysis of 3D models. Our ability to develop all our products internally, with few technology tie-ups, has been a major driver in turning us into a key technology partner for many of our valuable customers.



Update on Product Development

Keeping with our legacy of leading the change, we have made remarkable progress in the avenue of product development this year as well. All our innovations are directed towards creating a smoother, more comfortable experience of mobility, while making the process sustainable and resilient for the long-term.

750+
R&D Engineers

7 R&D Centre across **4** countries

76
Patents Filed for Indian Operations

Products Highlights

EV 2W & 3W

Powertrain Components
- Motor
- Motor Controller
- DC – DC Converter
- Vehicle Control Unit

Non-Powertrain Components
- LED Lighting
- Electronic Switches
- Electronic Clusters
- Telematics control unit

4W
- Plenum Applique in 2K Molding
- Complex Roof Rails
- Integrated lighting
- Plastic tail gate

2W / 3W / PV / LCV / MCV / HCV

2 Speed Transmission

R&D Focus on Megatrends

Stricter Environmental regulation	Increased use of Electronics
Increased EV Adoption	Autonomous Driving
Digitalisation and IOT	Safety and security

See page 38

Way Forward

Our businesses in EV, Power Electronics, Lighting, and 4-Wheeler Plastic and Metallics segments, will demand more R&D investment in the future. The whitespace opportunities in the sector are teeming with possibilities. We are committed to working faster and smarter using a product life management (PLM) solution, with a cross-functional team (CFT) approach to get all our products Future Ready.

More on pg 40

MANUFACTURING EXCELLENCE

GEARED TOWARDS **EFFICIENCY**

Our manufacturing capabilities have enabled us to emerge as a global partner for OEMs. The ability to shift capital, manage inventories, and empower our employees helps us stay flexible.

We have improved our manufacturing capabilities on various parameters such as scrap, manpower stability, and machine breakdowns during the year. Our manufacturing excellence initiatives are geared towards using a harmonious combination of skilled labour, multiple machines manning, automation and IOT on the shop floor

Ethos behind manufacturing excellence

- Understanding the business environment
- Adapting to emerging technologies
- Allocating capital wisely

Manufacturing Excellence Initiatives

- Line Balancing
- Cycle Time Improvement
- Loss Reduction
- Single Piece flow
- Inventory Management
- Kaizen
- Digitalisation
- Total Productive Maintenance

Manufacturing Excellence Initiatives this year

Traceability in Electronics assembly

In a world with complex supply chains, traceability systems for tracing the history, application, or location of an entity by means of recorded identifications has become critical. OEMs, today, expect quality and reliability, which we ensure through our traceability systems.

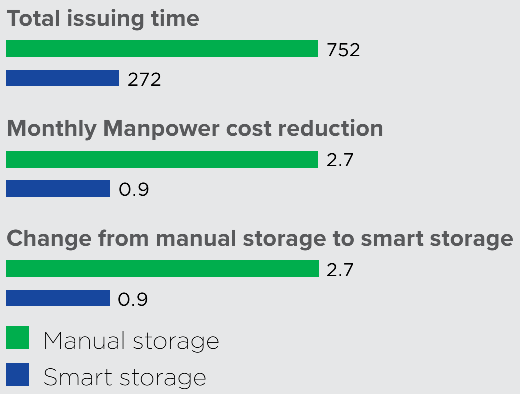
Traceability in our electronics assembly gives us the ability to identify areas for improvement, such as supply inputs, non-contributing processes, and worker errors. Through this, we can uncover the root causes of problems and implement lean manufacturing practices.

Traceability initiatives

- Electronic Child Part Traceability at SMT lines
- Manual Insertion and Processing line Traceability
- End of Line and Dispatch Order Traceability
- Utilisation of Traceability Data

Smart Storage system: Digitalising manufacturing

We initiated a smart storage system where digitalised the storage process, which helped us keep track of inventory, reduced total issue time and lowered monthly manpower cost.



Digitalisation

Being Future Ready

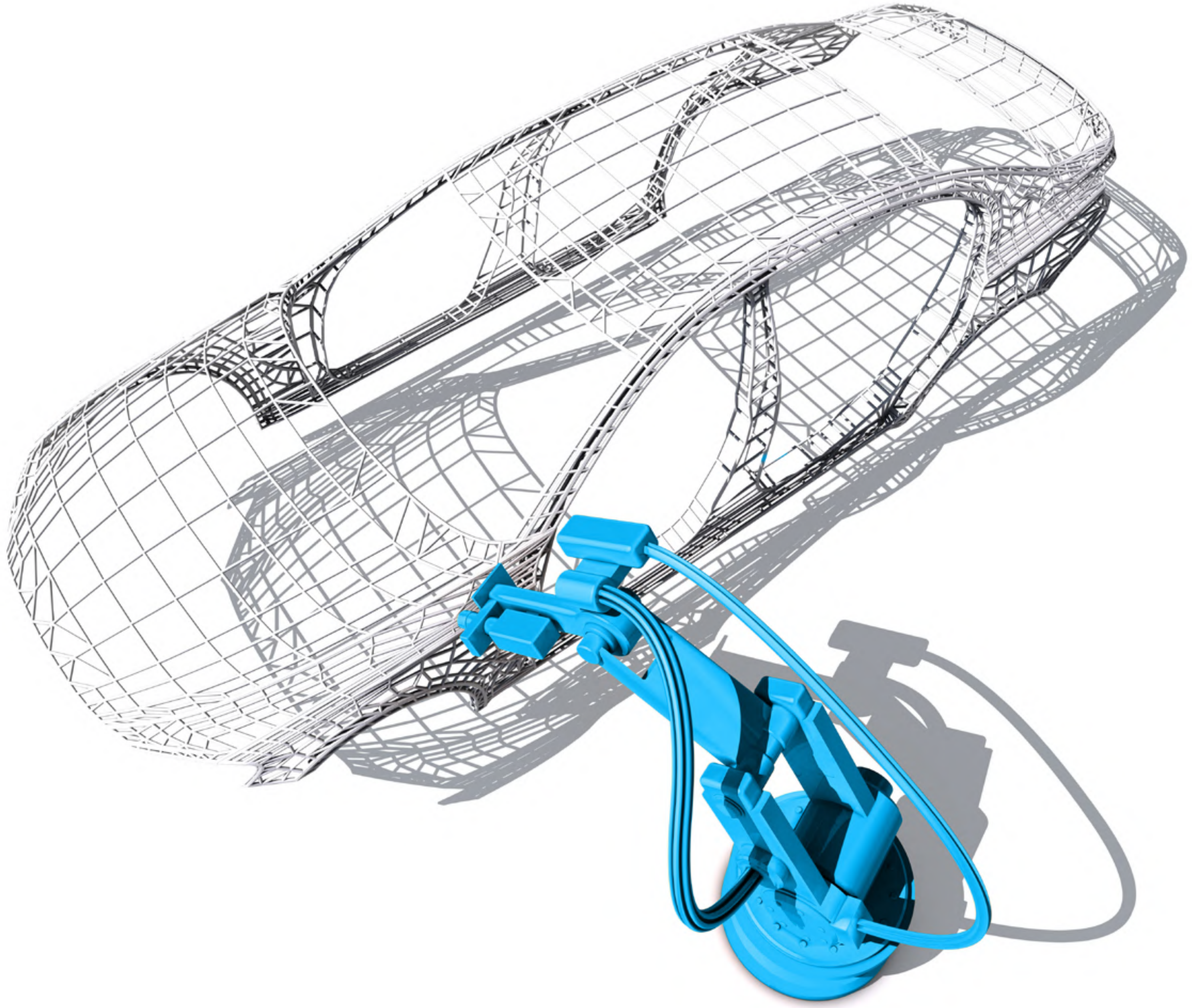
As the world transforms, we are prepared to transform with it. Technology is set to play a transformational role for us. We want to be on the cutting edge and make digitalisation flow throughout our organisation.

ENHANCING SUPPLY CHAIN MANAGEMENT

RESPONSIBLE **SOURCING**

At Varroc, we strive to achieve excellence within the supply chain through competitive costs, utilising an efficient supply chain network and providing exemplary quality. Our supply chain management is guided by our objectives of sustainable growth and customer satisfaction.

We put into force a cost and performance-based sourcing strategy, have developed Long Term Strategic (LTS) Suppliers, and have ensured continuous upgradation of our LTS Suppliers. We seamlessly collaborate and create opportunities for our suppliers to jointly explore new technologies within the auto industry and provide the end customers with quick, cost-competitive solutions.



ACE – How we achieve excellence

Agility & Adaptability

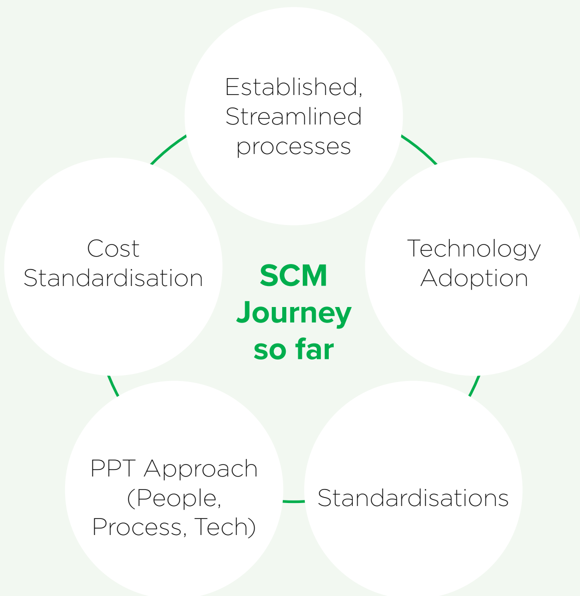
Fast response & flexibility to meet expectations

Collaboration

Meeting objectives by leveraging mutual strengths

Execution

Converting plans into reality through perseverance



Way Forward

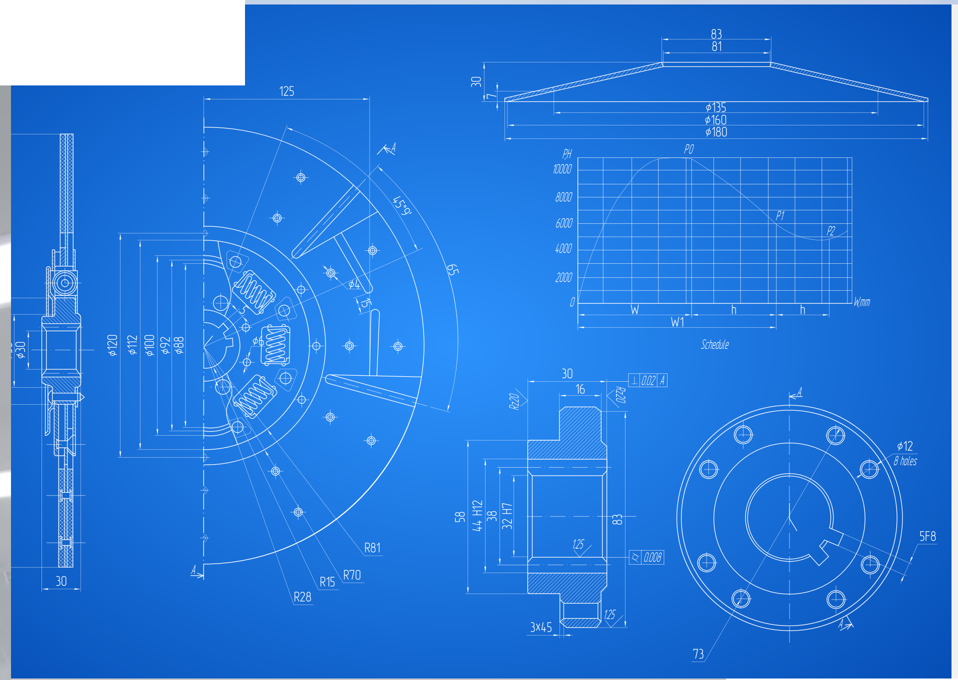
Raw materials are an important component of our profitability. As a result, we give high importance to our supply chain management process. We have come up with a long-term strategic roadmap, to continue a prosperous growth trajectory. Going forward, we will strengthen our supply chain management system which will help us improve our profitability.

Focus areas

Procurement Digital transformation
Regional Control Mechanism
Integrated Supplier Quality Management
Commodity Strategy
Development Core Suppliers
Enterprise Risk Management
Payment Term Standardisation
Block Chain

☐ Initiatives already underway

BUSINESS
STRATEGY



V	Volatile
U	Uncertain
C	Complex
A	Ambiguous

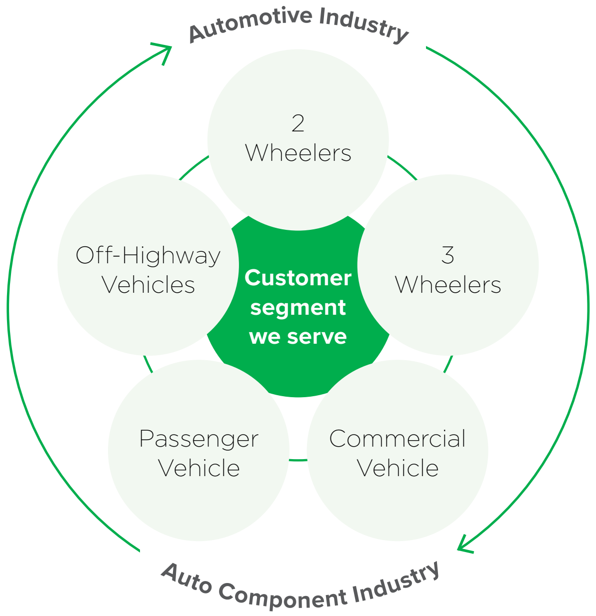
AWARENESS OF BUSINESS ENVIRONMENT

CAPITALISING ON **EMERGING DYNAMICS**

The future cannot be certain with the taming of the present. Living in a VUCA environment makes every aspect of the market difficult to predict. But it also strengthens our ability to navigate challenges and produce innovative solutions. In such an ever-changing business environment, we are committed to identifying opportunities and re-aligning our strategic priorities, to drive the next phase of growth.

Economic Conditions

Over the past two years the global business environment has been rapidly evolving, with the intermittent outbreaks of Covid, supply chains disruptions and rising inflation rates. As a result, economies across the world are still reeling from output losses and uncertainty. In the context of India, the economy saw a steep fall, followed by a healthy rise during this period. This is because the initial shock of the pandemic was met with an accommodative policy response from the Government of India and RBI. According to the World Economic Forum, the latest forecast makes India the fastest growing major economy in the world. This optimistic overlook stems from the strong fundamentals of the Indian economy coupled with a conducive policy environment. Against this backdrop, the automotive and auto-component industries are expected to make windfall gains. According to IBEF, the auto-component industry in India is expected to be worth $200 billion by FY2026, on the back of economic revival and policies that aim turn India into a manufacturing hub.



Our response

Tough economic conditions in advanced economies such as the US and Europe, and high growth potential in emerging and advanced economies such as India, China, among others, prompted us to enter into an agreement with Compaigne Plastic Omnium SE, France (PO) to divest our four-wheeler lighting business in the Americas and Europe. As a result, we have strengthened and improved our balance sheet to drive investments and improve our margins in high-growth potential markets such as India. Our shift in strategy, coupled with favourable policies of the Indian government, is expected to place us on a high growth trajectory.

More on pg 42

[1] https://www.inventiva.co.in/trends/india-on-course-to-become-fastest-growing-economy-despite-recession-fears/

Long-term Forecasts of Future Society

Politics

- Shift from carbon-intensive to carbon-free
  - Acceleration of international cooperation between governments to respond to climate change
  - Necessity of promoting renewable energy and a hydrogen-based society
  - Restrictions on power generated from fossil fuels and internal combustion engines
- Establishment of laws to control adverse impacts on the environment and human rights throughout the supply chain

Economy

- Growth in emerging and developing economies
- Deepening of cross-country economic collaboration
- Shift to borderless capital transactions
- Expansion of ESG investment and acceleration of green transition across industries
- Promotion of automation in various industries

Society

- Threat to the sustainability of society due to the rapid increase in population, and climate change
- Aging populations around the world, declining workforce, acceleration of growth in life expectancies across countries
- Urbanisation in emerging and developing countries
- Shift in consumer behaviour to a more experience-based and ethical mode of consumption

Technology

- Integration of society with new technological developments like artificial intelligence and automation
- Productivity enhancement and value chain integration using big data

Medium-term Megatrends

Regulatory Landscape	Shift in Purchasing Patterns	Safety and Security	Integration of new Technologies
	Increased EV Adoption		Autonomous Driving
	Increased use of Electronics		Digitalisation and IOT

More on pg 38

Short term Risks

Pricing Risk	Market Risk	Employee Risk	Credit Risk
	Customer Attrition Risk	Technology Risk	

More on pg 16

AWARENESS OF BUSINESS ENVIRONMENT (CONTD.)

Regulatory Landscape

The concern over air pollution has led to regulations becoming increasingly stringent, to meet international pollution control standards. In an effort to combat and reduce the environmental impact of automobiles, the Government of India introduced two policies, which we expect to be representative of regulatory mega trends in India:

Bharat Stage (BS)-VI Pollution Norms

Over the past decade, the Government of India has adopted various measures to reduce and curb automotive pollution, introducing progressively stringent norms for internal combustion engine (ICE) emissions.

Our Response

BS-VI, the latest pollution norms, the equivalent of European regulation Euro III, are expected to increase the demand for BS-VI compliant auto-components. This presents an opportunity for us to help companies and people by providing pollution-free auto-components.

More on pg 40

Government Policies for Electric Vehicles (EVs) Adoption

In order to comply with international shift towards EVs, the Government of India has introduced schemes such as the Faster Adoption and Manufacturing of (Hybrid&) Electric Vehicles, to provide subsidies for EV production and charging infrastructure. On the consumer demand side, various State Governments have reduced sales taxes for EVs to increase the adoption of EVs.

Our Response

The transition to EVs is expected to increase the demand for more sophisticated and EV-compliant auto-components. With our strong R&D abilities, we look forward to providing solutions that enable this transition towards green mobility.

More on pg 40

Evolving Purchasing Patterns

We are witnessing a structural shift in consumption patterns within the automotive industry. The consumer is responding to the pandemic-induced changes and swiftly modifying preferences to opt for sustainable choices. There are two megatrends, that we believe will provide opportunities for us in the medium-term:

Increased use of Electronics

Automotives have historically been a status symbol across the world, and more so in India. Today, there is a structural shift, with automotives providing solutions to enhance user experience, coupled with an increasing reliance on digital features.

Our Response

Our Electrical-Electronics business unit is primed and ready to supply auto-components to match strong consumer preferences for a user-based experience.

More on pg 40

Increased EV Adoption

Increased consumer awareness of the impact of automotives on the environment has caused a rise in the demand for more ethical consumption, leading to increased EV adoption.

Our Response

Our initiatives to enhance our EV auto-component capabilities make us well-positioned to benefit from this megatrend.

More on pg 40

Integration of new Technologies

Automotive innovation was a hallmark of progress for industrialised countries in the 20th century. This trend is expected to continue in the 21st century, with new technologies such as artificial intelligence, machine learning, and robotics finding their application in the automobile sector. For us, two technological advances are relevant and present opportunities for our company to grow:

Autonomous Driving

Autonomous driving was once a feature in science fiction storytelling. Today, the world is on the cusp of self-driving revolution, which is expected to change the face of mobility all over the world.

Our Response

Important facilitators of autonomous driving include OEMs and suppliers like us, to help transform automotive manufacturing. We are committed to engaging in initiatives and aligning our business strategy to help our customers in the medium- to long-term.

More on pg 40

Digitalisation and IOT

An important advancement in the automotive industry over the last decade has been the integration of digital technologies and IOT solutions. Further integration is expected to enhance connectivity, with the introduction of WiFi and 5G in the mobility experience.

Our Response

Our global manufacturing capabilities, enhanced focus on innovation, and strong customer relationships with OEMs, make us well-positioned to supply and help facilitate a better experience for automotive users.

More on pg 40

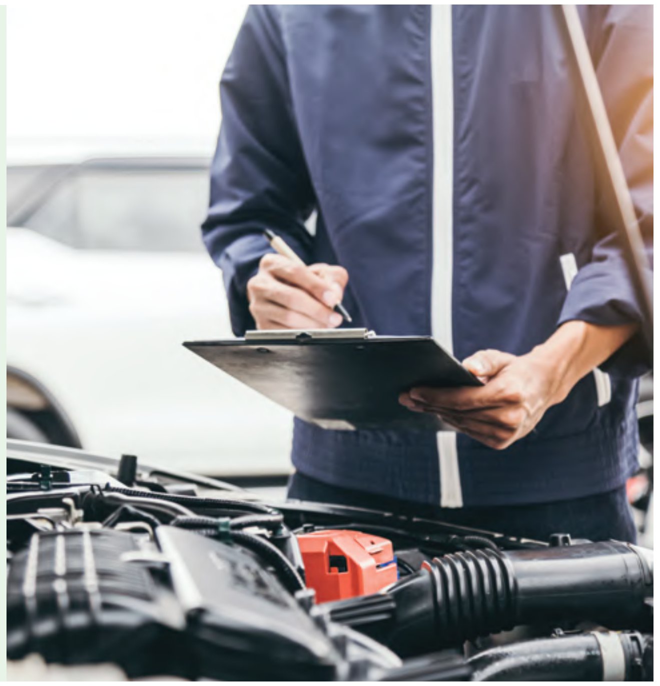
Safety and Security

“Safe”, here, represents technologies intended not only to protect vehicle occupants, but also those that actively reduces risk of a crash occurring. As Governments around the world and in India push for more safer and secure vehicles, there will be an increased focus on OEMs to meet increasingly stringent regulatory requirements in various markets.

Our Response

In the past, we have actively ensured that our products meet the highest ethical standards of safety and security. Our enhanced focus on our manufacturing process ensures that our products are safe, reliable and secure. Going forward, we are committed to being aligned with the present safety needs of Governments and people around the world.

More on pg 40



STRATEGIC INITIATIVES

ADAPTING WITH **AGILITY**

We are committed to continually optimise our operations and strategies to become a future-ready organisation. We will persistently monitor the megatrends influencing the automotive industry, re-orienting and adapting to stay ahead of the curve. This will help us in achieving our vision of ushering in a new era of mobility.

Transition to EV Vehicles

We have recently entered the high growth two-wheeler EV market, which is expected to grow at a CAGR of 72-74% through FY2026. During the year, we developed a 48V PMSM traction motor, which is a testament to our product development capabilities. Our strategic acquisition of CarIQ is expected to smoothen our entry into exclusive manufacturing tie-ups and capture emerging opportunities in this space. We have successfully won an order from one of the leading two-wheeler OEMs in India, indicating our rise in the EV segment.

₹37,900
Worth new products developed for 2 wheelers

₹46,000
Worth new products developed for 3 wheelers

More on pg 42

EV Transition at Varroc – Our Products

Traction Motor and Controller Traction motors convert electrical energy into mechanical energy. Controller is the device that controls the application of traction motor power.	**Battery Management System (BMS)** An electronic system that manages a rechargeable battery to ensure it operates safely and efficiently.	**Telematics** Capability to address the full system in terms of electronics hardware, which can access data from the vehicle and subsequently filter, asses, and send to cloud or display devices.
On-Board Chargers On board chargers are placed in the vehicle, and can be supplied by both DC/AC or single phase/ three phase power.	**DC-DC Converter** Part of power electronics.	**Throttle Position Sensor** Engine Agnostic Product which can be integrated with switch also.

Enhancing Connectivity and Digitalisation

In line with the megatrend of changing purchasing habits and the rampant integration of new technologies, our research and development capabilities have enabled us to continuously innovate to stay ahead of market trends. To benefit from the opportunities created in the business environment, we provide a variety of cutting-edge Electronical and Electronics products to our customers.

Connectivity and Digitalisation – Our Products

LCD to TFT and Connected
- Android/Car-play OS
- WiFi/BTLE
- Smartphone usage
- Digital key
- NFC for safety and unlock

TFT and Sensor Interface
- Heads up display
- Enhanced user experience
- Helmet connectivity
- Camera interface
- Radar interface

FOTA in Telematics

Prognostic-based use cases, Bike sharing, Cyber Security

5G enabled telematics, Video sending capability

Providing Safety and Security

We have developed full system solutions products, where we utilise synergies between our business divisions to provide OEMs technological advanced solutions at an affordable cost

BEYOND
BUSINESS

OUR APPROACH TO SUSTAINABILITY

SUSTAINABLE DEVELOPMENT FOR A **HEALTHY TOMORROW**

Our shift towards creating and supplying automotives with minimal footprint, stems from our desire to act as a an ethical and socially responsible business. With technology at the forefront, we are embedding sustainability into our designs and production processes, to create a positive impact on the environment and the communities in which we operate.

The main vehicle for engineering creation of value for everyone we connected to our business are the various CSR projects we undertake every year. We believe in transforming our ideas into action, and thus are committed to making our CSR actions plan into reality.

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.

CSR Governance Structure

Our CSR committee formulates and approves a CSR action plan each year. We have put in place a highly effective, powerful and transparent governance structure, to fulfil our commitments and achieve our vision.

Board of Directors	
CSR Committee	
Corporate CSR	
Varroc Foundation	CSR team at plants/offices
Social organisation	Social organisation

Mr. Tarang Jain
Chairman

Mr. Arjun Jain
Member

₹48.37 mn
CSR Expenditure

ENVIRONMENT, HEALTH, AND SAFETY

ADAPTING STRINGENT MEASURES TO **ENSURE SAFETY**

It is essential to create a safe working space, so that people can nurture their potentials, without adversity striking. The well-being, health and safety of our employees are of utmost importance to us, and we employ the highest standards of regulation to ensure the same. Efforts towards greening our footprint also contribute to elevating our operating conditions. The Environmental, Occupational Health and Safety (EOHS) strategy is an integral part of our core values, enabling us to remain injury-free while also being eco-friendly.

In 2008, we launched our EOHS strategy and implemented an integrated environmental, health, and safety management system, at all of our manufacturing plants globally. This is consistent with the ISO 14001 Environmental and OHSAS 18001 Health and Safety Management Systems and is certified in compliance standards by a third-party registrar, Bureau Veritas.

EHS Core Values

To ensure compliance with occupational regulations and controlling occupational hazards that put risk to employees' life, property, and the environment by investing in safe and eco-friendly technologies.

Communication
Actively informing stakeholders about the EHS guidelines

Collaboration
Working as a team (CFT) to provide and implement EHS practices

Commitment
Promoting the EHS culture with dedication, proactively

Our Health and Safety Process

Key Focus Areas of EOHS:

- Eliminating operational risks by proactively identifying and controlling hazards
- Preserving the Company's assets and complying with all legal norms
- Enhancing EHS skills through training and development
- Reducing environmental impacts and optimising the use of natural resources
- Preventing diseases by maintaining hygiene at the workplace

Governance

Our EOHS plan is implemented at the Group level, where we continuously monitor, measure evaluate, and improve our EOHS performance, by establishing goals and objectives. Our EOHS performance is periodically reviewed to ensure the implementation of our strategies by monitoring the performance of our plants.

Our Health and Safety Objectives

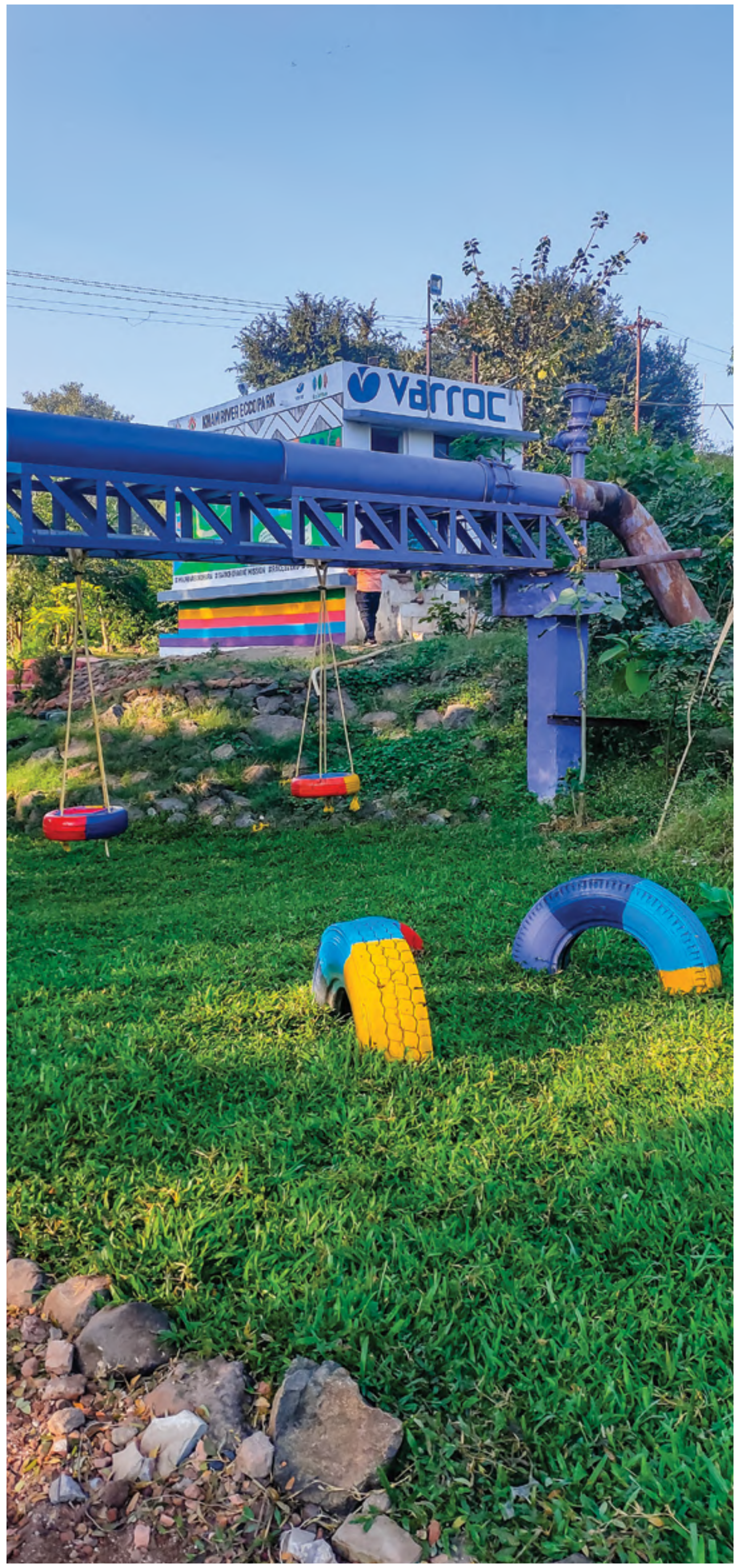
- Reduce the dependability on conventional energy sources and increasing the use of renewable energy sources
- To certify all our plants for environmental management systems, in accordance with the requirements of ISO 14001 and OHSAS 18001
- Proactively enriching the EOHS culture within key areas of our organisation
- Strong focus on sustainable EOHS system and compliance
- Developing EOHS competency in the organisation
- Proactive focus on forthcoming legal requirements and internal mechanism of audits
- Driving sustainability through various initiatives

ENVIRONMENT

PROTECTING THE ENVIRONMENT FOR A **SECURED FUTURE**

As a responsible corporate citizen, we are cognisant of our role in creating a greener and cleaner tomorrow. We are committed to environmental stewardship to ensure a sustainable future with a healthy supply of resources. We strive towards adopting proactive approaches that help safeguard the environment and the society at large.

More on pg 20



Kham River Eco Restoration Project

During the year, we undertook the ecological restoration of the Kham river, encompassing a distance of 1.5 Km. This endeavour included the cleaning of the river and putting trappers for garbage, constructing and guarding of a green bridge, and the beautification of the river. We constructed six green bridges, one Eco Park, and two M S metal screens. The project is guided by our objective to ensure environmental sustainability, ecological balance, and the protection of biodiversity.

Riverfront development

- Building porous walkways with a focus on improving urban mobility
- Creation of 4 Ecological Spaces
- Building of porous walkways with a focus on improving urban greening of areas

The Upstream Intervention

- Building effective waste collection
- Connecting sewage outlets
- Building effective waste collection and recovery systems
- Barricading along bridges

Citizen Engagement

- Building resident awareness
- Weekly volunteering

Solar Power Plant

During the year under review, the windmills installed by the Company at Satara and Supa in Maharashtra State and Badabagh in Rajasthan State, generated 96,67,303 units of electricity (including 71,64,349 units of captive consumption). The Company earned an income of ₹54.35 Million (including captive consumption ₹40.06 Million) from the generation of wind power.

Further, Solar Plant installed by the Company at Shivaji Nagar, Dist. Dhule, Maharashtra State generated 52,06,230 units of electricity. The said units were captively consumed by the Company. The total amount of captive consumption in ₹36.24 Million.

The Company has also put solar panels on the roof of various plants and have generated 63,63,312 units of electricity for its captive consumption.

11.56 MW
Power Generation Capacity of all our Solar Plants

9.67 MW
Power Generation at all Our Windmills

19,851
Number of Saplings Planted

₹37.50 million
Spent on Kham River Eco Restoration Project

Recognition
by State Government of Maharashtra

Times Green Award
Awarded by Times of India for the Kham River Restoration Project

SOCIAL

UPLIFTING LIVELIHOODS WITHIN **OUR COMMUNITIES**

We believe that true progress can only be achieved together, when everyone in need has their requirements fulfilled. We strive to contribute to this idea by undertaking initiatives that help uplift and enrich the lives of our communities, around which we operate. We engage with all our stakeholders to partake in our quest, creating value for all in the process.

We work closely with the people connected to our business, enhancing the quality of their lives for the better. Our consistent, high-impact corporate social value (CSV) initiatives are rooted in two major areas - skill development and the promotion of young sports talent.

Learn and Earn Scheme

We partnered with TISS, a prestigious educational institution to shape our Learn and Earn Scheme at Varroc Academy, for the second consecutive year. The objective of the scheme is to train the youth in employable skills and help provide them livelihood and job opportunities. We create a conducive environment for their learning, upholding the vision - 'Secure future with their own hands'.

The scheme also tries to enhance the capabilities more broadly, by providing a three-year course that includes classroom and shop floor learning, during production.

₹21.1 mn

Expenditure on Learn and Earn Scheme

211

Beneficiaries from Learn and Earn Scheme

Varroc Vengsarkar Cricket Academy (VVCA)

We partnered with veteran cricketer and former Indian cricket team captain, Dilip Vengsarkar, to continue our cricket academy at Pune. VVCA provides an indoor cricket training facility (of which only seven exist in India). In the academy, professional coaches identify talented cricketers from the selection camp every year and these players are provided with training, free of cost. We arrange seminars with experts in the field, for players as well as coaches. Additionally, VVCA organises a cricket tournament, the 'Varroc Cup', which is open to various age groups.

3 Players

Selected for the Maharashtra State Team from VVCA

Sports Sponsorships

We have partnered with Abhinav Bindra foundation trust to sponsoring and promoting young talent across various fields. We provide them with the necessary support to compete at national and international level competitions and help them establish and fast track their journey towards excellence. During the year, we sponsored 3 athletes who have won a combined 14 medals in international tournaments last year, including 5 gold medals.

Mansa Rawat

Age: 14 | Badminton

2 Gold medals (Badminton) at the YONEX German Ruhr Open Tournament 2021, held in Mulheim, Germany.

Sadhvi Dhuri

Age: 21 | Swimming

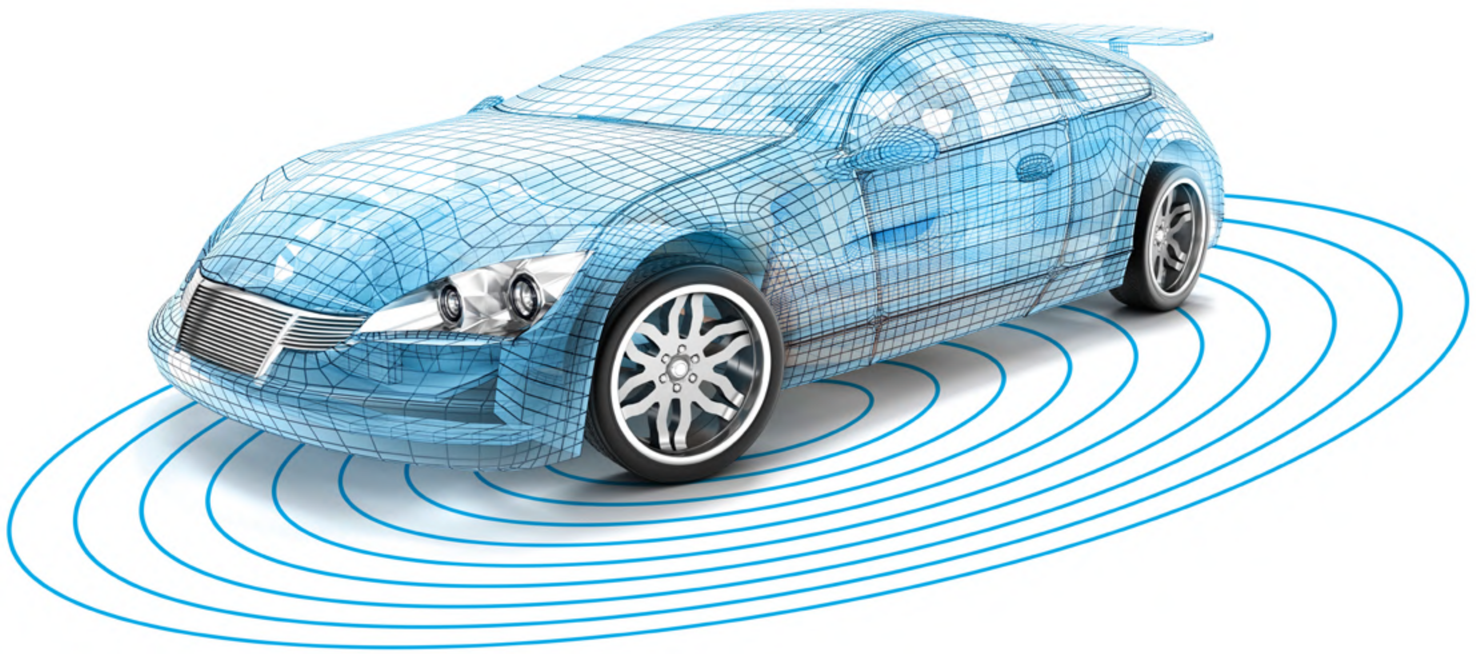
3 silver and 3 bronze medals at All India Inter-University Aquatic Championship, 2021

3 silver medals at Khelo India University Games, 2021

Priya Kumar

Age: 15 | Shooter

Management Discussion and Analysis



1. ECONOMIC OVERVIEW

1.1 Global Economy Overview

The advent of 2021 brought in rays of optimism, with the global economy recovering, coupled with successful rollouts of the vaccine against COVID-19 happening across countries. However, soon after the emergence of the Delta variant, the world witnessed increased cases of infection, along with renewed restrictions across countries. This also led to disruptions in the global supply chain, impacting the pace of economic recovery. After a steep decline in 2020, the global economy reported a growth of 6.1%, as reported by IMF's Global Economic Outlook, July 2022. The growth was largely driven by pent-up demand and gradual relaxation of economic and social activities despite the sporadic restrictions imposed due to the newer variants. Inflation and rising crude prices kept the central banks across the world on the edge.

According to the latest projections by IMF, advanced economies grew at an annual rate of 5.2% in 2021. Amongst advanced economies, United States, United Kingdom, and Canada grew the fastest at a growth rate of 3.7%, 3.7% and 3.9%, respectively. This was because of a low-base effect and structural conditions of these economies. In comparison, emerging and developed economies achieved a faster rate of growth than advanced economies at a rate of 6.8%. Among emerging and developing economies, India and China experienced the strongest recovery, growing at an annual rate of 8.9% and 8.1%, respectively.

The value of overall global trade reached an amount of USD 28.5 trillion in 2021, registering a growth of 25% over 2020, and 13% over 2019, which was the pre-pandemic year.

Outlook

The pace of global growth is expected to considerably slow down, owing to the ongoing geo-political turbulence being witnessed in Europe, and the resultant increase in crude and other commodity prices, driving inflation further up. The global supply chain bottleneck continues with China following a zero-tolerance policy for COVID. In 2022, the world economy is expected to grow at 3.6%. For CY2022, inflation is projected at 5.7% in advanced economies, and 8.7% in emerging markets and developing economies. A hike in interest rates by various central banks and gradual withdrawal of the pandemic-induced stimulus packages are to slow down growth further.

World Economic Outlook Projections (%)

Particulars	Actual 2021	Projected 2022	Projected 2023
World Output	6.1	3.6	3.6
Advanced Economies	5.2	3.3	2.4
United States	5.7	3.7	2.3
Euro Area	5.3	2.8	2.3
Japan	1.6	2.4	2.3
United Kingdom	7.4	3.7	1.2
Emerging and Developed Economies	6.8	3.8	4.4
China	8.1	4.4	5.1
India	8.9	8.2	6.9

Source: IMF

Crude remained a cause of concern

2021 saw an increase in the price of crude oil, owing to the global petroleum demand outstripping supply, driven by growing COVID-19 vaccination rates, reducing pandemic-related restrictions, and an expanding economy. Brent, which is the global benchmark for crude, indicated a surge in price, from USD 50 per barrel at the beginning of the year, to a high of USD 86 per barrel in late-October, before falling in the last few weeks of the year.

The annual average for Brent stood at USD 71 per barrel, the highest in the past three years. The price of West Texas Intermediate (WTI) crude oil traced a similar pattern to Brent, and averaged USD 3 per barrel less than Brent in 2021. The price of crude breached USD 100 per barrel post the Russia-Ukraine conflict, which resulted in the international community posing several economic sanctions on Russia.

1.2 Indian Economy Overview

After a rebound in economic activities in the last two quarters of FY2021, the Indian economy started FY2022 with the challenges of the Delta variant of COVID-19, impacting the health of the population. The restrictions, though localised, slowed down the recovery during the first quarter of the financial year under review. After degrowth of 6.6% in FY2021, the Indian economy reported a growth of 8.7%. The easing of COVID-related restrictions, an impressive vaccination campaign, and a strong policy response from the Government of India led to the recovery. The Reserve Bank of India maintained an accommodative stance, despite the inflationary environment towards the second half of the year, providing the economy room to expand. However, the growth was impacted during the second half of the year, largely driven by the global supply chain disruptions and an inflationary environment, following the steep increase in crude and other commodity prices.

Union Budget of India FY2023

The Union budget of India FY2023 was aimed at strengthening of India's infrastructure with a focus on:

- PM GatiShakti
- Inclusive Development
- Productivity Enhancement and Investment, Sunrise Opportunities, Energy Transition, and Climate Action
- Financing of Investments

As a reflection of these priorities, the Government of India proposed an increase of capital expenditure of ₹7.5 lakh crores in FY2023 compared to ₹5.54 lakh crores in the previous year at a rate of 35.4%. The intention behind the announcement was to kickstart a virtuous cycle of investment and crowd in private investment. As a result, there is an expectation for the sluggish investment demand to pick up, and increase production through the investment multiplier.

Outlook

As per the latest projections by CRISIL, India's Gross Domestic Product (GDP) is expected to report a growth of 7.3% in FY2023. The drivers of growth are expected to be a rise in private consumption and investment, and favourable policy environment. The growth projections face downside risks from inflationary pressures emanating from high oil and commodity prices, elevated freight prices, and the prolonging of Russia-Ukraine conflict.

7.3%

India's Projected GDP growth in FY2023

2. INDUSTRY OVERVIEW

2.1. Global Automotive Industry

The global automotive industry consisted of 80.15 Million units in 2020 and is expected to reach a size of 122.38 Million units through 2030 at a CAGR of 3.71%. The growth drivers are expected to be rising demand for safety systems, and the high-growth market in the Asia Pacific region. There is an increased focus on the Asia-Pacific region because of the nascent stage of markets, state-promoted support, and cost advantage of OEMs.

The global automotive industry is at an inflection point, with emerging technologies such as artificial intelligence (AI), and electric vehicles (EVs), among others, expected to be disruptive. According to a report by McKinsey, there are four technologically-driven trends in the automotive sector:

- **Diverse Mobility:** The recent technological advancements in computation and algorithms have made it possible for an increasing number of companies to provide 'shared economy' and data-driven services. As a result, there is an expected diversification of the automotive revenue pool to on-demand mobility and data-driven services.
- **Autonomous Driving:** Autonomous driving, whilst still at a nascent stage, is expected to lead the automotive revolution and change the experience of mobility in the coming decade. According to a report by McKinsey, around 15% of new cars sold in 2030 could be fully autonomous. However, regulations still pose a constraint on autonomous driving.
- **Electrification:** With a shifting focus on reducing global emissions and carbon footprint, EVs are the future. Currently, EV sales are a rather small percentage of global sales. Going forward, EVs are expected to disrupt the traditional automotive industry and there is a huge scope for innovation in this space. According to a report by McKinsey, the share of EVs could range from as low as 10% to as high as 50% of new-vehicle sales by 2030.
- **Connectivity:** There is a growing push for the integration of recent advancements in digitalisation and internet of things (IOT). This is expected to increase the demand for an increased level of sophistication and connectivity in new cars that will be produced in the future.

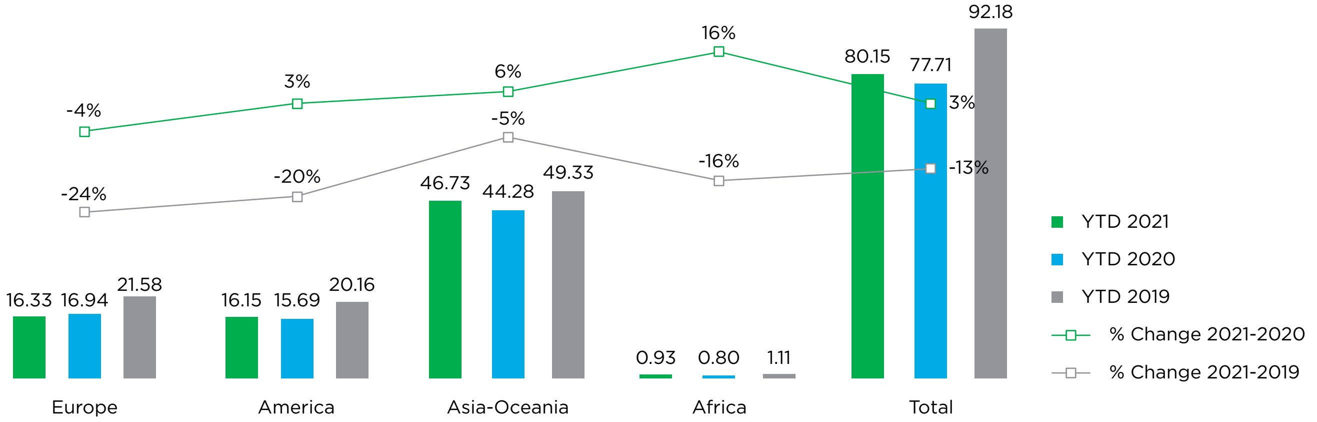
According to OICA estimates, global automotive volumes witnessed a 3% improvement in 2021 compared to the previous year. However, the latest figure was still 13% lower than pre-pandemic volumes.

Global semi-conductor shortage

During the pandemic, the world witnessed a historic slowdown in production, where automakers abruptly cut the demand orders for electronic components. As the pandemic subsided, there was a resurgence in global demand, which could not be matched by the global supply of semi-conductors. This is because of the complexity of semi-conductor production process. The semi-conductor chip's design process requires matching the specific manufacturing process of automotive partners. This makes their production process long and cumbersome. For example, typical lead times can exceed four months for products that are already well established in a manufacturing line.

This supply-demand mismatch was exacerbated by supply chain issues and the onset of the Russia-Ukraine conflict. It is estimated that the global shortage of critical semiconductors is likely to last till 2023.

Global auto-volumes, 2019-2021 (in mn units)



2.2 Indian Automotive Industry

According to SIAM, the Indian automotive industry consisted of 22.93 Million units this financial year. According to IBEF, it is expected to grow and achieve a market size of USD 251.4-USD 282.8 billion by 2026. The Indian auto industry is expected to record strong growth in FY2023, post recovery from the effects of the pandemic. EVs, especially two-wheelers, are likely to witness positive sales in FY2023.

The Indian automotive industry bore the maximum brunt of COVID-19. After reaching new lows, it is now growing steadily. With government incentives and innovative technologies, there is a plethora of opportunities in this industry. According to CRISIL, EVs present an opportunity of almost ₹3 lakh crores for various stakeholders in India in the five years through FY2026.

Indian Automotive industry ranks second globally in the two-wheeler segment, next to China. The production and demand of the auto component industry are proportional to that of the automotive industry. Although a sizeable portion of auto components production caters to OEMs, the aftermarket or the replacement markets have emerged as crucial sources of revenue for the auto components industry over the past few years. Due to COVID-related trade restrictions, auto components industry exports were lower compared to earlier years. The industry is highly fragmented and has a low presence of foreign firms. One of the main challenges faced by the indigenous component manufacturers is the low level of technology adaptation and R&D intensity. India is emerging as a global hub for auto component sourcing.

2.2.1 Two-Wheeler Sector

India is the largest two-wheeler manufacturer in the world. In FY2022, the domestic sales of two-wheelers fell 10.9% to 13.4 Million units. Post-COVID, there has been a fall in purchasing power of rural India, due to which rural demand has reduced significantly. With rising input costs and low festive sales, the two-wheeler industry is going through a difficult phase. Moreover, with EVs on the horizon, people are deferring their purchases as well.

Motorcycle sales also declined 8-9% this fiscal year. Unlike the first COVID wave, rural India was affected by the second and third waves. Delayed harvest and rising fuel prices affected rural demand for two-wheelers.

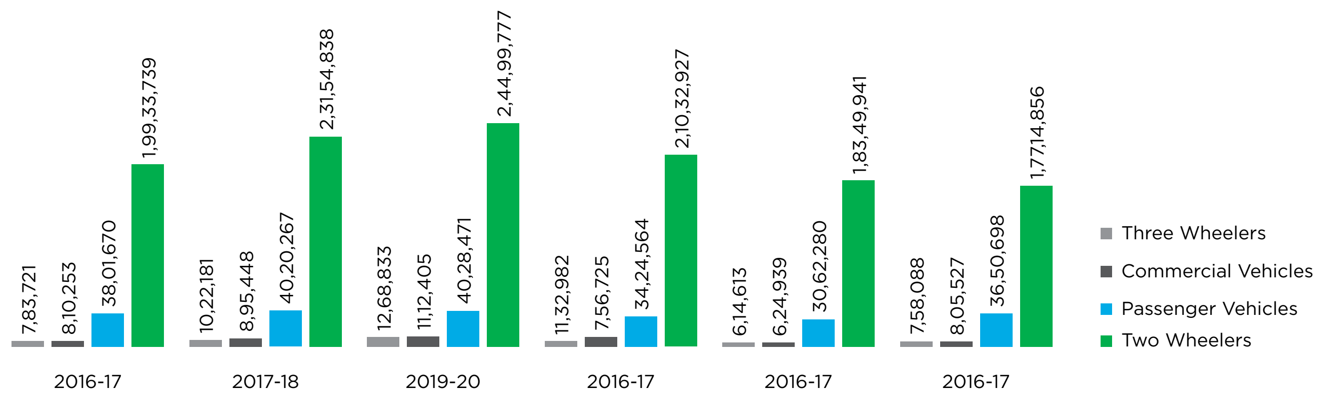
With the government taking significant measures to ease the inflationary pressure and help the common man by reducing central excise duty on petrol and diesel, and changing the duty structure to moderate prices of steel and plastic, it is expected that there will be a rise in demand for two-wheelers in future.

2.2.2 Three-Wheeler Sector

India's three-wheeler market is the largest in the world and was affected greatly by the pandemic. A structural shift towards personal mobility proved to be a setback to this sector. Shared mobility was avoided due to COVID, which resulted in losses in the passenger carrier segment. Moreover, schools, offices, and other public places were shut down and have not recovered much post-Covid. Financing problems and price hikes after the transition to BS-VI have made this sector incur huge losses.

With rising fuel costs, people have started to prefer electric three-wheelers. For FY2022, three-wheeler sales increased by 18.9%. Manufacturers are also looking toward export to maintain profitability in this sector. According to CRISIL, the share of electric three-wheelers increased to almost 5% in FY2022 from less than 1% in 2018.

Automobile Production Trends (in mn units)



Source: IMF

2.3 Global Auto-Component Industry

According to estimates, the global market for automotive components will increase from USD 2,336.07 billion in 2021 to USD 2,572.01 billion in 2022 and USD 3,638.77 billion in 2026. The sector is experiencing rapid technological development, which is driving the market. The pandemic had a big impact on the market, owing to global supply chain disruptions, but is now recovering. In 2021, Western Europe was the second-largest area in terms of the worldwide market for automotive components, trailing only the Asia Pacific region.

2.4 Indian Auto-Component Industry

India is emerging as a global hub for auto component sourcing and the industry exports over 25% of its production annually. A cost-effective manufacturing base keeps costs lower as compared to operations in Europe and Latin America. As per Automobile Component Manufacturers Association (ACMA), automobile component export from India is expected to reach USD 80 billion by 2026. The Indian auto component industry aims to achieve USD 200 billion in revenue by 2026.

In the long term, premiumisation of vehicles, focus on localisation, improved export potential, and EV opportunities, resulting in higher content per vehicle, would translate to healthy growth for auto component suppliers.

3. COMPANY OVERVIEW

We are a global tier-1 automotive component group with a global presence. We design, manufacture, and supply exterior lighting systems, plastic and polymer components, electricals-electronics components, and precision metallic components to passenger car, commercial vehicle, two- wheeler, three-wheeler, and off highway vehicle (OHV) to OEMs directly, worldwide.

We were incorporated in 1988, where we commenced our operations with the polymer business in 1990. We initially grew organically, based on the ethos of quality, delivery, and quality. As a result, we added new business lines and established our electrics-electronics business in 1996, and started manufacturing and supplying engine valves to Bajaj Auto. The 2000s saw us experiencing sustainable growth and diversification. We diversified our product portfolio and expanded our manufacturing capabilities through various strategic investments, joint ventures, and acquisitions. In 2004, we established our metallic forging business segment for two-wheelers and three-wheelers, and subsequently, in 2007, we acquired the Italian forging company, Imes.

The last decade saw us establishing ourselves as a global company. We accelerated our strategic acquisitions, investments, and joint ventures. Our 2012 acquisition of Visteon's global lighting business, now known as Varroc Lighting Systems, helped us become a global supplier of lighting auto-components to OEMs. Another notable acquisition was that of CarlQ – a leading telematics provider. Over the years, In April'22, we have signed an Share Purchase Agreement (SPA) to divest our 4-Wheeler lighting business in Europe and America.

We have a global business with diversified product lines. The continued operations of Varroc Group are as follows:

i. Indian Operations

ii. European Operations

iii. China JV

Government of India initiatives

The Government of India, in a push to make India more self-reliant, has introduced two schemes to boost auto-component manufacturing in India:

Production Linked Incentive (PLI)

The Government of India announced the PLI scheme for the automobile and auto-component industries to help them overcome the cost disabilities of the industry for the manufacture of Advanced Automotive Technology (AAT) products in India. Under the scheme, there are incentives of up to 18%, to encourage the industry to make fresh investments in indigenous supply chain of AAT products.

It is expected that the scheme will lead to fresh investments of over ₹42,500 crores, incremental production of over ₹2.3 lakh crores, and will create additional employment opportunities of over 7.5 lakh jobs

The PLI Scheme for automobile and auto components has been successful in attracting a proposed investment of ₹74,850 cr, against the target estimate of investment ₹42,500 crores for five years.

Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) II

Faster Adaption of Manufacturing of Electric Vehicles (FAME) II, with an outlay of ₹10,000 crores, is aimed to boost adoption of EVs. It aims to generate demand by way of supporting 7,000 e-buses, 5 lakh e-three-wheelers, 55,000 e-four-wheeler passenger cars (including strong hybrid), and 10 lakh e-two-wheelers.

Only advanced battery and registered vehicles will be incentivised under the scheme. With greater emphasis on providing affordable and environment-friendly public transportation options for the masses, the scheme will apply mainly to vehicles used for public transport or those registered for commercial purposes in e-3W, e-4W, and e-bus segments. However, privately owned registered e-2Ws are also covered under the scheme as a mass segment.

Indian Operations

Under our Indian operations, which contributes to 76.4% of our revenue, we have polymer, electrical-electronics and metallic products. We have 28 manufacturing facilities which we utilise to serve marque clients such as Bajaj, Royal Enfield among others.

2W, 3W, PV, CV AND OHV

Customer segments we serve

European Operations

Under our European operations, which contributes to 13% of our revenue, we have our global lighting, electronics, and metallic (IMES) products. We have 5 manufacturing facilities which we utilise to serve marque clients such as KTM, Ducati, Kawaski among others.

China JV

We are Supplier of exterior lighting systems for PV and Aftermarket market. We have 2 manufacturing facilities in China which we utilise to serve marque clients such as CJLR, VW, Geely, Tesla, CAF, and JMC among others.

3.1 Key Highlights FY2022

Divestment of 4W lighting system operations in the Americas and Europe

We entered into a definitive agreement with Compagnie Plastic Omnium SE, France (PO) to divest its four-Wheeler lighting business in the Americas and Europe. The deal has an enterprise value of EURO 600 Million.

The deal is expected to significantly strengthen our balance sheet and operational performance. The divestment removes significant operational overhangs (low-capacity utilisation of VLS) and financial overhangs (net debt is expected to become zero when the deal closes). It improves our capacity to invest and be future-ready for upcoming disruptions in the automotive industry. We have identified key business segments such as EV components, electronics-electrical and connectivity solutions as potential areas of growth. Regarding EVs, we have already made considerable progress and developed an EV product for the two-wheeler segment, which includes battery management systems (BMS), on-board charger, DC-DC converter, motor controller, and PMSM traction motor. The deal also enables us to focus on maintaining a leadership position in the polymer, electrical-electronics, and metallic business in India. This will enable us to improve profitability through better capacity utilisation in a buoyant domestic 2W and 3W segment.

Going forward, we will increase our focus on strengthening our EV components, electronics, connectivity solutions, the global two-wheeler lighting segment, and our India business. Despite global headwinds, we are confident that the Indian automotive industry is at an inflection point, where our India business provides a strong platform to achieve double-digit margin growth. We are confident that our demonstrated history of growing content/vehicle and technology-led work for our products will be replicated in the future, and we are well-positioned to be on a high growth trajectory post-divestment.

Management Discussion and Analysis

Business order wins

We achieved significant business order wins across our business unit this year. The business win are from both ICE players as well as EV Players. This reflects the growth we expect from our business over the Next Few Years. We are confident our growth will be higher than the industry average, and we will acquire more business order wins in the coming years.

Application of PLI scheme approved

The Government of India approved our application for production-linked incentives under the 'component champion incentive scheme,' and we aim to benefit from the sales value-linked incentive plan. Under the scheme, we have committed to investing around ₹2,800 Million over the next five years and are proud to contribute to India's growth story over the next five years.

Outperforming the Industry

Despite headwinds in our business environment, our revenue growth for FY2022 for Continuing Operations (excluding divestment to PO) outperformed Industry growth. This was because of high growth in the aftermarket division and our ability to add more products per customer and more customer per products.

4. BUSINESS REVIEW

Our automotive business operations are divided into five business units based on our product portfolio:

i. Metallic Business Unit (MBU)

ii. Lighting Business

iii. Polymer Business Unit (PBU)

iv. Electrical-Electronics Business Unit (EBU)

v. Aftermarket Division (AD)

Metallic Business Unit (Transmission & Valves)

We design, manufacture, and supply precision forged and machined parts for engines and transmissions, and engine valves to domestic and international markets. Our metallic business unit has a competitive advantage in providing impeccable design, development, manufacturing, and supply of high-performance and cost-effective components through environment-friendly practices, such as Zero Liquid Discharge (ZLD) in our plants.

Our transmission business supplies Precision, Forged, and Machined Parts for Engines and Transmissions for 2W, 3W, 4W, CV, Off-Highway, Earthmoving, and Oil Drilling applications. We make components such as transmission gears and assemblies, crankpins, connecting rods, flanges, ring gears, crankshafts, camshafts, knuckles, front axle beams, hydraulic shafts, heavy undercarriage parts, and drill bits and cones. The business has four manufacturing plants in India, two in Italy, and an engineering centre in India.

Our engine valves business supplies to all segments of the automotive industry, including 2-wheelers, 3-wheelers, 4-wheelers, commercial vehicles, and off-highway vehicles. Our business capabilities have made us achieve a market share of approximately 25% and have made us into a supplier of choice for leading OEMs. We are one of the major exporters of engine valves to the international markets, where half of our production is exported to Europe and other countries. The business has two manufacturing plants and a state-of-the-art technical centre in India to provide development and research support to customers across the U.S, Europe, and Asia. The engine valve division also provides development to the realisation of high-performance technologies like sodium filled valves, hollow valves, and titanium valves. Lastly, with the acquisition of Imes in 2007, Varroc has taken a formidable turn in proving our mettle to the world.

Strengths

- We have a forging capacity, ranging from 100 T to 8,000 T
- We possess state-of-the-art equipment to produce components with highly critical tolerance
- Our sodium-filled valves reduce weight by 10% as well as temperature operating range by 150o C
- We cater to almost all the segments i.e., 2W, 3W, PV, CV, and OHVs

Way forward

We are focused on the emerging megatrends and plan to build business capabilities to enable us to supply various components required in EVs. We also plan to develop engine agnostic components to help expand our product portfolio. To drive growth, we have planned to increase the capacity utilisation of our plants. Going forward, our diversified metallic product portfolio, coupled with our global manufacturing presence, will help us to tap into more export opportunities.

Lighting Business

Our lighting business focuses on the design, manufacturing, and supply of exterior lighting for two-wheelers globally, and four-wheelers in India and China (Through JV).

Our 2-wheeler lighting business has a global footprint and have manufacturing footprint in India, Italy, Vietnam and Romania. Our lighting business supplies global OEMs with our portfolio of proprietary technology.

Our 4-Wheeler Lighting Business has manufacturing footprint in India and China (Through JV). In addition, we have technical centres and sales offices, which provide support to our customers. Some of our key technologies include matrix lamps, adaptive driving beam (ADB), LED lamps, organic light-emitting diodes or OLEDs, and electronic control modules.

Strengths

- We were one of the first to market efficient and stylish lighting
- We provide Smart LED lighting (HL and TL) compactness, Projector Head Lamps, Sensor Integration (Camera, Ultrasonic, Radar), Matrix Concept
- Our business capabilities give us the ability to support any current and future international regulatory requirement (adaptive and bending light)

Way forward

We plan to strengthen our position as a global two-wheeler lighting player and boost our presence in four-wheeler lighting in Asia. In today's business environment, which is rife with supply chain disruptions, we plan on strengthening back integration for light engines and light control units through our Romania plant. We want to further tap into our business capabilities by exploiting the synergy with Polymer Business Unit and becoming a system supplier for products, such as smart surfaces, illuminated door trims, and tail gates, among others. In addition, we plan on taking advantage of the high-growth markets in Asia by enhancing the capacity utilisation of our plants.

Management Discussion and Analysis

Polymer Business Unit

We design, manufacture, and supply various polymer solutions to OEMs, with a pan-India presence. At our polymer business unit, we emphasise on a design-driven and technology-savvy product portfolio. During the year, we added new customers, such as MG, Websato, CNH, and PSA, and this feat is a testament to the quality of our products. Our research and innovation capabilities led us to successfully launch products in passenger vehicles, such as VW Taigun, Kushaq, Bajaj K17, Mahindra XUV 700, and THAR, among others.

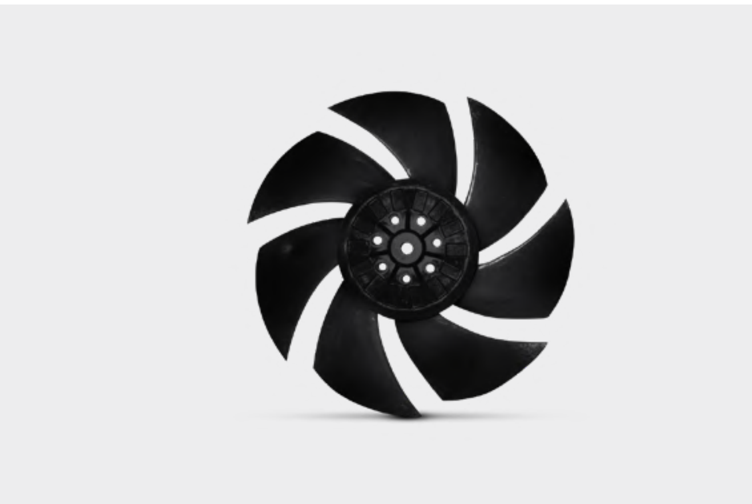
We have a R&D centre with an analytical lab, which we use to provide solutions for engineering in interior and exterior system, w, mirror assemblies, and advanced clean air filter solutions across PV, CV, 2W, and 3W segments. We are driven by the ethos of quality, cost, delivery, and differentiation, which have enabled us to achieve and set benchmarks of lightweight for the automotive industry.

Strengths

- We possess advanced manufacturing process, resulting into SOP of new products like tailgate, sunroof, roof rail and accessories
- Integrated digitalisation (IoT, robotics, poka-yoke system) to improve productivity

Way forward

We plan to build and enhance our business capabilities for the development of green bio-carbon materials. Further, we have planned initiatives to strengthen our 4W product portfolio in various segments, such as interior, exterior, underhood parts, accessories, and mirrors.



Electrical-Electronics Business Unit (EBU)

We engage in the design, manufacturing, and supply of electronics-electronics components, where we offer complete solutions in electrical-electronics components and assemblies for automotive applications. Within the electrical-electronics business unit, we rely on our core competencies of design, product development, and manufacturing to supply leading OEMs in India. For over two decades, our business approach has enabled us to cope with the ever-evolving technology, market conditions, and increased demand of our customers.

We support our product design with world-class manufacturing facilities that include a manufacturing facility for electronics PCB. This helps us provide an end-to-end solution to meet our customers' needs. Our products, such as ISG and EFI the growing needs for fuel efficiency and safety. In addition to this, we successfully launched EV products, such as traction motor, controller, DC-DC converter, and battery management system this year. Our latest technology TFT Instrument cluster augments our product offerings. Our acquisitions, CAR IQ and Triom have also been a major uplift in terms of expansion and strengthening of foothold.

Strengths

- Localised design and development capability with speed and agility
- Indian market leader for electrical-electronics systems
- World-class system validation and test lab
- Long-term engagements with suppliers

Way forward

We intend to proceed with aggressive technological development to take advantage of opportunities in our business environment. We intend to add more products per customer and more customer per product to drive profitable revenue growth. Going forward, we are committed to increasing investment as part of our application for the PLI scheme.

Aftermarket Division

Our aftermarket division is a well-diversified business segment in terms of products and geography. We offer key products such as C.D.I, Starter Motors, Carbon Kits, Armature, Regulator Rectifier, Forgings, Magneto Coil Plate, Filter, Engine Oils, Lighting, Ignition, and Rear View Mirror, among others. Our aftermarket division supplies these products to various geographies, such as India, ASEAN, Africa, and Latin America.

4.1 SWOT analysis

Strengths – The automobile industry is a continuously evolving industry with innovation and technological advancement. We have been investing in its R&D facilities, which places us in a unique position to take advantage of megatrends and cater to evolving market demand. The Company has well-entrenched relationships with Bajaj, Honda, Royal Enfield, Yamaha, Skoda, etc. Across its global operations, the Company continues to focus on cost optimisation, positive free cash flow, and debt reduction.

Weakness - After having pushed considerable liquidity in its global lighting systems, Varroc could not generate commensurate ROE from it, and has thus sold it to concentrate on Indian business. Varroc had to bear considerable finance costs for raising funds for the segment. Now that the segment has been divested, the Company is in a better position, and poised to leverage opportunities in the future.

Opportunities - The Indian auto component market is improving, and Varroc stands to gain share in its Aftermarket division. The government has been providing stimulus for EVs. Varroc has already started producing EVs and is also ahead of its competitors in EV adoption. There is significant traction on the current OEMs, and growing opportunities for partnerships on our 2W EV platform. The divestment of 4W lighting system operations in the Americas and Europe will lead to significant deleveraging of the balance sheet and free up management bandwidth for greater focus on the growth segments.

Threat - Rising input costs due to supply chain pressures from the Russia-Ukraine war might affect the bottom line of Varroc. A rise in fuel prices will also hurt the automobile segment. If the semiconductor shortage issue remains unresolved and continues to disrupt global auto supply chains, it might act as a bottleneck for our operations.

4.3 Outlook

We have growth opportunities due to mega-trends in our business environment such as adoption of EVs, the push for safety and BS-VI regulation among others. More specifically, some of our electrical-electronics and polymer business unit in India, the electronics business in Romania and our 2W global lighting business (Italy/Romania/Vietnam) are geared up to capitalise on specific growth opportunities. In our European operations, we are looking to partner with Global OEM's, who are beginning to gradually look for electrification. Plants in Romania, where we have our electronical-electronics business is looking to capitalise on ADAS areas, where we are developing capabilities to prepare hi-tech and cost-effective solution. Our Indian businesses such as the polymer and metallic business unit, among others are expected to receive a boost from the buoyant Indian environment.

5. FINANCIAL OVERVIEW

Abridged Consolidated Profit and Loss

(₹ in Million)

Particulars	FY 2022	FY 2021
Revenue From Continuing Operations	58,442	43,739
Continuing Operations EBITDA	3,933	4,537
Continuing Operations EBITDA Margin	6.7%	10.4%
Continuing Operations PAT	(783)	788
Discontinued Operations PAT	(10,284)	(7,074)
Profit/(Loss) for the year	(11,067)	(6,286)

Revenue from operations

The Company's consolidated revenue from operations increased to ₹58,442.01 Million in FY2022, up 33.6% Y-o-Y from ₹43,378.79 Million in FY2021. The Company witnessed high growth in Aftermarket, which helped it to outperform the industry growth.

Raw material

Raw material cost (cost of materials consumed + changes in inventories of work-in-progress and finished goods) for continuing operations increased by 37.9% to ₹38,493.55 Million in FY2022 from ₹27,907.49 Million in FY2021, due to increase in commodity prices across business units.

Employee cost

For FY2022, employee benefits expense was ₹6,192.64 Million, up 21% as against ₹5,097.67 in FY2021.

Finance cost

Finance costs increased by 33% for the year, up from ₹889.41 Million in FY2021 to ₹1,183.52 Million in FY2022. The Company had raised non-convertible debentures of ₹3,750 Million on a private placement basis.

D&A

The increase in depreciation and amortisation expense was 11%, as against ₹2,737.87 Million in FY2021, and depreciation expense was ₹3,045.47 in FY2022. The increase is a result of increased capital expenditure in the past couple of years.

Other expenses

There has been a considerable increase in other expenses from ₹7,353.68 Million in FY2021 to ₹10,162.43 Million in FY2022, a 38% increase.

PBT before share of JV

Loss before share of JV is ₹296.27 Million for FY 2022 compared to profit before share of JV of ₹910.02 Million in FY2021, owing to a considerable increase in other expenses and expensive raw material costs.

PBT from continued operations

In FY2022, Varroc recorded ₹300.60 Million loss before tax from continuing operations. This is a sharp decrease from the ₹1,266.30 Million profit in FY2021.

Tax expense

The tax expense for FY2022 was ₹482.25 Million, similar to the expense of ₹478.74 in FY2021.

PAT from continued operations

PAT from continued operations came to a loss of ₹782.85 Million compared to a profit of ₹787.56 in FY2021. This difference was mainly due to increasing costs and low other income as well.

Profit (loss) from discontinued operations

Loss from discontinued operations for FY2022 was ₹10,284.42 Million [considered net of tax] as against a loss of ₹7,073.97 Million [considered net of tax] in FY2021. Higher commodity prices along with shortage of semiconductor impacted the discontinued business.

Loss for the year

Net Loss for the year increased further from ₹6,286.4 Million in FY2021 to ₹11,067.3 Million in FY2022. This was mainly due to the loss incurred in continued business and higher loss in discontinued business.

Net worth

Net worth for FY2022 is ₹20,140.32 Million compared to ₹30,560.90 in FY2021. The difference is mainly due to loss incurred during the FY22.

As required for listed companies by the Securities and Exchange Board of India (SEBI), the below table gives the key ratios.

Key Financial Ratios (Consolidated)

Particulars	As on 31/03/2022	As on 31/03/2021
Debtors Turnover Ratio	7.55	9.21
Inventory Turnover Ratio	6.51	6.44
Interest Service Coverage Ratio	0.52	3.44
Current Ratio	0.54	0.70
Debt Equity Ratio	1.45	0.98
Operating Margin	-7.29%	-4.19%
Net Profit Margin	-8.69%	-5.56%
Return on Net Worth	-54.95%	-20.57%

The ratio may not be comparable as the business were impacted by Covid waves, shortage in semi-conductors and Company taking a decision to divest 4 wheeler light business in Europe and America.

6. RESEARCH AND DEVELOPMENT

Varroc's strong in-house R&D capabilities and technological partnerships have helped us to diversify and develop new products, which help us in serving our customers better. We also strive to keep ourselves updated with and provide for megatrends of safer, greener, smarter, and connected vehicles in the automotive space. It is our mission to bring leading-edge technologies to the mainstream markets with high-quality and cost-competitive solutions.

Varroc's R&D efforts are directed towards addressing new trends like electrification of vehicles, autonomous driving, in-car connectivity, digitalisation and IoT, stricter environmental regulations, and government initiatives towards sustainable, reliable, and efficient energy.

Looking at the trends in the EV space, we have identified key segments, such as EV components, electronics, and connectivity solutions as our potential growth drivers, going ahead. We have developed an EV product for the 2W segment, which includes battery management systems (BMS), on-board charger, DC-DC converter, motor controller, and PMSM traction motor and the products are already under production for the anchor customer. We will also be focusing on maintaining a leadership position in the polymer, electrical-electronics, and metallic businesses in India and improving profitability through better capacity utilisation led by a recovery in domestic 2W and 3W segments and increasing wallet share with OEMs.

Varroc has also acquired CarIQ and has entered into exclusive manufacturing tie-ups to capture the market opportunities. We believe the EV marketplace, being relatively new, is extremely fragmented right now, and we look to continuously evolve in this space to create our niche. Our current EV offering is the most differentiated and has the highest value. Premiumisation of clusters and switches will increase the content of certain products.

1. Varroc is Future Ready and well positioned to address the technological shift due to change in customer requirements, new trends and government regulation.
2. We are focusing on being a system solution provider to our esteemed customers. We are investing in new technologies such as Electronics, EV related products, light weighting and other MEGA trends,.

Our presence in chosen products and customer segments will help us in sustainable profitable growth.

Varroc remains committed to its customers to provide best-in-class leading quality of products through innovation at affordable cost.

See Page 32-33 for more details

7. HUMAN RESOURCES

Being a technology oriented organisation, Human resources (HR) is an important component of our business. We consider people as our biggest asset, and are striving to create a stronger work culture where we keep our employees safe, happy, and motivated. In a bid to make improve, we have recently undertaken a Gallup survey to identify areas of improvement. Our employees will be critical to achieve our future goals and targets.

8. RISK MANAGEMENT

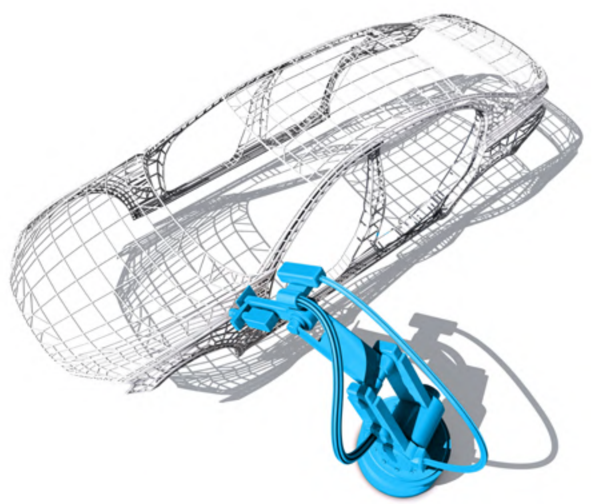
See Page 20-21 for more details

9. INTERNAL CONTROLS SYSTEM AND ADEQUACY

We have in place adequate internal controls and systems, commensurate with the size, scale, and complexity of our operations. Key concern areas are proactively identified by the Internal Audit function for reviews, which contributed to achieving efficiency in operation and optimum utilisation of our resources. The Internal Audit function evaluates and assesses the processes defined for effective monitoring and compliance with applicable laws and regulations. The Internal Audit function adheres to audit plans approved by the Audit Committee, which maintains flexibility in providing timely support by conducting management audits. Adequate and appropriate coverages are given to all functions and plants. A close watch is kept on the closure of audit observations and status reports are circulated to the management for their required actions. Significant audit observations and corrective actions, with the status of closure, are presented to the Audit Committee of the Board.

10. CAUTIONARY STATEMENT

The Report comprises facts and figures, along with our assumptions, strategy, goal, and intentions as a business, which may be 'forward-looking' statements. Our actual results and performance may differ considerably from those presented herein. Our performance is dependent upon global and national economic conditions, price of commodities, business risk, and change of government's rules and regulations, among others.



Board's Report

Dear Shareholders,

The Directors of your Company take pleasure in presenting the 34th Annual Report on the business and operations of the Company together with financial statements for the Financial Year ended March 31, 2022.

FINANCIAL RESULTS & APPROPRIATION

In a bid to transform itself into a high-tech Company and focus on the growth areas of electronics, connectivity, electrical vehicles (EVs) product lines and the 2-wheeler segment globally, Your Company, Varroc Engineering Limited (VEL) alongwith its wholly owned Subsidiary, VarrocCorp Holding B.V. on April 29, 2022 signed a Securities Purchase Agreement (SPA) with Compagnie Plastic Omnium SE of France to divest its 4-wheeler lighting systems operations **("VLS Business")** in the Americas and Europe at an enterprise value of Euro 600 Million. The proposed divestment is part of your Company's strategy to align its resources with the high value and high growth markets in China, India and the two-wheeler sector globally. This transaction will see VEL's divesting its lighting System operations in the USA, Brazil, Mexico, Poland, Czech Republic, Germany, Turkey, and Morocco.

Your Company will continue to operate its China JV and the international 2-wheeler lighting business in Countries like Italy, Romania and Vietnam as well as the electronics business in Poland and Romania. Your Company is retaining the 4-wheeler lighting operations in India. The planned divestment of Varroc's 4-wheeler lighting systems businesses in the Americas and Europe will ensure enhanced Shareholders' value, ability to invest in high growth potential businesses and further development of its R&D facilities and engineering capabilities.

In our financials, VLS Business is now accounted as discontinued operations ("VLS business") which satisfies the criteria prescribed under Indian Accounting Standards (Ind AS) 105 "Non-current Assets held for Sale and Discontinued Operations" for classification as discontinued operations as at March 31, 2022. Accordingly, VLS business has been classified and presented as discontinued operations and the previous period/year figures for statement of profit and loss in the Consolidated Financial Statements have been restated. The income and expenses of continuing operations include transactions with discontinued operations, which do not have impact on 'Profit/(loss) for the year from continuing and discontinued operations' as disclosed in Consolidated Financial Statements.

The summarised financial results for the year ended March 31, 2022 and for previous year ended March 31, 2021 are as follows:

(₹ in Million)

Particulars	STANDALONE		CONSOLIDATED	
	Financial Year 2021-22	Financial Year 2020-21	Financial Year 2021-22	Financial Year 2020-21 (Restated)
Continuing Operations				
Revenue from operations	32,918.07	25,617.78	58,442.01	43,738.79
Total Income	33,564.21	26,731.93	58,781.34	44,896.14
Earnings before interest, tax, depreciation and amortisation	**3,060.34**	**3,476.23**	**3,932.72**	**4,537.30**
Less: Finance costs	909.76	561.10	1,183.52	889.41
Less: Depreciation and amortisation	1,703.49	1,543.62	3,045.47	2,737.87
Add/(less): Share of Net Profit/(loss) of Investment accounted for using the equity method			(4.33)	356.28
Profit/(loss) before tax from continuing operations	**447.09**	**1,371.51**	**(300.60)**	**1,266.30**
Less: Current tax expense	79.92	247.55	347.97	387.85
Less: Short/(excess) provision for tax in respect of earlier years	(0.11)	(37.47)	2.23	(93.62)
Less: Deferred tax	107.43	239.81	132.05	184.51
Net profit/(loss) for the year from continuing operations	**259.85**	**921.62**	**(782.85)**	**787.56**
Discontinued Operations				
Revenue from operations			68,899.04	69,288.73
Profit/(loss) before tax from discontinued operations			(10,348.85)	(6,248.33)
Profit/(loss) for the year from discontinued operations			**(10,284.42)**	**(7,073.97)**
Profit/(loss) for the year	**259.85**	**921.62**	**(11,067.27)**	**(6,286.41)**
Other comprehensive income from continuing operations	(19.62)	18.15	(211.34)	3.96
Other comprehensive income from discontinued operations			916.82	(307.75)
Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations	**(19.62)**	**18.15**	**705.48**	**(303.79)**
Total comprehensive income/(loss) for the year			**(10,361.79)**	**(6,590.20)**
Attributable to:				
Shareholders of the company			(10,391.93)	(6,622.72)
Non-controlling interest			30.14	32.52
Profit for the year attributable to owners of the Company	**259.85**	**921.62**	**(11,098.79)**	**(6,319.07)**
Add: Profit/(loss) brought forward from previous periods	4,033.00	3,093.23	5,797.10	12,064.13
Add/(Less): Other comprehensive income	(19.62)	18.15	(39.14)	52.04
Balance carried forward in Balance Sheet	**4,273.23**	**4,033.00**	**(5,340.83)**	**5,797.10**

On Consolidated basis for the Financial Year 2021-22, your Company achieved total income of ₹58,781.34 Million resulting in a growth of about 31% over its total income of ₹44,896.14 Million of the previous Financial Year ended March 31, 2021. Net Loss for the year was at ₹782.85 Million as against Net Profit of ₹787.56 Million of previous year.

On Standalone basis for the Financial Year 2021-22, your Company achieved total income of ₹33,564.21 Million resulting in a growth of about 26% over its total income of ₹26,731.93 Million of the previous Financial Year ended March 31, 2021. The profit after tax for the year ended March 31, 2022 at ₹259.85 Million as against net profit of ₹921.62 Million of previous year.

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. The Management Discussion and Analysis for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") is presented in a separate section forming part of the Annual Report.

COMPANY'S RESPONSE TO COVID

The COVID-19 crisis continued to impact during the year 2022 as well. The impact of Covid-19 has been comprehensively covered in the Management Discussion and Analysis Report.

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 31st March, 2022.

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

CREDIT RATING

During the Financial Year under review, credit rating of your Company's long term bank facilities was revised to [ICRA] A Rating placed on watch with developing implications.

The rating on the Company's short-term bank facilities and commercial paper programme has been revised at [ICRA]A2+&, Ratings placed on watch with developing implications.

CAPITAL & DEBT STRUCTURE

There has been no change in the authorised and paid-up share capital of the Company during the Financial Year ended 31st March, 2022.

During the Financial year 2021-22, the Company has raised funds by issue of Non-Convertible Debentures ("NCDs") on a Private Placement basis, key terms of which are as below:

- **Option – I**

Instrument	Secured, Rated, Listed, Senior Redeemable Non-Convertible Debentures
Amount raised	₹125 Crore
Face Value	₹10,00,000/- each
Number of Securities	1,250
Tenor	21 Months
Maturity date	June 17, 2023
Interest payment *	8% (Payable on September 17, 2022 and June 17, 2023)
End Use	Repayment of existing debts of overseas Subsidiaries and for meeting fund requirements for business operations of overseas Subsidiaries
Credit Rating	[ICRA]A+ (pronounced ICRA A plus)
ISIN	INE665L07024
Listed on Stock Exchange	BSE Ltd.

- **Option – II**

Instrument	Secured, Rated, Listed, Senior Redeemable Non-Convertible Debentures
Amount raised	₹250 Crore
Face Value	₹10,00,000/- each
Number of Securities	2,500
Tenor	24 Months
Maturity date	September 17, 2023
Interest payment *	8% (Payable on September 17, 2022 and September 17, 2023)
End Use	Repayment of existing debts of overseas Subsidiaries and for meeting fund requirements for business operations of overseas Subsidiaries
Credit Rating	[ICRA]A+ (pronounced ICRA A plus)
ISIN	INE665L07032
Listed on Stock Exchange	BSE Ltd.

*Pursuant to downgrading in credit rating of the above NCDs from ICRA A+ to ICRA A by ICRA on December 7, 2021, the Coupon for the balance period was increased by 0.25% p.a. for each notch of downgrade below A+. At present the effective coupon is 8.25%.

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Companies Act, 2013 ("Act") read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is required to be furnished.

The Company has not issued any Sweat Equity Shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is required to be furnished.

The Company has not issued any Equity Shares under any Employees Stock Option Scheme during the year under review and hence, no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is required to be furnished.

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014.

The Company is compliant with the MPS 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**

DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

AMALGAMATION

TEAM CONCEPTS PVT. LTD. WITH VARROC POLYMERS PVT. LTD.

The Hon'ble National Company Law Tribunal, Mumbai and Bengaluru Bench vide their Order dated April 23, 2021 and January 07, 2022 respectively approved the Scheme of Amalgamation of Team Concepts Pvt. Ltd. (a wholly owned Subsidiary) ("TCPL") with Company's Subsidiary Varroc Polymers Pvt. Ltd. ("VPPL") under Sections 230 to 232 and other applicable provisions, if any, of the Act. The Certified copy of the Order of the Hon'ble NCLT's were filed by VPPL and TCPL with the Registrar of Companies, Mumbai and the Registrar of Companies, Bengaluru on June 22, 2021 and February 05, 2022 respectively, making the Scheme effective.

As set out in the Scheme of Amalgamation, approved by the Hon'ble NCLTs, all the assets and liabilities including obligations of TCPL have been transferred & have become assets and liabilities of VPPL with effect from the Appointed Date i.e. April 1, 2020.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company has 20 subsidiaries including step-down Subsidiaries and 3 Joint Ventures Companies as on March 31, 2022. During the year, the Board of Directors have reviewed the affairs of 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 salient features of their Financial Statements are provided in the prescribed Form AOC- 1 and it forms part of the Financial Statements of the Company. Details of Subsidiaries of the Company and their performance are covered in Management Discussion and Analysis section forming part 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 2021-22, are as following:

Companies which have become Subsidiaries: Nil

Companies which have ceased to be Subsidiaries of the Company: Team Concepts Pvt. Ltd. (pursuant to the amalgamation with Subsidiary Company Varroc Polymers Pvt. Ltd.)

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

The members of the Company in their Extra-ordinary General Meeting ("EGM") held on February 13, 2018 appointed Mr. Vinish Kathuria (DIN: 01951771), as an Independent Director, not liable to retire by rotation, to hold office for a period of Five (5) consecutive years commencing from February 6, 2018 up to February 5, 2023. The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, in its meeting held on May 30, 2022, re-appointed Mr. Vinish Kathuria as an Independent Director, not liable to retire by rotation, for a period of 5 (Five) consecutive years, commencing from February 6, 2023 to February 5, 2028, subject to approval of Shareholders. The Board recommends re-appointment of Mr. Vinish Kathuria as Independent Director of the Company for approval of the members by way of Special Resolution at the ensuing 34th Annual General Meeting ("AGM") of the Company.

The members of the Company in their EGM held on February 13, 2018 re-appointed Mr. Tarang Jain (DIN: 00027505) as Managing Director of the Company for a period of five (5) consecutive years from February 6, 2018, to February 5, 2023. Further, he was designated as the Chairman and Managing Director of the Company w.e.f. November 10, 2020. Based on the recommendation of Nomination and Remuneration Committee and keeping in view of vast experience of Mr. Tarang Jain in the Automotive Industry, the Board of Directors in its meeting held on May 30, 2022 re-appointed Mr. Tarang Jain, as Chairman and Managing Director for a further period of three (3) consecutive years effective from

February 6, 2023 to February 5, 2026, liable to retire by rotation, subject to the approval of the Shareholders. The Board recommends appointment of Mr. Tarang Jain as Chairman and Managing Director of the Company and payment of remuneration to him for approval of the members by way of special resolution at the ensuing 34th AGM of the Company.

The members of the Company at their 30th Annual General Meeting ("AGM") held on September 05, 2018, appointed Mr. Arjun Jain (DIN: 07228175) as Whole Time Director of the Company for a period of five (5) consecutive years from August 07, 2018, to August 06, 2023. Based on the recommendation of Nomination and Remuneration Committee and keeping in view of vast experience of Mr. Arjun Jain in the Automotive Industry, the Board of Directors in its meeting held on May 30, 2022 re-appointed Mr. Arjun Jain, as Whole Time Director for a further period of three (3) consecutive years effective from August 7, 2023 to August 6, 2026, liable to retire by rotation, subject to the approval of the Shareholders. The Board recommends appointment of Mr. Arjun Jain as Whole Time Director of the Company and payment of remuneration to him for approval of the members by way of Special Resolution at the ensuing 34th AGM of the Company.

As per provisions of the Act and the Articles of Association of the Company, Mr. Rohit Prakash (DIN: 02425849), Whole Time Director of the Company, being the longest in the office amongst the Directors liable to retire by rotation, retires from the Board by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on August 12, 2022 had appointed Mr. Dhruv Jain (DIN: 09710448) as an Additional Director w.e.f. September 01, 2022 categorised as Non-executive Non-Independent Director of the Company. Mr. Dhruv Jain holds office up-to the date of ensuing Annual General Meeting of the Company. The Board recommends appointment of Mr. Dhruv Jain as a Director (Non-Executive Non Independent) of the Company, liable to retire by rotation, for approval of the members by way of special resolution at the ensuing 34th AGM of the Company.

Mr. T. R. Srinivasan has resigned as Group Chief Financial Officer of the Company and Mr. K. Mahendra Kumar has been appointed as Group Chief Financial Officer of the Company.

The details of appointment/re-appointment of the Directors of the Company including remuneration payable to them are mentioned in Explanatory Statement under section 102 of the Companies Act, 2013 and annexure to the 34th AGM Notice of the Shareholders.

KEY MANAGERIAL PERSONNEL

In terms of the provisions of Section 203 of the Act, as on March 31, 2022, the Company has the following Key Managerial Personnel:

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

(b) Mr. Arjun Jain, Whole Time Director

(c) Mr. Rohit Prakash, Whole Time Director

(d) Mr. T. R. Srinivasan, Chief Financial Officer

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

STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have submitted the Declaration of Independence, stating that they continue to fulfil the criteria of independence as required pursuant to section 149 of the Companies Act, 2013 and Regulations 16 of the Listing Regulations. This section require Companies to have at least one-third of the total number of Directors as Independent Director and the Company complies with this requirement. There has been no change in the circumstances affecting their status as Independent Directors of the Company. 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 Board's opinion, the Independent Directors are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields.

MATERIAL CHANGES BETWEEN THE END OF FINANCIAL YEAR AND THE DATE OF THIS REPORT

There has been no material change and commitment affecting the financial position of the Company which occurred between the end of the Financial Year to which these Financial Statements relate and the date of this report.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 6 (Six) times during the Financial Year 2021-22 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 Act, and the Listing Regulations.

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 and 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.

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

The annual evaluation process of the Board, its committees and individual Directors for the year 2022 was conducted as per provisions of the Companies Act, 2013 and the Listing Regulations with a view to maintain high level of confidentiality and ease of doing evaluation, the exercise was carried out by filling-up the evaluation templates. Each Board member filled up the evaluation template on the functioning and overall level of engagement of the Board and its Committees, on parameters such as composition, execution of specific duties, quality, quantity and timeliness of flow of information, deliberations at the meeting, independence of judgement, decision-making, management actions etc. The evaluation templates were designed considering the guidelines issued under the Listing Regulations and Secretarial Standards and taking into consideration the suggestions given by the Directors.

FEEDBACK MECHANISM

A one-on-one meeting of the individual Directors with the Chairman of the Board was also conducted as a part of self-appraisal and peer-group evaluation and the engagement and impact of individual Director was reviewed on parameters such as attendance, knowledge and expertise, inter-personal relationship, engagement in discussion and decision-making process, actions oriented and others. The Directors were also asked to provide their valuable feedback and suggestions on the overall functioning of the Board and its Committees and the areas of improvement for a higher degree of engagement with the Management.

EVALUATION RESULTS

The Independent Directors met on May 30, 2022 to review the performance evaluation of the entire Board of Directors, including the Chairman, while considering the views of the Executive Directors. The Independent Directors were satisfied with the overall functioning of the Board and its various Committees, which displayed a high level of commitment and engagement. They also appreciated the exemplary leadership of the Chairman of the Board and its Committees in upholding and following the values and standards of Corporate Governance.

Post the review by the Independent Directors, the results were shared with the entire Board and its respective Committees. The Board expressed its satisfaction with the evaluation results, which reflects very high degree of engagement of the Board and its Committees with the Management.

Based on the outcome of the evaluation and assessment cum feedback of the Directors, the Board and the Management have agreed on various areas such as sustainability, strategy, risk management etc. requiring more focused attention from the Management.

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, have 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 is 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 working of the Company and its goals. The extract of the said Policy is also covered in Corporate Governance Report which forms part of this Report.

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, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the Directors 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, 2022 and of the profit of the Company for the year ended on that date;

(c) the Directors 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) the Directors have prepared the annual accounts on a going concern basis;

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

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

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 are provided in Annexure – I to this report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure-II to this Report.

In accordance with the provisions of Sections 197(12) & 136(1) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the list pertaining to the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, is kept open for inspection during working hours at the Registered Office of the Company and the Report & Accounts as set out therein are being sent to all the Members 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

AUDITORS & AUDITORS REPORT

a. STATUTORY AUDITOR

In accordance with Section 139 of the Act, M/s S R B C & CO LLP, Chartered Accountants (Firm Registration No: 324982E/E300003), were appointed as Statutory Auditors by the Shareholders of the Company at the 30th Annual General Meeting held on September 05, 2018, to hold office for a period of 5 years from the conclusion of that AGM till the conclusion of the 35th AGM of the Company to be held in calendar year 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 Auditors Report annexed with this Annual Report, does not contain any qualification, reservation or adverse remarks. During the Financial Year 2021-22, the Auditors have not reported any matter under section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under section 134(3)(ca) of the Companies Act, 2013.

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:

(₹ in Million)

Particulars	As at March 31, 2022
Statutory Audit fees (Including limited reviews)	114.03
Tax Audit Fees	0.89
Others (including certifications)	2.97
Re-imbursement of Expenses	2.21
Total	**120.10**

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, 2022, at a remuneration as mentioned in the Notice convening the 34th 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., have confirmed the cost records for the Financial Year ended March 31, 2022 are free from any disqualifications as specified under Section 141 (3) and 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 2021-22 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 Secretarial Audit of the Company for the Financial Year ended March 31, 2022.

The Secretarial Audit Report of the Company and Varroc Polymers Pvt. Ltd. ("VPPL") a material Subsidiary of the Company, for the Financial Year 2021-22 is annexed herewith and forms 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 2021-22 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.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with the Secretarial Standards issued by the Institute of Company secretaries of India on Board Meetings and Annual General Meetings.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

During the year under review, there have not been any instances of fraud and accordingly, the Statutory Auditors have not reported any frauds either to the Audit Committee or to the Board under Section 143(12) of the Act.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT

Particulars of loans given, Investments made, guarantees given and securities provided, along with the purpose for which the loan or guarantee or security is proposed to be utilised by recipient, are provided in notes to Standalone Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

All the Related Party Transactions entered into by the Company during the Financial Year were on an arm's length basis and in the ordinary course of business and adheres to the applicable provisions of the Act and the Listing Regulations. There were no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or others, which may have a potential conflict with the interest of the Company at large or which warrants the approval of the Shareholders. No material contracts or arrangements with related parties were entered during the year. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained before the commencement of the Financial Year, for the transactions which are repetitive in nature and also for the transactions which are not foreseen (subject to financial limit).

A statement of all Related Party Transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value, and terms and conditions of the transactions.

The details of RPTs during FY 2021-22, including transaction with person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the Company are provided in the accompanying Financial Statements.

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.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of Section 135 of the Act read with Schedule VII to the Act and Company's Corporate Social Responsibility ("CSR") Policy, the Company has undertaken CSR projects under the aegis of Varroc Vengsarkar Cricket Academy (VVCA), Varroc Academy, Ecosattav and Varroc Foundation, with whom it has been associated for more than five years. The CSR projects and programmes recommended by the CSR Committee and approved by the Board are aimed towards enhancing employability by imparting skill-building vocational training to unemployed youth, Promoting Young Sports Talent enabling them to compete at national and international level and promoting health & hygiene and providing community facilities and the like. As part of its CSR initiatives, the Company has also undertaken the responsibility of rejuvenating the Kham River to build a sustainable environment in Aurangabad, Maharashtra.

Salient features of CSR Policy, are available on Company's website at www.varroc.com. The Annual Report on CSR activities is attached as Annexure III to this Report. 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 has provided requisite certificate that the funds disbursed by the Company to Varroc Foundation and for other CSR activities during the Financial Year 2021-22 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 ₹26.02 Million towards CSR activities against which, the Company has spent ₹27.99 Million.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

Over the years, the Company has established a reputation for doing business with integrity and maintained zero tolerance for any form of unethical behaviour. The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimisation of employees who avail of the mechanism. The Audit Committee oversees the functioning of this policy. Protected disclosures can be made by a whistle-blower through several channels to report actual or suspected frauds and violation of the Company's Code of Conduct. During the year, the Company reached out to employees through e-learning and online training modules for creating greater awareness with respect to fair trade practices. This has helped in achieving a high level of engagement and compliance among the employees. The Whistle Blower Policy has been uploaded on the website of the Company at www.varroc.com

RISK MANAGEMENT

Your Company has a defined robust risk management framework in place. We continuously endeavour to leverage the available resources and work towards turning opportunities into reality. During the year under review, the Board of Directors, Management and employees continued to place great emphasis on these objectives through the adoption and monitoring of prudent business plans and monitoring of major risks of the business.

Your Company has constituted a Risk Management Committee of the Board which is authorised to monitor and review various risks, its potential impact and its mitigation management plan. The Committee is also empowered, inter alia, to review and recommend to the Board modifications to the Risk Management Policy.

The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations. The Risk Management Policy, inter alia, includes identification of risks, including cyber security and related risks and also those which in the opinion of the Board may threaten the existence of the Company. The Chief Internal Auditor has been appointed as Chief Risk Officer to monitor on-going basis risk and to suggest mitigation measures.

INTERNAL CONTROL SYSTEM

INTERNAL AUDIT AND ITS ADEQUACY

The scope and authority of the internal audit function is defined in the Internal Audit Charter. To maintain independence and objectivity in its functions, the internal audit function reports to the Audit Committee of the Board.

At the beginning of each Financial Year, a annual audit plan is rolled out after it is approved by the Audit Committee of the Board. The audit plan aims to evaluate the efficacy and adequacy of the internal control system(s) and compliance(s) thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. The Internal Audit function, consisting of professionally qualified, audit specialists and adequately skilled resources to deliver audit assurances at highest levels.

Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The onset of COVID-19 pandemic and consequent lockdowns and restrictions imposed to curb its spread, made the conduct of physical audits extremely difficult. Under such challenging circumstances and considering the safety and well-being of employees, Corporate Internal Audit envisioned and adopted a 'remote audit' approach by leveraging technology to ensure continuity in audit and assurance processes. A comprehensive plan, scoping and deployment of data analytics, facilitated seamless and effective conduct of remote internal audits during the year.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Internal Financial Controls are commensurate with the scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed.

The Company has put in place robust policies and procedures, which inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy & completeness in maintaining accounting records and prevention & detection of frauds & errors.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

There are no significant material orders passed by the Regulators / Courts which impact the going concern status of the Company and its future operations.

DISCLOSURE REQUIREMENT AND OTHER STATUTORY INFORMATION

BUSINESS RESPONSIBILITY REPORT

The 'Business Responsibility Report' of your Company for the Financial Year 2021-22, as required under Listing Regulations, is annexed as Annexure IV to this report.

POLICIES AND CODE ADOPTED BY THE COMPANY

The Board of Directors has from time to time framed and approved policies as required by the Listing Regulations as well as under the Act. These policies will be reviewed by the Board at periodic intervals. Some of the key policies that have been adopted are as follows:

(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.

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

INSOLVENCY AND BANKRUPTCY CODE, 2016

The details of an application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year - Nil

ONE-TIME SETTLEMENT

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

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 is 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 dividend has 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 2021-22.

ANNUAL RETURN

As required under Section 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 on the link https://varroc.com/investors/financial-results/

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

The Company has zero tolerance towards sexual harassment at the workplace and to this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Policy) and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said Policy. An Internal Complaints Committee (ICC) has also been set up to redress complaints received on sexual harassment.

The Company is committed to providing a safe and conducive work environment to all its employees and associates.

Details of complaints with allegations of sexual harassment for Financial Year 2021-22 are as follows:

a. Number of complaints pending as on April 1, 2021 – Nil

b. Number of complaints filed during the Financial Year – Nil

c. Number of complaints disposed of during the Financial Year – Nil

d. Number of complaints pending as on March 31, 2022 – Nil

No cases of child labour, forced labour, involuntary labour and discriminatory employment were reported during the period.

GREEN INITIATIVES

In commitment to keep in line with the Green Initiative and going beyond it to create new green initiations, an electronic copy of the Notice of 34th 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: August 12, 2022
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 31st MARCH 2022

A) CONSERVATION OF ENERGY

Energy usage optimisation programs continue at all the manufacturing units. These have resulted in saving cost as well as 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 96,67,303 units of electricity (including 71,64,349 units of captive consumption). The Company earned an income of ₹52.45 Million (including captive consumption ₹38.94 Million) from the generation of wind power.

Further, Solar Plant installed by the Company at Shivaji Nagar, Dist. Dhule, Maharashtra State generated 52,06,230 units of electricity. The said units were captively consumed by the Company. The total amount of captive consumption is ₹29.73 Million.

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

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

The Company has constantly been emphasising an optimisation of energy consumption in every possible area in all plants. Various initiatives are being identified at periodic intervals and after careful analysis, measures are being taken to minimise the consumption of energy by optimum utilisation of energy consuming equipments. During the year under review, measures were initiated / adopted for conservation and optimise utilisation of energy at various plants & units of the Company:

- 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
- LED lights installed on the office lighting
- Variable Frequency Drivers (VFD's) provided for Cooling 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
- Heater jackets implemented to all injection molding machines
- Variable Frequency Drivers (VFD's) provided for Cooling Towers, Air Compressor, Hydraulic power packs, Moulding machines, Base Coat Metalising and cooling tower
- Interlocking provision of Air use in Lock rod Poka-yoke
- Automatic timer control installed for street 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
- Water level auto off controller for water tank pump
- Implemented of inverter type ACs are provided for less energy consumption
- LED lamps implement on shop floor & streetlight
- Harmonic Filter installed to control harmonics
- 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
- Heater jackets provided to moulding machines to prevent heat loss

Annexure - I

- Using cooling tower water for metalising 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

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 modernisation 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 our 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 strong value proposition for our lighting and electrical products. For example, integration of software to products is becoming more important for us as the markets are becoming more technology - focused. Moreover, nimbleness and continued efforts placed on supporting customers' new product development programmes are critical to winning new business to ensure that we retain our share of customers' business.

Our R&D efforts at our India Business seek to capitalise on emerging trends such as the emergence of EVs, the increased use of electronics, stricter environmental regulations, digitalisation, 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-wheelers OEM in India.

Technical Absorption (EBU)

EBU & Lighting R&D

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

EBU R&D mainly focuses on scanning the market, developing new products and efficient processes, innovating to disrupt the existing market, or finding new markets and maintaining current market by improving products and reducing cost. 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)

EEBU & Lighting R&D technology road map for next five years is centered around these focus areas.

EBU & Lighting R&D organisation is structured based on the improved organisational alignment and decision making, retention of technical talents, efficient processes, communication, and innovation. As per the structure, Advance Engineering department is working on future innovative products and technologies, product teams working on New Product Development (NPD), processes and maintaining the market by improving the products. It also includes the Center of Competency (CoC) for Software, Hardware/power electronics, Mechanical design and CAE, Engineering quality, safety and product testing, supporting new product development & technologies across the product lines.

The Company has invested significantly on R&D building state of art of the product development software tools, prototyping labs to realise the 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 products. The test facility also has dyno set up to test traction motors and controller in house catering e-mobility trend. The product testing laboratory is also NABL accredited. Last year, we have also added SMD printing to realise the PCB assembly faster and 3D printing facility to make prototypes.

We have also started working with CarIQ to provide complete telematics solution to OEM. This includes FOTA and remote vehicle management. Strategic joint venture between Dell'orto and Varroc to design and develop fuel injection system for Indian market is a significant step resulting Monalisa ECU for 2-wheeler and 3-wheeler market including Bajaj. EBU R&D structure is also aligned to work with these acquisition and joint ventures.

Technology Imports in last three year –

Year of Import	Technology From	Details of Technology	Status
2018	DELL'ORTO, Italy	We received the complete design (hardware + software) of a fuel injection ECU for a one- or two-cylinder Spark-Ignited engine. To meet BS VI, stringent emission norms must be met. This technology can meet the desired emission norms for Indian market.	Absorbed. Customer project is in progress.

To ensure Varroc's competency in global automotive market the R&D process is frequently evaluated and updated. EBU R&D has already introduced Auto SPICE and "Design For Six Sigma" (DFSS) as part of development process.

We are AUTOSPICE L2 certified now, and some 100 engineers trained in DFSS and some of them are also DFSS green belt certified. One of our leaders in R&D is also Black Belt certified.

FY21-22 also saw significant shortage of semiconductor devices, resulting need of design change 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.

Advance Engineering

EBU R&D has also invested significantly in Advance Engineering, focusing on future product development 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 electronic intensive products and system know-how to bring Varroc's USP in 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 motor, Traction motor controller and Integrated Starter Generator, establishes 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 ECU and DC-DC converter, power electronics design in traction motor controller and DC-DC converter, engine dynamics and system know-how in ISG are some examples.

We have successfully launched 10A DC-DC converter and Telematics device in FY 22. Other 48V E-mobility products such as on-board battery charger and battery management system. Advance 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 organisation to capture innovative ideas from the employees and feed them into the idea funnel. In FY-22, we also started a collaborative project with Indian Institute of Technology Mumbai, to develop new technology for E-mobility.

Annexure - I

Intellectual Property

EBU R&D also gives lots of impetus in protecting Varroc's IP, based on the insight gained from new product or technology development. In the year 2021/22 R&D team has filed thirteen new patent applications and three design registration applications in India. Further, R&D team has filed two conventional applications in Europe, Indonesia, Malaysia, Thailand, and Vietnam from Global protection standpoint.

Following new patent applications were filed in year 2021-22:

- Hybrid modulation arrangement for a lighting system in vehicle
- Headlamp assembly with improved driver regulators and provision for heat management.
- Axial flux magneto for a two/three-wheeler vehicle
- Improved illumination efficiency of Vehicle tail-light assembly using virtual focal point concept
- Switch integrated with handlebar grip
- Bi-functional projector module with internal levelling
- Means for reducing stator winding temperature
- Stator core pack with integrated duct
- Reverse polarity protection of regulator rectifier circuit
- Tactile Assistance for Driver through switch assembly
- Means of measuring the starting torque of an internal combustion engine
- Systems for preventing invalid speed pulse from vehicle speed sensor to electronic control unit
- Adaptive thermal protection technique for motor

Following new design applications were filed in year 2021-22.

- Switch integrated with handlebar grip
- Biometric Sensor integrated with instrument cluster

R&D team has also received two US Patent Grants in year 21-22. The details of the US granted patents are as follows:

- Automatic headlight assembly that automatically improves the illumination of the headlamp assembly while executing a turn.
- Automatic headlight assembly that effectively switches the headlight beams when an oncoming automobile is detected to avoid the blinding of vision of the rider of oncoming automobile.

R&D (Metallic BU)

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

Change is continuous and often rapid. Contemporary speculations indicate radical shift to reduced/zero emission-EVs at different levels be it masses, Governments or Economics. MBU R&D is taking upward leap to develop capabilities and internalise 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. Looking back in past two & half years in-spite of Covid-19 pandemic; Tech excellence centre has been conceptualised and approved encompassing 2000 square meters. Out of 4 phases, 2 are completed. Work is on for 3rd phase activities in full vigour.

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

Some of targeted commodities are:

- Planetary Gears (by virtue of compact & variety of high Gear ratios)
- Steering System Gears (remains in EVs)
- Differential Gears (integral part of drivetrain; remains in EVs)
- High end precision gears (Industrial applications with stringent torque & NVH)
- Forged & Machine parts (non-Auto, Hyd. & industrial usage)

MBU R&D – Going forward

Automotive transmissions 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 Gear grinding technology and state of art MnPh plant has already been internalised and is in production currently.

To stay 'Ahead of the curve', below pro-active market centric orientation plan is chalked out:

Design Capabilities: Ansys, Autodesk, Creo, KISSsoft, Delcam, Hypermesh

Upstream process technologies viz. Hot Ring rolling, gear skiving, profile grinding & power honing are in consideration for a WOW PV-EV line.

Durability & fatigue improvement: 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, Rig test, XRD & NVH analysis.

Knowledge Partners Pioneer in Gearing viz. 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 enabled by advanced technologies which can be ranked as one of the best in the competitive market. The PBU R&D has its own technical centres situated at two locations in Pune and Aurangabad, India with 120+ Skilled Engineers. Design infrastructure is equipped with software tools Like Catia, UG, Mould Flow, DVA, Hyper mesh, CAVA.NABL Accredited Analytical Lab, collaboration with Domestic & Global testing labs like ARAI, SGS, Betrandt & Itera. Benchmarking Facility, with Services of a2mac1 for micro level teardown data. In house Styling studio- Proto lab with upgraded 3D printing facility. In house Advanced Tool Room Capabilities with around 120-150 tool capacity per year and skilled tooling team.

The product development framework" of PBU has been effectively used to deliver projects on Time and Quality, enabled by Varroc Development Standard (VDS) framework. Various Macros and AI based tools have been developed to ensure quality and reuse of Knowledge. Learning and development framework is embedded to upskill the technical skills of Engineers.

Varroc PBU has achieved a Key Milestones this year by successfully delivering FSS capabilities in the 4W Passenger Car segment. PBU R&D has worked closely with Global 4W OEMs in Design and developing new products in Interior, Exteriors and Passive safety. The products like Tailgate carrier, Door Trims, Mirrors, Floor Consoles, Roof Rails, Pillar trims, Bumpers, Cladding, Instrument Panel have been successfully designed, developed and in serial production now. PBU has developed the Tailgate Career First time in India with advance 2K Mfg. technology. The contribution on this development has been highly acknowledged by the customer.

PBU is Working with Global 2W Manufacturers for developing world class quality products in Mirrors, Body Parts, Air Filters and Seats. 20 Patents filled as on date. In the 2W Indian Market we focus on new Innovations and Patents to give value add to our customer keeping in mind the stringent cost Targets. Various VAVE and Benchmarking initiatives helps R&D come up with ready to Launch products which are highly appreciated by our customers.

We strongly believe on the collaboration and Partnership strategy for Innovation and Research. PBU, RM supplier collaboration enabling new sustainability solutions, PBU R&D has collaboration with premium academic institutes in India for the research projects. International collaborations are in place to Enable technology transfer and Product Enhancement. Long term strategic partnerships are under discussion to enable new Products and technologies launch for India Market. Subject Matter Experts are being onboarded to bring Nitsch Knowhow and resolve complex technical Problems.

In the electric Vehicle perspective, PBU is focused to develop various Light weighting solutions and Metal to Plastic conversion products like front panel to achieve better fuel efficiency and Mileage. Having inhouse 2k manufacturing infrastructure in India, enables to produce the products with the high gloss surface finish with elimination of painting with reduced cycle time.

Looking at the cost sensitive India Market PBU R&D is focused on various technology Innovations to enable cost and weight reduction. PBU has been researching on the various sustainable & natural fibre composite materials like bio carbon, Bamboo Fibre, and coffee Schaff and successfully achieved the light -weighting and sustainability in the products with environment friendly aspect of plastics. Technology tie-ups with Various RM Suppliers has been made to developed sustainable products like Bamboo fibre composites. Varroc PBU is actively working along Side the OEMs to reduce the Carbon footprint and come up with sustainability solutions.

(iv) Expenditure on R & D:

(₹ in Million)

Particular	2021-22
Capital	85.06
Recurring	687.19
Total	**772.25**
Total R&D expenditure as a Percentage of total turnover	2.35%

C) FOREIGN EXCHANGE EARNINGS & OUTGO

Actual Foreign Exchange used and earned:

(₹ in Million)

Sl. No	Item	Amount
A	**Used for:**	
1	Capital Goods	832.49
2	Raw Materials	2,023.08
3	Components, Stores & Spares	30.33
4	Foreign Travels	6.73
5	Consultancy Charges	56.46
6	Royalty	83.39
7	Others	293.38
TOTAL		**3,325.86**
B	**Earned:**	
1	Exports	2,955.76
2	Others	415.92
TOTAL		**3,371.68**

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. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the FY 2021-22 as well as the percentage increase in remuneration of each Director, Chief Financial officer, Company Secretary is as under:

(₹ in Million)

Name of the Director/ KMP	Designation	Remuneration	Ratio to Median Remuneration	% change in Remuneration over previous year
Mr. Tarang Jain	Chairman and Managing Director	52.27	11615%	#
Mr. Arjun Jain	Whole Time Director	20.87	4638%	5.85%
Mr. Gautam Khandelwal	Independent Director	2.50	NA	(15%)
Mr. Marc Szulewicz	Independent Director	1.80	NA	(39%)
Mrs. Vijaya Sampath	Independent Director	2.40	NA	(31%)
Mr. Vinish Kathuria	Independent Director	2.30	NA	(32%)
Mr. Rohit Prakash	Whole Time Director	27.35	6078%	$
Mr. T. R. Srinivasan	Group Chief Financial Officer	29.19	6488%	5.90%
Mr. Ajay Sharma	Group General Counsel & Company Secretary	14.28	3174%	6.0%

In FY2021-Due to Covid-19 pandemic, Mr. Tarang Jain drew only 50% of remuneration and his remuneration was reinstated in FY2022. Therefore, % change in remuneration over previous year is not applicable.

$ Mr. Rohit Prakash was appointed as Whole Time Director during FY2021 and therefore % of change in remuneration over previous year is not applicable.

Note: For above calculation, remuneration includes siting fee and commission. Commission relates to the Financial Year ended March 31, 2022 will be paid during FY2023.

The median remuneration of employees of the Company during FY 2021-22 (₹)	4,50,000
Percentage increase in median remuneration in the FY 2021-22	2.18%
Number of Permanent employees on the roll of the Company as on 31st March, 2022	3356
Average percentile increase in Salary of employees other than managerial personnel	10.02%
Average percentile increase in remuneration of managerial personnel	6.25%

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 2021-22

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 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, taking into account 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 the CSR Committee:

Sl 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	2
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 details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any.

Not applicable

6. Average net profit of the Company as per section 135(5): ₹1,301.21 Million

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹26.02 Million

(b) Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years: Nil

(c) Amount required to be set off for the Financial Year, if any: Nil

(d) Total CSR obligation for the Financial Year (7a+7b-7c): ₹26.02 Million

8. (a) CSR amount spent or unspent for the Financial Year:

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

(b) Details of CSR amount spent against ongoing projects for the Financial Year: Not applicable

(c) Details of CSR amount spent against other than ongoing projects for the Financial Year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent in the for the project (₹ in Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Million)	Mode of Implementation - Direct (Yes/ No).	Mode of Implementation - Through Implementing Agency (Name and CSR registration number)
1	Skill Development	(ii)	Yes	Aurangabad, Maharashtra	14.79	NA	No	Deccan Management Consultants Finishing School (CSR00012507)
2	Kham River Restoration Project	(iv)	Yes	Aurangabad	6.95	-	No	Implementing Partner – Varroc Foundation (CSR00004804.)
3	Promoting Young Sports Talent enabling them to compete at national and international level	(vii)	Yes	Local Area- Aurangabad, Pune 2. Maharashtra – Mumbai, Thane, Navi Mumbai, Pune	5.75	-	No	Implementing Partner – Dilip Vengsarkar Foundation (CSR00004804)/ Varroc Foundation (CSR00004817)/ Abhinav Bindra Foundation Trust (CSR00000144)
4	Support for COVID relief work	(xii)	Yes	Pune, Maharashtra	0.50	NA	No	Mahratta Chamber of Commerce Industries and Agriculture CSR00000129
Total					**27.99**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹27.99 Million

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

Sl no.	Particular	(₹ in Million)
1	Two percent of average net profit of the Company as per section 135(5)	26.02
2	Total amount spent for the Financial Year	27.99
3	Excess amount spent for the Financial Year [(2)-(1)]	1.97
4	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	2.29
5	Amount available for set off in succeeding Financial Years [(3)-(4)]	4.26

9. (a) Details of Unspent CSR amount for the preceding three Financial Years: Not applicable

(b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s): Not applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (asset-wise details):

(a) Date of creation or acquisition of the capital asset(s): None

(b) Amount of CSR spent for creation or acquisition of capital asset: Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

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

For **Varroc Engineering Limited**

Tarang Jain
(DIN: 00027505)
Chairman and Managing Director /
Chairman of CSR Committee

Date: August 12, 2022
Place: Pune

Annexure - IV

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L28920MH1988PLC047335
2.	Name of the Company	Varroc Engineering Limited
3.	Registered address	Plot No. L-4, MIDC, Waluj Aurangabad (M.S.) - 431136
4.	Website	www.varroc.com
5.	E-mail id	investors@varroc.com
6.	Financial Year reported	FY 2021-22
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Automotive Components
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	NIC Code of the product / service 3607 3440 3758
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	The Company has 16 plants in India at below locations: i. Waluj and Shendra, Dist. Aurangabad (Maharashtra) ii. Chinchwad, Chakan and Maval, Dist. Pune (Maharashtra) iii. Sriperumbudur Taluk, Dist. Chennai (Tamil Nadu) iv. Halol, Dist. Panchmahal (Gujarat) v. Pantnagar (Uttarakhand)
10.	Markets served by the Company – Local/State/ National/International	We serve Local/State/National/International markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

		FY 2022 (Standalone) (₹ in Million)
1.	Paid up Capital (₹)	152.79
2.	(a) Revenue from operations	32,918.07
	(b) Other income	646.14
3.	Total profit after taxes (₹)	259.85
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.08% (₹27.99 Million) of average profit for previous three years in respect of Standalone Financials of the Company (computation as prescribed by the Companies Act, 2013)	
5.	List of activities in which expenditure in 4 above has been incurred:-	Please refer Annexure III – 'Annual Report on CSR Activities' to the Board's Report for details

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Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

Yes, Varroc Engineering Limited (VEL) has Subsidiary Companies in India and abroad.

2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s)

Subsidiary companies of VEL conduct their Standalone BR initiatives. They abide by the principles of Business Responsibility (BR) and Environment Social & Governance (ESG), as per the local laws applicable to them.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]

Most of our customers are Original Equipment Manufactures (OEMs) and as per our understanding & information, all of them have their own BR initiatives. Further, the Company encourage its other stakeholders i.e. suppliers, distributors and other stakeholders in the value chain to participate in its BR initiatives, however it does not track the actual participation.

Section D: BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy /policies

1. DIN Number: 00027505
2. Name: Mr. Tarang Jain
3. Designation: Chairman and Managing Director

(b) Details of the BR head

Sl no.	Particulars	Details
1.	DIN Number (if applicable)	00027505
2.	Name	Mr. Tarang Jain
3.	Designation	Chairman and Managing Director
4.	Telephone number	0240-6653700
5.	e-mail id	investors@varroc.com

2. Principle-wise (as per NVGs) BR Policy/policies

National Voluntary Guidelines Principle No.	Requirement
1.	Business should conduct and govern themselves with Ethics, Transparency and Accountability
2.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
3.	Business should promote the well-being of all employees
4.	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
5.	Businesses should respect and promote human rights
6.	Business should respect, protect, and make efforts to restore the environment
7.	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
8.	Business should support inclusive growth and equitable development
9.	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

Sl No.	Questions	Business Ethics P1	Product Responsibility P2	Well being of Employees P3	Stakeholder Engagement & CSR P4	Human Rights P5	Environment P6	Public Policy P7 **	CSR P8	Customer Relations P9
1.	Do you have a policy/ policies for..*	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies are in conformity with applicable laws and regulations.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
6.	Indicate the link for the policy to be viewed online? #	The policies approved by the Board of the Directors are available on the website of the Company at http://www.varroc.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	N	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	N	Y	Y

* Policy(ies) include defined/ documented procedures and SOPs.

** The management of the Company engages in public policy through industry associations only.

Internal Policies and SOPs are available on internal portal 'HR-home" which is accessible only to employees

Annexure - IV

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl No.	Questions	Business Ethics P1	Product Responsibility P2	Well being of Employees P3	Stakeholder Engagement & CSR P4	Human Rights P5	Environment P6	Public Policy P7	CSR P8	Customer Relations P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	✓	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Management regularly monitors the BR initiatives and the action points emerging from the discussions are reviewed to ensure their closure on annual basis. Further, the CSR Committee of the Board reviews the CSR performance of the Company as per the applicable provisions of the Companies Act, 2013.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes BRR annually along with Annual Report. The Annual Report of the Company is available at https://varroc.com/ investor/investor-relations.

Section E: Principle-Wise Performance

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

Varroc's fundamental belief proves that a team always has a common identity irrespective of differences in culture, country, race or gender.

Varroc is guided by five core values coined as **SHIPS**:

- Sincerity – To speak and act from the heart
- Humility – The quality of having a modest view of one's own importance; the state of not thinking you are better than other people
- Integrity – Integrity is the quality of being honest, fair & having strong moral principles. It means to do what is right
- Passion – A strong feeling of enthusiasm or excitement for something
- Self-Discipline – The ability to make yourself do things that should be done

These SHIPS values are the foundation of our business, guide our strategy and define our culture. Adherence to our values ensures that ethical practices are adhered to all levels of our Company.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company has laid down a Code of Conduct for Directors & employees. All employees (including all the group companies) are covered by the Code of Conduct. It provides guidance to employees on standards of integrity, conduct and compliance in all business dealings with internal and external stakeholders, including business partners. The key principles address aspects, such as compliance with applicable laws, fair employment practices, working with stakeholders, environment, health and safety, conflicts of interest and safeguarding of assets. The Company's Code of Conduct are available on the intranet and on the Company's webpage. The Code is also detailed in the Corporate Governance Report of the Company. The Code of conduct forms part of term of appointment letter and is sign at the time of joining the Company. The Senior Management sign the Code of Conduct every year.

The Company has in place a Whistle Blower Policy and is communicated through various means including publication on the Company's website. The Policy enables the stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

All joint ventures, suppliers and contractors of the Company are independent entities. Therefore, the Company's Code of Conduct and Whistle Blower Policy do not apply to them.

2. How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. There are no complaints received in the past Financial year 2021-22.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is engaged in the business of manufacturing of automotive components. These products have insignificant social or environmental concern or risk. Social and environmental concerns are given high consideration in all activities and decisions during the manufacturing processes. Further, organisation wide measures are being taken towards making our manufacturing processes and products sustainable. At Varroc, we not only strive to achieve operational excellence, but also invest in safer, lighter and greener technologies.

We don't stop there. In the fast-changing World of automotive design and technology, we are in a state of constant alert. We are constantly adapting, evolving and innovating. The comfort zone is not a breeding ground for greatness. Instead of resisting change, we always seek to embrace it. And always ask ourselves – How can we do this better? This mindset allows us to be future-ready and helps us deliver performance@ change.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Details of conservation of energy are given in Annexure- I of the Directors' Report.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company's growth depends significantly on the capability of its supply chain partners to deliver quality goods and services without disruptions and scale up operations in line with business demands. Sustainable sourcing describes a sourcing exercise which goes beyond economic considerations and takes

Annexure - IV

into account environmental, social and ethical factors as well. The Company is highly resilient for globally local supply chain of manufacturing. It is a widely practiced tool within Varroc and the endeavor is to maximise its reach with every passing year. The vendors have to ensure compliance to these policies.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company undertakes initiatives to build capacities of the suppliers. Keeping goal of globally local supply chain of manufacturing, the Company keeps on developing local vendors. The Company's quality teams visit their facilities, analyses quality related aspects, and create action plans jointly with the suppliers, customers and monitored performance. The Company strengthened efforts towards quality across the value chain. Several initiatives were taken in this direction. The Company supports suppliers with knowledge in specific areas that have a major impact on quality. The Company conducts training sessions to share best practices in quality systems and manufacturing processes.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The nature of the Company's business is such that there are no significant emissions or process wastes. The focus of the Company is to recycle the waste. The Company recycle materials wherever it is usable within the Company, which cannot be reused is disposed off in a manner that waste will be recycled.

Principle 3: Business should promote the well-being of all employees

At Varroc, it is extremely important to identify and institutionalize what really helped us to achieve what we have achieved so far, what has really been critical to the incredible story that is Varroc. We feel it is our teams and even more importantly a common and consistent set of behaviors and skills displayed by every individual in the team, regardless of the role they play in it. The Company views employees as enablers of value creation and is committed to the well-being of the employees; and has various practices and policies that drive the learning and development as well as the health and wellness of the employees.

1. Please indicate the total number of employees: 3,356 Nos.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 7,171 Nos.
3. Please indicate the Number of permanent women employees. 211 Nos.
4. Please indicate the Number of permanent employees with disabilities: Varroc is an equal opportunity employer. We do not mandate disclosure of disability and do not discriminate on the grounds of age, gender, caste. Employment is offered based on merit.
5. Do you have an employee association that is recognised by the Management.

   Yes, we have recognised trade unions at Waluj (Aurangabad, Maharashtra), Takve & Chakan (Dist. Pune, Maharashtra) and Pantnagar (Uttarakhand).
6. What percentage of your permanent employees are members of this recognised employee association?

   As of March 31, 2022, out of total 1,667 Permanent Workmen of all our Unionised Plants, ~98.00% Workmen are members of this Recognised Employee Association / Union.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year.

Sl No.	Category	No of complaints filed during the Financial Year	No of complaints pending as on end of the Financial Year
1	Child labour/ forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Sl No.	Category	% Employees that were given safety training	% Employees that were given skill upgradation training
(a)	Permanent Employees	100%	75%
(b)	Permanent Women Employees	100%	75%
(c)	Casual/Temporary/Contractual Employees	100%	75%
(d)	Employees with Disabilities	Nil	Nil

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the Company mapped its internal and external stakeholders? Yes/No

   The Company aims to meet the expectations of its stakeholders that include Shareholders, consumers, employees, suppliers, contractors, collaborators/technical partners, local community and government/ regulators as its key stakeholders. There are different formal and informal mechanisms to engage with each of these stakeholders which helps to understand and respond to their needs.
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders. and
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

   The Company is committed towards proactively engaging with all the employees, business associates, customers and communities who may be disadvantaged, vulnerable and marginalised.

   Based on identification, the Company implemented following Corporate Social Responsibility ("CSR") programmes:

   - Learn & Earn Scheme at Varroc Academy, Aurangabad
   - Kham River Eco Restoration Project (1.5 km) at Aurangabad
   - Varroc Vengsarkar Cricket Academy (VVCA)
   - Partnership with Abhinav Bindra Foundation for competing Olympic games athlete sponsorships
   - Yong Talents Sponsorship
   - Initiated environmental projects like ZLD (Zero Liquid Discharge) in plants
   - Delivered oxygen cylinders to government hospitals in Aurangabad, Maharashtra during covid-19 second wave
   - Women's empowerment through association with MKSS Cummins college of engineering for Women
   - Organised "support Study" campaign for underprivileged children in Pune, Maharashtra

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/ Others?

The Company firmly believes in upholding and promoting human rights. Human Rights are protected under Code of Conduct, Whistle Blower Policy, Policy on prevention of Sexual Harassment. All employees, including security personnel, are sensitised to human rights as part of their orientation programme. These policies are applicable to Varroc Group India Business employees.

2. How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?

During the Financial Year 2021-22, the Company did not receive any complaint with regard to violation of human rights.

Annexure - IV

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ others.**

   The Company understands its responsibility towards environment and has taken various initiatives to reduce its environmental impact. We have implemented an integrated environmental, health and safety management system at all manufacturing plants globally that is consistence with IATF16949, ISO-14001 & Environmental and OHSAS 45001 certifications. This system is certified in compliance with these standards by a third-party registrar, Bureau Veritas. Key to the success of this program is establishing annual objectives and targets and implementing improvement programs to reduce safety risks and environmental aspects of our operations. Further, the Company adheres to all statutory compliances with respect to environment, health and safety requirements.

2. **Does the Company have strategies/initiatives to address Global Environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   The Company has a dedicated energy cell for conservation of energy, which undertakes and implements various measures towards improving operational efficiency and identifying alternate source(s) of energy. The Company works continuously to reduce the waste and focused on creating green infrastructure which are designed for better energy efficiency and efficient operations. Refer Board's Report for details in relation to environment conservation and technology absorption.

3. **Does the Company identify and assess potential environmental risks?**

   The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company has a sustainable Environment, Occupational, Health and Safety (EOHS) strategy plan. EOHS is an integral part of our core values. Our goal is to be injury-free, while being eco-friendly. We believe in 'Reduce-Reuse-Recycle'. Various environmental projects like ZLD, waste utilisation and alternate usage of by-product etc. have been initiated to promote it.

   EOHS core values:

   To ensure compliance with occupational regulations and controlling occupational hazards that put risk to employees' life, property and the environment by investing in safe and eco-friendly technologies.

   - **Communication** – Actively informing stakeholders about the EHS guidelines
   - **Collaboration** – Working as a team (CFT) to provide and implement EHS practices
   - **Commitment** – Promoting the EHS culture with dedication, proactively

   The Company has so far no project related to Clean Development Mechanism, it is continuously endeavoring to identify opportunities to contribute in this regard.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The Company strives to adopt process improvement measures and invest in efficient technologies to reduce its impact on the environment. The details of initiatives taken for conservation of energy at its plant locations are contained in the Report on Conservations of Energy and Technology Absorptions which forms part of Board's Report.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?**

   The Company regularly monitor and measure, all applicable statutory requirements with respect to emissions/waste are complied with.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   None

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company actively engages in public advocacy, in a responsible manner. The Company deals with the public officials with a proper protocol. All such engagements are through recognised industry bodies / trade associations. As on March 31, 2022, The Company is a member of leading Industry Associations, including:

   - ACMA - Automobile Component Manufacturers Association
   - SIAM – Society of Indian Automobile Manufacturers
   - BAVA- Bajaj Auto Vendor Association
   - CII- Confederation of Indian Industries
   - MASSIA - Marathwada Association of Small Scale Industries & Agriculture
   - CMIA - Chamber of Marathwada Industries Association

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

   The Company prefers to be part of the broader policy development process and do not practice lobbying on any specific issue.

Principle 8: Business should support inclusive growth and equitable development

The Company supports the principle of inclusive growth and equitable development through its Corporate Social Responsibility initiatives and also through its core business. The Company acknowledges the impact of its activities on social and economic development and strives to create positive environment.

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company has aligned its CSR programmes with the requirements of The Companies Law 2013. The Company has set up a three members CSR Committee of the Board. The Company's CSR Policy has been approved by the CSR Committee and the Board. The Policy can be referred in detail on the Company's website www.varroc.com. The CSR programmes are mentioned in the CSR policy.

   The Company executes its CSR initiatives through various programs/initiatives, the details of which are given in CSR Report forming part of the Director's Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation?**

   The CSR initiatives are implemented either directly by the Company or through implementing partners which include NGOs and other agencies having subject expertise.

3. **Have you done any impact assessment of your initiative?**

   The CSR programmes and their impacts/ outcomes are monitored and reviewed by the CSR Committee periodically.

4. **What is your Company's direct contribution to community development projects- Amount(s) in INR and the details of the projects undertaken.**

   Details on the Company's CSR programmes have been shared in Principal 4, question 3. During FY 2021-22, the Company has spent an amount of ₹ 27.99 Million towards CSR initiatives.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms are regularly carried out. The Company has engaged employees to drive and monitor the CSR activities.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/ consumer cases are pending as on the end of Financial Year.**

   All complaints are acknowledged on receipt and attended on priority for ensuring resolution as per defined time schedule and organisational hierarchy. There were no customer complaints pending as on 31st March 2022.

Annexure - IV

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)

Yes.

The information displayed on the product label is as per the applicable laws and in line with the prevalent market practice.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of Financial Year? If so, provide details thereof, in about 50 words or so.

There are no court cases filed against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as of March 31, 2022.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company receives customer awards for contribution to their business such as quality excellence, design development, best performance etc. which represents customer satisfactions. Awards are mentioned in details in "Awards and Recognition" of the Annual Report.

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 2022

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

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

Based on our verification of the **M/S. 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 authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2022 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:

We have examined the books, papers, Minutes' books, Forms and Returns filed and other records maintained by **M/S Varroc Engineering Limited** for the Financial Year ended 31st March 2022 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) 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.

We 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.

Form MR-3

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)

We 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 on 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 proper balance of Executive Directors, Non-Executive Directors, Woman Director 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.

We 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.

We 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. **The gap between two Risk Management Committee meetings during the year 2021-22 exceeded 180 days which is not in compliance with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company submitted that the deviation was unintentional and would be taken care in the future.**
2. **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 March 31,2022, imposing fine of ₹53100 which the Company paid on 4th April 2022 vide UTR no. 209413671694.**
3. **During the year 2021-22, the Company paid remuneration to Mr. Rohit Prakash, Whole time Director of the Company in terms of SCHEDULE V of the Companies Act, 2013 in case of inadequacy of profits. However, the explanatory statement to the Special resolution for approval of Appointment and remuneration of Mr. Rohit Prakash passed at the AGM held on 14th August, 2020 did not include the information as required under Part II, Para B of Schedule V to the Companies Act, 2013.**

   The Company submitted that a complete resolution for approval of remuneration payable to Mr. Rohit Prakash will be taken as an Agenda item in the ensuing Annual General Meeting.

For **Uma Lodha & Co.**
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363D000424861

Place: Mumbai
Date: May 30, 2022

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

ANNEXURE A

To
The Members
M/S. VARROC ENGINEERING LIMITED

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

- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We 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 test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, we 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. Our 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)
FCS No.: 5363
C.P. No.2593
UDIN: F005363D000424861

Place: Mumbai
Date: May 30, 2022

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 2022

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provision and the adherence to good corporate practices by **M/S. VARROC POLYMERS PRIVATE LIMITED (CIN: U25209MH1995PTC090037)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the by **M/S. VARROC POLYMERS PRIVATE 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 authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2022 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:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by **M/S. VARROC POLYMERS PRIVATE LIMITED** for the Financial Year ended 31st March, 2022 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.

We 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.

We 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 on 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 proper balance of Executive Directors & Key Managerial Personnel (KMP), Non-Executive Directors and Independent Directors **except 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, 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.

We 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 following:

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

We 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: F005363D000424375

Place: Mumbai
Date: May 30, 2022

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

ANNEXURE A

To
The Members
M/S. VARROC POLYMERS PRIVATE LIMITED

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

- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We 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 test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Where ever required, we 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. Our 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)
FCS No.: 5363
C.P. No.2593
UDIN: F005363D000424375

Place: Mumbai
Date: May 30, 2022

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the Financial Year ended on March 31, 2022 has been issued in compliance with the requirements of Regulation 34(3) read with Clause C of Schedule V of 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.

Corporate Governance Report

2.1 Composition

As on March 31, 2022, the Board of Directors of the Company consists of Seven (7) Directors of whom, Three (3) are 'Executive' Directors and Four (4) are Independent Directors including One (1) Woman Independent Director.

The Chairman, Mr. Tarang Jain is a 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, 2022 are as follows:

Name of the Director	Category of Director	Particulars
Mr. Tarang Jain (DIN: 00027505)	Chairman, Managing Director, Executive/ Non- Independent	Re-Appointed as Managing Director for 5 years effective from February 06, 2018 - Appointed as Chairman effective from November 10, 2020. Proposed to be re-appointed for the next term of three (3) years effective from February 6, 2023 subject to approval of the Shareholders.
Mr. Arjun Jain (DIN: 07228175)	Whole Time Director Executive / Non-Independent	Appointed as Director and Whole Time Director effective from August 07, 2018. Proposed to be re-appointed for the next term of three (3) years effective from August 7, 2023 subject to approval of the Shareholders.
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	Appointed as an Independent Director for 5 years effective from February 06, 2018. Proposed to be re-appointed for the next term of five (5) years effective from February 6 2023 subject to approval of the Shareholders.
Mr. Rohit Prakash (DIN: 02425849)	Whole Time Director Executive/ Non-Independent	Appointed as Whole Time Director for 5 years effective from April 29, 2020

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

During the Financial Year ended on March 31, 2022, six (6) Board meetings were held on April 12, 2021; June 4, 2021; August 12, 2021; October 4, 2021, November 11, 2021 and February 14, 2022. The Annual General Meeting was held on August 25, 2021. The Attendance of the Directors at the Board meetings and the Annual General Meeting during the year is as under:

Name of the Director	No. of Board Meetings			Attendance at the AGM held on August 25, 2021
	Held	Eligible to attend	Attended	
Mr. Tarang Jain	6	6	6	Yes
Mr. Arjun Jain	6	6	6	Yes
Mr. Gautam Khandelwal	6	6	6	Yes
Mrs. Vijaya Sampath	6	6	6	Yes
Mr. Marc Szulewicz	6	6	6	Yes
Mr. Vinish Kathuria	6	6	6	Yes
Mr. Rohit Prakash	6	6	5	Yes

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.

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 Listing Regulations are not applicable.

Directorships (including names of listed Companies) and membership of Committees held by Directors as on March 31, 2022 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	1	-	1	1. Varroc Engineering Limited, Chairman and Managing Director
Mr. Arjun Jain	1	-	1	1. Varroc Engineering Limited, Whole Time Director
Mr. Gautam Khandelwal	3	2	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	8	1	6	1. Varroc Engineering Limited, Independent Director 2. Ingersoll Rand (India) Limited, Independent Director 3. Safari Industries (India) Limited, Independent Director 4. Eris Lifesciences Limited, Independent Director 5. Intellect Design Arena Limited, Independent Director 6. Va Tech Wabag Limited, Independent Director 7. Craftsman Automation Limited, Independent Director
Mr. Marc Szulewicz	1	-	-	1. Varroc Engineering Limited, Independent Director
Mr. Vinish Kathuria	1	-	2	1. Varroc Engineering Limited, Independent Director
Mr. Rohit Prakash	1	-	-	1. Varroc Engineering Limited, Whole Time 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.

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2.4 Inter-se relationships among Directors

Mr. Tarang Jain - Chairman and Managing Director and Mr. Arjun Jain - Whole Time Director are family members and related to each other as Father and Son.

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 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, 2022 is 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	Whole Time Director	5,000
Mr. Rohit Prakash	Whole Time 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. Ajay Sharma	Company Secretary	7,800

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

During the Year, the Company has issued 3,750 Number of Debentures 8.25% Secured Listed Nonconvertible Debentures of ₹1 Million each aggregating to ₹3,750 Million on a Private Placement basis. Directors and Key Managerial Personnel of the Company are not holding any Debentures in the Company.

2.6 Familiarisation Programme for Independent Directors

The Company has established a Familiarisation 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 Listing Regulations, 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 Familiarisation 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(s) Director of the Board.

Name	Designation
Leadership	Extended leadership experience in organisations 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 working 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 and 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

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. Rohit Prakash (DIN: 02425849) will retire by rotation at the ensuing Annual General Meeting, and it is proposed to re-appoint him as a Director of the Company.

The requisite information about Mr. Rohit Prakash, proposed to be re-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 emphasises the Company's commitment to the 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.

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

During the year under review, there were no pecuniary transactions with any of the Non-Executive Director of the Company except payment of sitting fees and 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 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 and Whole Time Directors 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 Director(s) 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 of Director	Category	Sitting Fees	Commission	Salary as per section 17(1) of the Income-tax Act, 1961	Value of perquisites u/s 17(2) Income-tax Act, 1961	Others	Total
Mr. Tarang Jain	Chairman and Managing Director	-	-	52.27	-	-	52.27
Mr. Arjun Jain	Whole Time Director	-	-	20.87	-	-	20.87
Mr. Rohit Prakash	Whole Time Director	-	-	27.35	-	-	27.35
Mrs. Vijaya Sampath	Independent Director	1.40	1.00	-	-	-	2.4
Mr. Marc Szulewicz	Independent Director	0.80	1.00	-	-	-	1.8
Mr. Gautam Khandelwal	Independent Director	1.50	1.00	-	-	-	2.5
Mr. Vinish Kathuria	Independent Director	1.30	1.00	-	-	-	2.3
Grand Total		**5.00**	**4.00**	**100.49**	**-**	**-**	**109.49**

Other than the above, no other payments are made to the Non-Executive 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

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, 2022 is as follows:

Name of Director	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 in 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 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, Mr. Gautam Khandelwal, Chairman of the Audit Committee was present at the last Annual General Meeting to answer Shareholders' queries.

Corporate Governance Report

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 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, 2022, four (4) Audit Committee meetings were held on June 4, 2021; August 12, 2021; November 11, 2021 and February 14, 2022.

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	4	4	4
Mrs. Vijaya Sampath	4	4	4
Mr. Tarang Jain	4	4	4
Mr. Vinish Kathuria	4	4	4

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. Mr. T. R. Srinivasan, Group Chief Financial Officer attended all 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, 2022 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 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, 2022, one (1) Nomination and Remuneration Committee meeting was held on June 4, 2021. 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
Mrs. Vijaya Sampath	1	1	1
Mr. Marc Szulewicz	1	1	1

As per Regulation 19(3) of the Listing Regulations, Mr. Gautam Khandelwal, Chairman of the Nomination and Remuneration was present at the last Annual General Meeting to answer Shareholders' queries.

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 2021-22 is given below:

- Performance evaluation criteria for Board, Committees of the Board and Directors as approved by the Board at its meeting held on February 06, 2018 were revised on recommendation of Independent Director, in line with SEBI's Guidance Note dated January 7, 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 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 30, 2022.

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

Corporate Governance Report

and growth. The evaluation covered overall performance of the Board and its Committees, individual reviews of each Director and analysis of the performance of the Chairman. The evaluation concluded that the Board remained high calibre and was functioning well, with open and challenging debate and transparent information flow. Assessment of individual Directors concluded that they contributed effectively and proactively in debates at all meetings and devoted adequate time. 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, performance of the Directors and the working of its committees, based on the evaluation criteria defined by Nomination and Remuneration Committee (NRC) for 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 NRC and the Board. Performance evaluation of 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 Listing Regulations.

The constitution of the Stakeholders Relationship Committee as on March 31, 2022 is as follows:

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

Mr. Gautam Khandelwal, Chairman of the Committee was present at the last Annual General Meeting to answer security holders queries.

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 Listing Regulations. The broad terms of reference of the Stakeholders Relationship Committee therefore include redressal of grievances of Shareholders, Debenture Holders and other Security Holders, analyse 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, 2022, one (1) meeting of the Stakeholders Relationship Committee was held on June 4, 2021. 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, 2022.

3.3.6 Details of Complaints from Shareholders

No. of complaints remaining unresolved as on 01.04.2021	0
No. of complaints received during the year	1
No. of complaints resolved during the year	1
No. of complaints unresolved as on 31.03.2022	0

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

The Registrar and Share Transfer Agents (RTA), M/s. Link Intime India Private Limited, attend to all grievances of 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.

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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, 2022 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 is 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, 2022, 2 (Two) meetings of the Corporate Social Responsibility Committee were held on June 4, 2021 and February 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	2
Mr. Arjun Jain	2	2	2

3.5 Risk Management Committee

3.5.1 Constitution and Composition

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

The constitution of the Risk Management Committee as on March 31, 2022 is as follows:

Name of Member	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 Chief Financial Officer
Mr. Lalit Dua	Member and Convener	Head Internal Audit

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 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, 2022, 2 (Two) meetings of the Risk Management Committee were held on June 4, 2021 and February 14, 2022. 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	2	2
Mr. Lalit Dua	2	2	2

3.6 Other Committee

A. Finance Committee

Constitution and Composition

The Finance Committee was constituted on February 06, 2018. The constitution of the Finance Committee as on March 31, 2022 is as follows:

Name of Member	Position in the Committee	Category
Mr. Tarang Jain	Chairman	Chairman and Managing Director
Mr. T R Srinivasan	Member	Group Chief Financial Officer
Mr. Arjun Jain	Member	Whole Time Director

Terms of Reference

The terms of reference of this Committee is 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 finance and operations of the Company in the normal course of business.

Attendance

During the Financial Year ended on March 31, 2022, 4 (Four) meetings of the Finance Committee were held on September 1, 2021, September 16, 2021, September 17, 2021 and November 22, 2021. 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	4	4	1
Mr. Arjun Jain	4	4	4
Mr. T. R. Srinivasan	4	4	3

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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
31st	August 9, 2019, 10:00 A.M.	1. To Increase borrowing limits of the Company up to ₹2,000 crores
		2. Creation of Mortgage/Charge on the assets of the Company up to ₹2,000 crores
		1. Increase in the limits applicable for making investments / extending loans and giving guarantees or providing securities in connection with loans to Persons / Bodies Corporate up to ₹1,800 crores
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

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 2021-2022.

4.3 At the ensuing 34th Annual General Meeting to be held on Thursday, September 29, 2022, Seven (7) resolutions are proposed to be passed as a Special Resolution.

4.4 Postal Ballot

No Resolution was passed through Postal Ballot during FY 2021-22.

5. Means of Communication

The Company got listed on Stock Exchanges i.e., National Stock Exchange and Bombay Stock Exchange on July 6, 2018. The Company recognises the importance of two-way communication with Shareholders and of giving a balanced reporting of results and progress and responds to questions and issues raised in a timely and consistent manner.

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

F. eXtensible Business Reporting Language (XBRL):

XBRL is a standardised and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) which 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 34th Annual General Meeting of the Company is as under:

Date:	Thursday, September 29, 2022
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 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 Thursday, September 22, 2022.

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 34th Annual General Meeting will be made through electronic voting. The electronic voting ("E-Voting") period will be from 9:00 a.m. on Monday, September 26, 2022 to 5:00 p.m. on Wednesday, September 28, 2022, both days inclusive.

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

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.

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) 022-40131001/ 40131002 Email: uma@umaloda.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 year, the Company has issued 3,750 Number of Debentures 8% Secured Listed Nonconvertible Debentures ("NCDs") of ₹1 Million each aggregating to ₹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	Amount in Million	Stock Code
1	Option - I Debentures 1,250 rated listed secured redeemable nonconvertible debentures of the face value of ₹10,00,000 each	June 17, 2023	1250	973454
2	Option - II Debentures - 2,500 rated listed secured redeemable nonconvertible debentures of the face value of ₹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 NSDL, respectively for the Financial Years 2021-22 and 2022-23. 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., National Stock Exchange and Bombay Stock Exchange w.e.f. July 06, 2018.

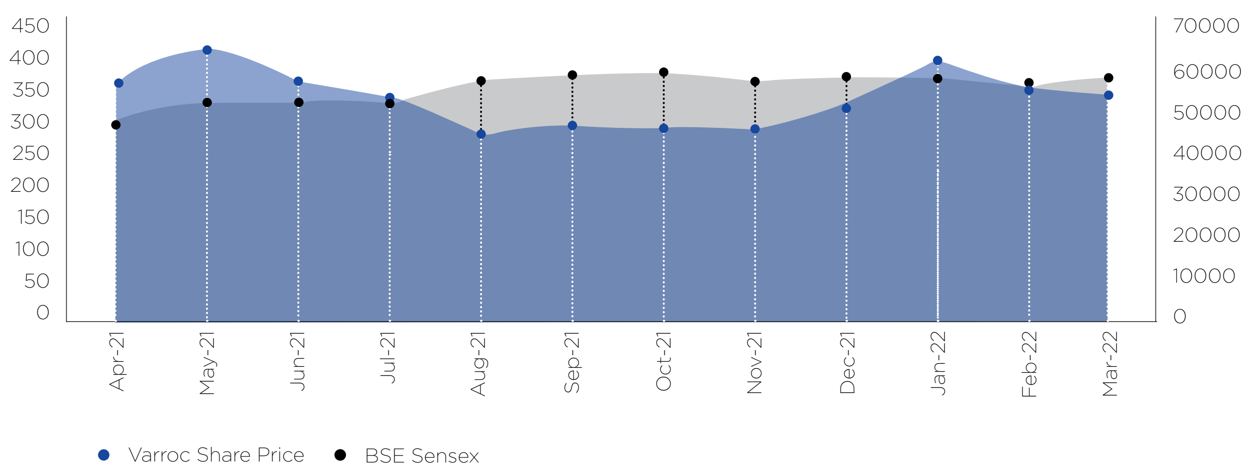
High and Low price of the Company's Equity Shares during each month of the last Financial Year 2021-22 at BSE and NSE are given below:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2021	398.05	337.00	397.75	336.05
May, 2021	429.10	363.65	430.00	363.25
June, 2021	444.00	365.85	443.70	365.20
July, 2021	386.65	328.40	383.10	328.20
August, 2021	355.00	271.20	343.20	271.00
September, 2021	319.90	260.20	319.80	260.00
October, 2021	333.40	285.30	333.50	285.20
November, 2021	318.00	274.45	318.00	275.00
December, 2021	352.00	284.40	351.90	284.05
January, 2022	458.30	335.10	458.00	335.70
February, 2022	433.10	339.00	433.50	338.55
March, 2022	359.75	283.00	359.85	285.50

Stock Performance vs S&P BSE Sensex and NIFTY 50

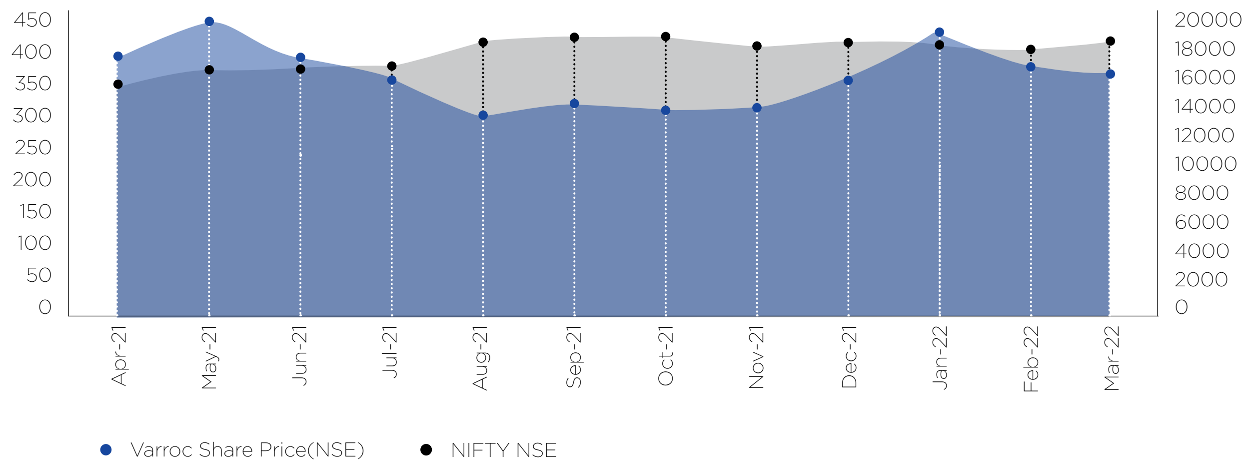
Performance of the Company's Equity Shares on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") relative to the BSE Sensex and NIFTY 50 respectively are graphically represented in the charts below:

BSE Sensex Vs Varroc Share Price



Corporate Governance Report

NSE Sensex Vs Varroc Share Price



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 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. Asawari Kalokhe
asawari.kalokhe@linkintime.co.in
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 Shareholders through their Depository Participants.

6.10 Distribution of Shareholding as on March 31, 2022

The below two tables provide details about the pattern of shareholding among various categories and number of shares held, as on March 31, 2022.

No. of Shares held			No. of Shareholders	% to total no. of Shareholders	No. of shares	% to total no. of shares
1	-	500	66,634	96.56	35,31,396	2.31
501	-	1000	1,257	1.82	9,77,329	0.64
1001	-	2000	578	0.84	8,43,256	0.56
2001	-	3000	174	0.25	4,41,593	0.29
3001	-	4000	77	0.11	2,77,880	0.18
4001	-	5000	56	0.08	2,64,811	0.17
5001	-	10000	105	0.15	7,71,010	0.50
Above	-	10001	128	0.19	14,56,79,125	95.35
Total			**69,009**	**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**	38196,600	25.00
	Institutions:		
	Mutual Funds	1,81,13,218	11.86
	Alternate Investment Funds	90,000	0.06
	Foreign Portfolio Investors	59,945,70	3.92
	Financial Institutions/Banks	-	-
	Insurance Companies	45,86,997	3.00
	Non-Institutions:		
	Individuals	74,43,705	4.87
	Others:		
	Trust	6,200	0.00
	HUF	3,04,295	0.21
	NRIs	5,87,021	0.38
	Clearing Members	1,01,133	0.07
	Bodies Corporate	9,69,461	0.63
(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**

Corporate Governance Report

6.11.1 Demat/Remat of shares

During the year, the RTA had received NIL request 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, 2022, 100% Shares of the Company are held in demat form.

Particulars	Position as on March 31, 2022	
	No. of shares	% to total shareholding
Physical	0	0
Dematerialised		
NSDL	148,927,208	97.47
CDSL	3,859,192	2.53
Total	**152,786,400**	**100.00**

6.11.2 Convertible Instruments

During the year, the Company has issued 3,750 Number of Debentures 8% Secured Listed Non-Convertible Debentures of ₹1 Million each aggregating to ₹3,750 Million on a Private Placement Basis. The NCDs have bullet repayment on June 17, 2023 of ₹1,250 Million and on September 17, 2023 of ₹2,500 Million with coupon payments to be made on an Annual Basis. The proceeds from the issue have 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 Shareholders can correspond with the RTA (for share transfer/ dematerialisation/ change of address etc) or at 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: Mr. Asawari Kalokhe E-mail: asawari.kalokhe@linkintime.co.in	Registered Office: Plot No L-4, MIDC Industrial Area, Waluj, Aurangabad – 431136, Maharashtra Contact person: Mr. Ajay Sharma, Group General Counsel and Company Secretary Telephone: +91 (240) 6653662 Facsimile: +91 (240) 2564540 E-mail: investors@varroc.com

6.12 Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions placement as specified under Regulation 32 (7A).

During the year, the Company has issued 3,750 Number of Debentures 8% Secured Listed Non-Convertible Debentures of ₹1 Million each aggregating to ₹3,750 Million on a Private Placement Basis. The NCDs have bullet repayment on June 17, 2023 of ₹1,250 Million and on September 17, 2023 of ₹2,500 Million with coupon payments to be made on an Annual Basis. The proceeds from the issue have 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 mobilisation of funds, whether in India or abroad.

The details of the Credit Rating of the Company is 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, 2022 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 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 Listing Regulations, all RPTs were placed before 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 06, 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 March 31,2022, imposing fine of ₹53100 which the Company had paid on April 4, 2022 vide UTR no. 209413671694.

c) Whistle Blower Policy/Vigil mechanism

Pursuant to Section 177(9) of the Act, the Board at its meeting held on 7th April, 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 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, where 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.

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 Whole Time 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:

- Unmodified opinion(s) in Audit Report:

  Company has submitted a declaration with the Stock Exchanges that the Statutory Auditors of the Company have issued Audit Report on Audited Financial Results for year ended March 31, 2022 with unmodified opinion.

- 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, 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.

The gap between two meetings of Risk Management Committee exceeded 180 days as against the requirement stated under Regulation 21 of SEBI LODR, 2015. This deviation was unintentional and would be taken care in the future.

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.

(₹ in Million)

Particulars	As at March 31, 2022
Statutory Audit fees (Including limited reviews)	114.03
Tax Audit Fees	0.89
Others (including certifications)	2.97
Re-imbursement of Expenses	2.21
Total	**120.10**

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	Nil
b.	Number of complaints disposed of during the Financial Year	Nil
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

Sr. No	Name of Subsidiary Company	₹ in Million	Nature of transaction
1	CarIQ Technologies Private Limited	5.00	Loans/ Advances
2	VarrocCorp Holding B.V., the Netherlands	10,183.38	Loans/ Advances
3	Varroc European Holding B.V. the Netherlands	211.88	Loans/ Advances
4	Varroc Polymers Private Limited	2,860.00	Inter Corporate Deposit

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	Nature of transaction
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	Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of Shareholders.	The said information is available on Company's website.
3	Audit qualifications: The Company may move towards the regime of unqualified Financial Statements.	Adopted
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 **M/S. VARROC ENGINEERING LIMITED (CIN: L28920MH1988PLC047335)** (the Company) for the year ended March 31, 2022 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, 2021 to March 31, 2022.

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 except as below:

1. The gap between two meetings of Risk Management Committee exceeded 180 days as against the requirement stated under Regulation 21 of SEBI LODR, 2015. The Company submitted that the deviation was unintentional and would be taken care in the future.

We state that such compliance is neither an assurance as to the future viability of the Company nor 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: F005363D000404300

Place: Mumbai
Date: May 27, 2022

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, 2022 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

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: F005363D000404102

Place: Mumbai
Date: May 27, 2022

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 30, 2022

The Members,
Varroc Engineering Limited
lot 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 and 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 2021-22.

For **Varroc Engineering Limited**

Tarang Jain
(Chairman and Managing Director)
DIN:00027505

Compliance Certificate under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

May 30, 2022

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, 2022,

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 (Ins 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	**For Varroc Engineering Limited**
Tarang Jain	**T. R. Srinivasan**
(Chairman and Managing Director)	(Group Chief Financial Officer)
DIN:00027505	

Independent Auditor's Report

To

The Members of
Varroc Engineering Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Varroc Engineering Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, 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, 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, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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 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, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. 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 audit opinion on the accompanying standalone financial statements.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
Recoverability of investments in / loans given to VarrocCorp Holding BV Netherlands *(as described in note 6 of the standalone financial statements)*	
The Company has equity investments of ₹9,665.58 Million and loans given of ₹9,905.99 Million to its wholly owned subsidiary VarrocCorp Holding BV Netherlands ('VCHBV') as at March 31, 2022. The Company along with VCHBV entered into a Securities Purchase Agreement ('SPA') dated April 28, 2022 with Compagnie Plastic Omnium Se, France for the sale of four-wheeler lighting business in the Americas and Europe ("VLS Business"). VLS Business comprises a substantial part of the total investments of VCHBV. Since VLS Business is being divested, hence management has assessed the recoverability of the equity investments and loans given to VCHBV by the Company as at balance sheet date taking into account the purchase consideration agreed with the buyer under the SPA. Based on such assessment, management has concluded that no amount needs to be provided against the said investments/ loans as at March 31, 2022. We identified this as a key audit matter in our audit of the standalone financial statements considering the complexity in determining the recoverable amounts attributable to the equity investments and loans given by the Company to VCHBV and the quantum of such equity investments/loans as at March 31, 2022.	The audit procedures performed by us included the following: • Obtained and read the SPA for understanding the entities/ businesses covered as part of the sale transaction; • Reviewed the workings prepared by management for assessing the recoverability of equity investments/loans given to VCHBV including the estimates and judgements involved therein; • Traced the sale consideration considered in the above workings to the SPA; • Checked the underlying calculations for the recoverable amounts in respect of the equity investments/loans given to VCHBV as at March 31, 2022; • Assessed the disclosures in the standalone financial statements for compliance with the relevant accounting standard requirements.
De-recognition of trade receivables under factoring arrangements *(as described in note 12 of the standalone financial statements)*	
The Company enters into non-recourse factoring arrangements for its trade receivables with various banks/ financial institutions. As at March 31, 2022, the Company derecognised trade receivables amounting to ₹803.04 Million. The Company derecognises 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	The audit procedures performed by us included the following: • We 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 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.
Testing of compliance with Debt covenants *(as described in note 21 of the standalone financial statements)*	
The total borrowings of the Company as at March 31, 2022 was ₹11,620.53 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 implications in case of non-compliance with loan covenants.	The audit procedures performed by us included the following: • We evaluated the Company's assessment and workings for compliance with the relevant loan 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.

Independent Auditor's Report

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, 2022 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 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) 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) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) 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;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 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;

   (h) 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. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor

Independent Auditor's Report

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 the 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 the 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 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.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 22105754AJWJUN7357

Place of Signature: Pune
Date: May 30, 2022

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")

(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 intangibles assets.

(b) Property, Plant and Equipment were physically verified by the management during the year in accordance with a planned program 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 identified 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, 2022 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 five crore rupees 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. (see table below)

(₹ in Million)

	Subsidiaries/ Joint Ventures/ Associates/ Others	Guarantees	Loans
Aggregate amount granted/ provided during the year	Subsidiaries	2,555.50	10,400.26
Balance outstanding as at balance sheet date in respect of above cases	Subsidiaries	2,595.85*	10,122.11*

* Balance outstanding includes restatement impact on foreign currency loans. There was no repayment during the year.

(b) During the year the terms and conditions of the grant of all loans and guarantees to companies are not prejudicial to the Company's interest. The Company has not made any investments, provided security and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties during the year.

Annexure 1

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

(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 in days upto balance sheet date
Varroc Corp Holding B.V. The Netherlands	3.76	30-Jul-21	244
Varroc Corp Holding B.V. The Netherlands	20.49	30-Oct-21	152
Varroc Corp Holding B.V. The Netherlands	53.63	30-Jan-22	60
Varroc Corp Holding B.V. The Netherlands	2.45	30-Oct-20	518
Varroc Corp Holding B.V. The Netherlands	3.69	30-Jan-21	426
Varroc Corp Holding B.V. The Netherlands	4.05	30-Apr-21	336
Varroc Corp Holding B.V. The Netherlands	1.91	30-Apr-21	336
CarIQ Technologies Private Limited	0.77	31-Mar-20	730
CarIQ Technologies Private Limited	2.00	31-Mar-21	365

(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 principal and interest.

Number of Cases	Principal Amount Overdue	Interest Overdue (₹ in Million)	Total Overdue (₹ in Million)
8	Nil	39.12	39.12

(e) There were no loans granted to companies which had fallen due during the year.

(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 (subsidiaries) as defined in clause (76) of section 2 of the Companies Act, 2013:

(₹ in Million)

	Subsidiaries
Aggregate amount of loans	10,142.11
- Repayable on demand	
Percentage of loans repayable on demand to the total loans	99.98%

(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.

Annexure 1

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

(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 have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount* (₹ In Million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	12.70	AY 2008-09	Bombay High Court, Aurangabad Branch
Income Tax Act, 1961	Income Tax	52.82	AY 2015-16 to AY 2021-22	Commissioner of Income Tax (Appeals), Pune
Income Tax Act, 1961	Income Tax	25.36	AY 2018-19	Dispute Resolution Panel, Mumbai
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	11.94	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, ₹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.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(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 (₹ in Million)	Name of the subsidiary, joint venture, associate	Relation	Nature of transaction for which funds utilised
Non- convertible Debenture (listed)	Axis Bank Limited IDBI Bank Limited HDFC Bank Limited	3,750	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
Inter-corporate Deposit	Varroc Polymers Private Limited	2,860	Varroc Corp Holding B.V. The Netherlands	Wholly Owned Subsidiary	

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. 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. The unutilised amount of ₹1,235.22 Million which was raised from private placement of equity shares in previous year has been used for the purposes for which the funds were raised.

Annexure 1

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

(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.

(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 55 to the financial statements, ageing and expected dates of realisation 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: 22105754AJWJUN7357

Place of Signature: Pune
Date: May 30, 2022

Annexure 1

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

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 difference	Reconciliation items: Components not considered for the purpose of reporting (Refer Note 1 of Note 22(a) of the standalone financial statements)	Reconciliation items: Post closure adjustments (Refer Note 2 of Note 22(a) of the standalone financial statements)	Net difference
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 Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Refer Note 3 of Note 22(a) of the standalone financial statements)	Reconciliation items: Post closure adjustments	Net difference (Refer Note 4 of Note 22(a) of the standalone financial statements)
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)

3. Trade Payables

(₹ In Million)

Sr. No.	Quarter	Balance as per Financials	Amount as per Stock Statement	Difference	Reconciliation items: Components not considered for the purpose of reporting (Refer Note 5 of Note 22(a) of the standalone financial statements)	Reconciliation items: Additional Components considered for the purpose of reporting (Refer Note 6 of Note 22(a) of the standalone financial statements)	Reconciliation items: Post closure adjustments (Refer Note 2 of Note 22(a) of the standalone financial statements)	Net difference (Refer Note 7 of Note 22(a) of the standalone financial statements)
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

Annexure 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF VARROC ENGINEERING LIMITED

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, 2022 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.

Annexure 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF VARROC ENGINEERING LIMITED

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, 2022, 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: 22105754AJWJUN7357

Place of Signature: Pune
Date: May 30, 2022

Standalone Balance Sheet

as at March 31, 2022

(₹ in Million)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,934.88	8,893.39
Capital work-in-progress	3	549.25	1,245.32
Investment properties	4	124.18	129.67
Intangible assets	5	678.63	535.35
Intangible assets under development	5	69.42	326.49
Right-of-use asset	5A	544.64	532.47
Investments in subsidiaries and joint venture	6	10,229.43	10,229.43
Financial assets			
Investments	7	0.15	0.15
Other financial assets	8	251.67	210.37
Income tax assets (net)	9	98.22	57.95
Other non-current assets	10	439.83	550.39
Total non-current assets		**22,920.30**	**22,710.98**
Current assets			
Inventories	11	3,616.33	3,120.98
Financial assets			
Trade receivables	12	3,971.87	3,628.24
Cash and cash equivalents	13	427.55	2,467.06
Other bank balances	14	2.56	6.85
Loans	15	10,298.77	30.15
Other financial assets	16	72.98	44.48
Other current assets	17	729.19	1,262.08
Total current assets		**19,119.25**	**10,559.84**
Assets held for sale	18	36.37	-
Total Assets		**42,075.92**	**33,270.82**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	19	152.79	152.79
Other equity	20	19,257.06	19,016.83
Total equity		**19,409.85**	**19,169.62**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	21	2,111.03	3,772.83
Lease liabilities	5A	124.82	77.25
Provisions	23	131.76	135.52
Deferred tax liabilities (net)	24	706.35	609.47
Other non-current liabilities	25	234.91	410.16
Total non-current liabilities		**3,308.87**	**5,005.23**
Current liabilities			
Financial liabilities			
Borrowings	22	9,515.71	1,306.35
Lease liabilities	5A	59.72	102.21
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	26	1,219.18	1,268.04
Total outstanding dues other than micro enterprises and small enterprises	26	5,505.49	3,917.03
Acceptances		920.01	444.35
Other financial liabilities	27	1,191.82	1,138.84
Provisions	28	149.18	123.64
Current tax liabilities (net)	9A	-	66.61
Other current liabilities	29	796.09	728.90
Total current liabilities		**19,357.20**	**9,095.97**
Total liabilities		**22,666.07**	**14,101.20**
Total equity and liabilities		**42,075.92**	**33,270.82**

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 30,2022

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay K. Sharma
Company Secretary
(Membership No.: ACS 9127)
Place: Pune

Date: May 30, 2022

Standalone Statement of Profit and Loss

for the year ended March 31, 2022

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	30	32,918.07	25,617.78
Other income	31	646.14	1,114.15
Total income		**33,564.21**	**26,731.93**
Expenses			
Cost of materials consumed	32	22,356.90	17,462.19
Changes in inventories of work-in-progress and finished goods	33	(176.70)	(746.45)
Employee benefits expense	34	3,304.17	2,686.87
Depreciation and amortisation expense	35	1,703.49	1,543.62
Finance costs	36	909.76	561.10
Other expenses	37	5,019.50	3,853.09
Total expenses		**33,117.12**	**25,360.42**
Profit before tax		**447.09**	**1,371.51**
Income tax expense			
Current tax		79.92	247.55
Excess provision for tax relating to prior periods		(0.11)	(37.47)
Net current tax		**79.81**	**210.08**
Deferred tax		107.43	239.81
Total tax expense	39	**187.24**	**449.89**
Profit for the year		**259.85**	**921.62**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gains/(losses) of defined benefit obligation		(30.17)	27.90
Income tax relating to these items		10.54	(9.75)
Other comprehensive income for the year (net of tax)		**(19.63)**	**18.15**
Total comprehensive income for the year		**240.22**	**939.77**
Earnings per equity share [Nominal value per share: ₹ 1 (Previous year: ₹ 1)]	49		
Basic and Diluted		1.70	6.82

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 30,2022

For and on behalf of the Board of Directors

Tarang Jain
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(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay K. Sharma
Company Secretary
(Membership No.: ACS 9127)
Place: Pune

Date: May 30, 2022

Standalone Statement of Cash Flows

for the year ended March 31, 2022

(₹ in Million)

Sr. no.	Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
A	**Cash flow from operating activities**				
	Net profit before tax		**447.09**	**1,371.51**	
	Adjustments for:				
	Depreciation and amortisation expense	1,703.49		1,543.62	
	Provision for doubtful debts / advances	3.36		0.94	
	Unrealised exchange loss on restatement of intercorporate loans	278.15		-	
	Finance cost	909.76		561.10	
	Rent income from investment property	(19.64)		(20.96)	
	Provisions/liabilities no longer required written back	(2.43)		(37.95)	
	(Profit) on sale of Property, plant and equipment	(1.11)		(241.41)	
	Excess of insurance proceed over book value	-		(364.72)	
	Increase in surrender value of key man insurance	(18.86)		(22.04)	
	Dividend income	(157.25)		-	
	Interest income	(147.15)		(47.27)	
	Government grant	(184.93)	2,363.39	(190.39)	1,180.92
	Operating profits before working capital changes		**2,810.48**		**2,552.43**
	Adjustments for changes in working capital (increase)/decrease				
	Trade receivables	(343.43)		(1,093.33)	
	Trade payables	1,991.59		732.68	
	Inventories	(495.35)		(259.79)	
	Other financial assets	(110.06)		(5.05)	
	Other current and non current asset	521.16		(344.59)	
	Provisions	(8.39)		(1.75)	
	Other financial liabilities	111.65		115.38	
	Other current and non current liabilities	(14.41)	1,652.76	34.03	(822.42)
	Cash generated from operations		**4,463.24**		**1,730.01**
	Income tax paid (net of refund)		(186.69)		(127.36)
	Net cash flow generated from operating activities		**4,276.55**		**1,602.65**
B	**Cash flow from investing activities**				
	Dividend received	157.25		-	
	Interest received	1.03		119.89	
	Government grant received	162.72		63.04	
	Proceeds from insurance claim	-		515.32	
	Proceeds from sale of property, plant and equipment	8.67		361.79	
	Rent received on investment property	19.64		20.96	
	Intercorporate loan repaid by overseas subsidiary	-		1,265.42	
	Intercorporate loan to overseas subsidiary	(10,400.26)		(1,265.42)	
	Purchase of property, plant and equipment	(2,036.23)		(1,648.36)	
	Fixed deposits (placed)/ redeemed (net)	4.29		(4.87)	
	Investment in subsidiary	-		(6,056.17)	
	Net cash used in investing activities		**(12,082.89)**		**(6,628.40)**

Standalone Statement of Cash Flows (Contd.)

for the year ended March 31, 2022

(₹ in Million)

Sr. no.	Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
C	**Cash flow from financing activities**				
	Proceeds from issue of equity shares (net of issue expenses)	-		6,851.92	
	Repayment of long term borrowings	(1,499.57)		(1,005.73)	
	Proceeds from long term borrowings	4,441.18		2,455.00	
	Proceeds from Intercorporate deposit	2,860.00		-	
	Proceeds/(repayment) of short term borrowings (net)	796.57		(1,418.11)	
	Payment of lease liability	(119.81)		(112.34)	
	Interest paid	(717.26)		(535.28)	
	Net cash flow generated from financing activities		**5,761.11**		**6,235.46**
	Net (decrease)/increase in cash and cash equivalents		**(2,045.23)**		**1,209.71**
	Opening cash and cash equivalents		**2,466.29**		**1,256.58**
	Closing cash and cash equivalents		**421.06**		**2,466.29**
	Cash and cash equivalents consists of				
	Cash in hand (refer note 13)		0.02		0.02
	Current accounts (refer note 13)		427.53		2,467.04
	Bank overdraft (refer note 22)		(6.49)		(0.77)
			421.06		**2,466.29**

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.

3) Prior period comparatives have been reclassified to conform with current period presentation, where applicable.

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 30,2022

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay K. Sharma
Company Secretary
(Membership No.: ACS 9127)
Place: Pune

Date: May 30, 2022

Standalone Statement of changes in Equity

for the year ended March 31, 2022

A Equity share capital

(₹ in Million)

Particulars	Notes	No of Shares		Equity Share Capital	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Balance at the beginning of the year	19	**152,786,400**	**134,811,530**	**152.79**	**134.81**
Add/(Less):- changes in equity share capital due to prior period error		-	-	-	-
Add:- issue of new shares (refer note 53)		-	17,974,870	-	17.98
Balance at the end of the year		**152,786,400**	**152,786,400**	**152.79**	**152.79**

B Other equity for the year ended March 31, 2022

(₹ in Million)

Particulars	Notes	Reserves and Surplus				Other Reserves	Total
		Retained earnings	General reserve	Capital reserve	Securities premium	Cash flow hedge reserve	
Balance at April 1, 2020		3,093.23	1,474.38	194.07	6,481.43	(4.66)	11,238.45
Profit for the year		921.62	-	-	-	-	921.62
Remeasurement of defined benefit obligation (net of tax)	20	18.15	-	-	-	-	18.15
Gain/(loss) on changes in fair value of hedging instruments (net of tax)	20	-	-	-	-	4.66	4.66
Issue of new shares 17,974,870 on premium of ₹388 per equity shares (refer note 53)	20	-	-	-	6,974.25	-	6,974.25
Utilised for expenses in connection with issue of equity shares (refer note 53)	20	-	-	-	(140.30)	-	(140.30)
Balance at March 31, 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

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 30, 2022

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay Kumar Sharma
Company Secretary
(M No: ACS 9127)
Place: Pune

Date: May 30, 2022

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

Note 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 Company and its subsidiaries operate from manufacturing plants and technical development centres across 4 continents and 14 countries spread across the globe.

The above financial statements were authorised for issue in accordance with a resolution of the Board of directors on May 30, 2022.

Note 2: Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these 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.

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:

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

• 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 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(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 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

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for the year ended March 31, 2022

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 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 recognised 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.

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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,

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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.

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 recognised 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 recognised 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 recognised in OCI or profit or loss are also recognised 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 recognised 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.

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

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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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 recognised 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 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 recognises 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

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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 recognised 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 recognised 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 recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised 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

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 authorisation for issue of the financial statements by the Board of Directors.

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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

All financial assets are recognised 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised 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 amortised cost

A 'debt instrument' is measured at the amortised 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognised 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 recognised in the other comprehensive income (OCI). However, the Company recognises 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 recognised 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 categorisation as at amortised cost or as FVTOCI is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces

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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 recognised 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 recognised 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 recognised 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 recognised 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 derecognised (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 recognise the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognises 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.

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 amortised 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 recognises 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

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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 recognising 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.

ECL impairment loss allowance (or reversal) recognised during the period is recognised 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 amortised 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 recognised 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

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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 recognised 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 recognised 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 recognised 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 amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation 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 recognised 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 recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised 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 recognised 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 recognised 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,

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

- 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 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised 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 summarises 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 amortised 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 recognised 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 recognised 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 recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised 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 recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised 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 recognised in finance costs.

Amounts recognised 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 recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised 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 recognised 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.

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 recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Original Classification	Revised Classification	Accounting Treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised 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 amortised 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 recognised 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.

Note 2.1: Changes in accounting policies and disclosures

New and amended standards

(i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

(ii) Amendments to Ind AS 103 Business Combinations

(iii) Amendments to Ind AS 105, Ind AS 16 and Ind AS 28: Definition of Recoverable amount

(iv) Amendments to Ind AS 107, Ind AS 104, Ind AS 109 and Ind AS 116: Interest Rate Benchmark Reform

These amendments are applicable for annual periods beginning on or after the April 1, 2021. These amendments does 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 derecognises 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. As at March 31, 2022, the Company has de-recognised trade receivables amounting to ₹803.04 Million (Previous year: ₹1,451.78 Million).

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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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 realisation of future tax benefits is sufficiently probable to recognise/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 23 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 Standalone Financial Statements
for the year ended March 31, 2022

Note 3: Property, plant and equipment

Tangible Assets

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 Assets held for sale*	Disposals	As at March 31, 2022	As at April 1, 2021	Depreciation charge	Reclassified to Assets held for sale*	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 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**

* Refer Note 18

\# Additions include finance cost capitalised amounting to ₹Nil (March 31, 2021: 3.47 Million). Effective rate of interest for borrowing cost capitalisation was N.A (Previous year 8%).

Capital work-in-progress as at March 31, 2022

(₹ in Million)

	As at March 31, 2022
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:

(₹ 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 to the Standalone Financial Statements
for the year ended March 31, 2022

Year ended March 31, 2021

(₹ in Million)

Asset class	Gross carrying amount					Accumulated depreciation					Net Carrying amount	
	As at April 1, 2020	Additions#	Reclassified to Assets held for sale*	Disposals	As at March 31, 2021	As at April 1, 2020	Depreciation charge	Reclassified to Assets held for sale*	Disposals	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Freehold land	180.50	-	-	111.70	68.80	-	-	-	-	-	68.80	180.50
Factory buildings	2,199.59	62.56	-	-	2,262.15	390.24	107.53	-	-	497.77	1,764.38	1,809.35
Office buildings	792.42	1.71	-	-	794.13	56.34	16.14	-	-	72.48	721.65	736.08
Plant and machinery	9,320.76	1,078.13	-	34.81	10,364.08	3,619.58	979.76	-	26.31	4,573.03	5,791.05	5,701.18
Electrical installations	286.20	9.50	-	0.35	295.35	126.23	25.44	-	0.17	151.50	143.85	159.97
Computers	176.70	19.22	-	0.89	195.03	107.99	33.72	-	0.89	140.82	54.21	68.71
Mould and dies	460.77	31.46	-	0.16	492.07	293.07	59.96	-	0.16	352.87	139.20	167.70
Electrical fittings	79.81	1.92	-	-	81.73	27.10	8.17	-	-	35.27	46.46	52.71
Vehicles	59.48	3.18	-	0.76	61.90	28.92	10.64	-	0.76	38.80	23.10	30.56
Furniture and fixtures	199.09	14.94	-	-	214.03	91.90	24.80	-	-	116.70	97.33	107.19
Office equipments	116.83	2.70	-	0.12	119.41	59.64	16.53	-	0.12	76.05	43.36	57.19
Total	**13,872.15**	**1,225.32**	**-**	**148.79**	**14,948.68**	**4,801.01**	**1,282.69**	**-**	**28.41**	**6,055.29**	**8,893.39**	**9,071.14**

Capital work-in-progress as at March 31, 2021

(₹ in Million)

	As at March 31, 2021
Opening capital work-in-progress	785.87
Addition during the year	1,684.77
Capitalised during the year	(1,225.32)
Closing capital work-in -progress	**1,245.32**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

A. The capital work-in-progress ageing schedule as at March 31, 2021 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	1,183.26	62.06	-	-	1,245.32
Total	**1,183.26**	**62.06**	**-**	**-**	**1,245.32**

There are no CWIP for which completion is overdue or has exceeded its cost compared to its original budget
Closing CWIP primarily includes assets relating to plants under construction situated at Chakan Pune

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 20 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.

Note 4: Investment properties

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**

Year ended March 31, 2021

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at April 1, 2020	Additions	As at March 31, 2021	As at April 1, 2020	Depreciation charge	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Leasehold land	13.08	-	13.08	0.65	0.16	0.81	12.27	12.43
Factory buildings	149.24	-	149.24	26.51	5.33	31.84	117.40	122.73
Total	**162.32**	**-**	**162.32**	**27.16**	**5.49**	**32.65**	**129.67**	**135.16**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(i) Amount recognised in Statement of Profit and Loss for investment properties

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Rental income	19.64	20.96
Depreciation	5.49	5.49
Profit from investment properties	**14.15**	**15.47**

(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, 2022 ₹ 138.70 Million.(March 31,2021 ₹ 142.56 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 Standalone Financial Statements
for the year ended March 31, 2022

Note 5: Intangible assets

Year ended March 31, 2022

(₹ in Million)

Asset class	Gross carrying amount					Amortisation					Net carrying amount	
	As at April 1, 2021	Additions	Reclassify to Asset held for sale*	Disposals	As at March 31, 2022	As at April 1, 2021	Amortisation charge	Reclassify to Asset held for sale*	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 costs	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**

* Refer Note 18

Intangible assets under development as at March 31, 2022

(₹ in Million)

	As at March 31, 2022
Opening balance	326.49
Addition during the year	112.39
Capitalised during the year	(369.46)
Closing balance	**69.42**

Intangible assets under development includes 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, 2022

Year ended March 31, 2021

(₹ in Million)

Asset class	Gross carrying amount					Amortisation					Net carrying amount	
	As at April 1, 2020	Additions	Reclassify to Asset held for sale	Disposals	As at March 31, 2021	As at April 1, 2020	Amortisation charge	Reclassify to Asset held for sale	Disposals	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Software	264.75	28.14	-	-	292.89	159.69	62.05	-	-	221.74	71.15	105.06
Technical Knowhow	28.06	-	-	-	28.06	14.30	4.68	-	-	18.98	9.08	13.76
Non Compete Fees	74.00	-	-	-	74.00	8.13	14.81	-	-	22.94	51.06	65.87
Intellectual Property Right	287.24	14.75	-	-	301.99	3.28	29.35	-	-	32.63	269.36	283.96
Capitalised development cost	86.32	122.80	-	-	209.12	23.77	50.65	-	-	74.42	134.70	62.55
Total	**740.37**	**165.69**	**-**	**-**	**906.06**	**209.17**	**161.54**	**-**	**-**	**370.71**	**535.35**	**531.20**

Intangible assets under development as at March 31, 2021

(₹ in Million)

	As at March 31, 2021
Opening balance	294.73
Addition during the year	197.45
Capitalised during the year	(165.69)
Closing balance	**326.49**

Intangible assets under development mainly include development costs

A. The intangible assets under development ageing schedule as at March 31, 2021, 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	326.49	-	-	-	326.49
Total	**326.49**	**-**	**-**	**-**	**326.49**

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, 2022

Note 5 (a): Right of use assets

The Company has lease contract for premises/building used for its operations with lease terms of 2-5 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, 2022 Land and building	March 31, 2021 Land and building
Opening balance	532.47	617.39
Add: Additions during the period	110.10	14.97
Less: Deduction during the period (net)	-	(4.86)
Add: Stamp duty, Prepaid rent	(1.39)	(1.13)
Less: Depreciation for the year (refer note 35)	(96.54)	(93.90)
Closing balance	**544.64**	**532.47**

(b) Set out below are the carrying amounts of lease liabilities and the movements during the period

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Opening balance	179.46	260.86
Add: Addition during the period	110.10	14.97
Add: Accretion of interest (refer note 36)	14.79	21.61
Less:- Deduction during the period	-	(5.64)
Less: Payments during the period	(119.81)	(112.34)
Closing balance	**184.54**	**179.46**

(₹ in Million)

	March 31, 2022	March 31, 2021
Current	59.72	102.21
Non Current	124.82	77.25
Total Lease liability as on March 31, 2022	**184.54**	**179.46**

Following is maturity profile of lease liability as on March 2022

Particulars	Effective Interest Rate	Current	Non Current 2023-24	2024-25	2025-26	2026-27	More than 5 years	Total non-current
Leasehold premises	10%	59.72	50.17	26.73	26.38	21.54	-	124.82

Following is maturity profile of lease liability as on March 2021

Particulars	Effective Interest Rate	Current	Non Current 2022-23	2023-24	2024-25	2025-26	More than 5 years	Total non-current
Leasehold premises	10%	102.21	39.37	31.85	4.48	1.55	-	77.25

(ii) Amounts recognised in statement of profit and loss account

The statement of profit or loss shows the following amounts relating to leases

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expense of right-of-use assets	96.54	93.90
Interest expense on lease liabilities	14.79	21.61
Amounts included in Rent expense		
Expense relating to leases of low-value assets	59.52	48.99
Total amount recognised in statement of profit and loss	**170.85**	**164.50**

The Company had total cash outflows for leases of ₹179.33 Million for the year ended March 31, 2022. (Previous year March 31, 2021 ₹161.33 Million. The company does not have non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2022)

Note 6 (a): Investments in subsidiaries and joint venture

Investment in subsidiaries- equity instruments at cost fully paid up (unquoted)

(₹ in Million)

	Face value per share	Number of Shares As at March 31, 2022	Number of Shares As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Durovalves India Private Limited	₹10.00	3,144,730	3,144,730	324.78	324.78
Varroc Polymers Private Limited	₹10.00	529,100	529,100	500.00	500.00
Varroc European Holding B.V.	€ 100.00	207,670	207,670	1,300.42	1,300.42
Varroc Corp Holding B.V. (refer note below)	€ 100.00	567,045	473,187	9,665.58	3,609.41
Varroc Japan Co. Ltd	¥10.00	10,000	10,000	0.10	0.10
Cariq Technologies Private Limited	₹1.00	242,108	242,108	192.40	192.40
Share application Money (refer note below)				-	6,056.17
Total (A)				**11,983.28**	**11,983.28**
Less: Provision for impairment in equity investment in subsidiaries (B)				(1,769.10)	(1,769.10)
Total non current investment (A+B)				**10,214.18**	**10,214.18**

Note:

Share Application Money

In the previous year company remitted amount of ₹6,056.17 Million to VarrocCorp Holding B.V. ("VCHBV") which was considered as share application money pursuant to agreement dated March 31, 2021 between the Company and VCHBV. Against this share application money, VCHBV has issued 93,858 number of shares on April 26, 2021.

The Company has equity investment of ₹9,665.58 Million and loan given of ₹9,905.99 Million as disclosed in note 15 to its wholly owned subsidiary VarrocCorp Holding BV Netherlands ('VCHBV') as at March 31, 2022. The Company along with VCHBV entered into a Securities Purchase Agreement ('SPA') dated April 28, 2022 with Compagnie Plastic Omnium SE, France for the sale of four wheeler lighting business in the Americas and Europe ("VLS Business"). The management has assessed the recoverability of the equity investment/loan to VCHBV as at March 31, 2022 taking into account the consideration agreed with the buyer under the SPA and concluded that no amount needs to be provided against the said investments/loans as at March 31, 2022.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 6 (b): Investment in joint venture - equity instruments at cost

(₹ in Million)

	Face value per share	Number of Shares		As at March 31, 2022	As at March 31, 2021
		As at March 31, 2022	As at March 31, 2021		
Varroc Dell'orto Private Limited	₹10.00	1,525,000	1,525,000	15.25	15.25
Total (C)				**15.25**	**15.25**
Total (A+B+C)				**10,229.43**	**10,229.43**

Note 7: Non-current investments

(₹ in Million)

	Face value per share	Number of Shares		As at March 31, 2022	As at March 31, 2021
		As at March 31, 2022	As at March 31, 2021		
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

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Financial asset at amortised cost		
Security deposits	42.48	52.10
Surrender value of keyman insurance receivable	148.13	129.27
Insurance claim receivable	61.06	29.00
Total non-current other financial assets	**251.67**	**210.37**

Note 9: Income tax assets/Liability

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Income tax assets		
Balance of advance tax paid	956.33	656.51
Balance of tax provision	858.11	598.56
Income tax assets (net)	**98.22**	**57.95**

Note 9 (A): Income tax Liability

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Balance of advance tax paid	-	180.94
Balance of tax provision	-	247.55
Income tax liability (net)	**-**	**66.61**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 10: Other non-current assets

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Capital advances	95.98	157.37
Provision for capital advances	(2.73)	(2.55)
	93.25	**154.82**
Amount paid under protest	52.13	52.13
Prepaid expenses	10.68	-
Vat recoverable	1.00	2.06
Government grant receivable	282.77	341.38
Total other non-current assets	**439.83**	**550.39**

Note 11: Inventories

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Raw materials [Includes material in transit of ₹20.32 Million (March 31, 2021 ₹33.27 Million)	1,396.24	1,118.62
Work-in-progress	538.58	372.80
Finished goods [Includes finished goods in transit of ₹237.31 Million (March 31, 2021 ₹333.75 Million)	1,477.71	1,466.79
Stores and spare-parts [Includes stores-spares in transit of Nil (March 31, 2021 ₹0.42 Million)	128.57	94.16
Loose tools [Includes loose tools in transit of Nil (March 31, 2021 Nil)	56.09	49.82
Packing material [Includes packing material in transit of Nil (March 31, 2021 ₹0.29 Million)	19.14	18.79
Total	**3,616.33**	**3,120.98**

Note 12: Trade receivables

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Trade receivables	2,403.48	2,957.63
Receivable from related parties (refer note 47)	1,575.98	675.30
Total trade receivables	**3,979.46**	**3,632.93**
Break-up of security details		
Secured, considered good		
Unsecured, considered good*	3,971.87	3,628.24
Trade receivables - credit impaired	7.58	4.69
Total	**3,979.45**	**3,632.93**
Impairment allowance (Trade receivables - credit impaired)	(7.58)	(4.69)
Total	**3,971.87**	**3,628.24**
Non-current portion	-	-
Current portion	**3,971.87**	**3,628.24**

* There are no trade receivables which have significant increase in credit risk as at March 31, 2022 and March 31, 2021.

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, 2022

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	-	2,395.90
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**	**2,035.99**	**652.28**	**422.33**	**415.41**	**26.37**	**1.65**	**3,979.46**

Year ended March 31, 2021

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	66.33	2,435.28	430.98	4.85	13.54	1.96	-	2,952.94
2) Undisputed Trade Receivables - credit impaired	-	-	-	0.99	0.35	0.33	3.02	4.69
B) Receivable from subsidiaries/Joint ventures								
1) Undisputed Trade Receivables - considered good	-	214.95	345.46	101.33	13.54	0.02	-	675.30
Total	**66.33**	**2,650.23**	**776.44**	**107.17**	**27.43**	**2.31**	**3.02**	**3,632.93**

*Unbilled trade receivables majorly includes price variation adjustment.

Note 13: Cash and cash equivalents

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Cash in hand	0.02	0.02
Bank balances		
In current accounts	427.53	2,467.04
Total cash and cash equivalents	**427.55**	**2,467.06**

There are no restrictions with regard to cash and cash equivalents.

Note 14: Other bank balances

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity more than 3 months but less than 12 months	2.56	6.85
Total other bank balances	**2.56**	**6.85**

Note 15: Current - Loans

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Loan to subsidiary (refer note 47)	10,142.11	20.00
Interest on loan to subsidiary (refer note 47)	154.47	8.35
Loans to employees	2.19	1.80
Total current loans	**10,298.77**	**30.15**

Loan to subsidiary is non-derivative financial asset and the loan is repayable on demand. (Refer Note 54)

The particulars of loans are disclosed below as required by Sec 186(4) of the Companies Act 2013

Name of the loanee	Interest rate	Due Date	Secured/ unsecured	As at March 31, 2022	As at March 31, 2021
CarIQ Technologies Private Limited	10%	Repayable on Demand	Unsecured	25.00	20.00
Varroc Corp Holding B.V. The Netherlands	2.50%	Repayable on Demand	Unsecured	9,905.99	-
Varroc European Holding B.V. The Netherlands	2.50%	Repayable on Demand	Unsecured	211.13	-
				10,142.11	**20.00**

The loan has been utilised for meeting their working capital requirements and further investment in subsidiaries (Refer Note 54)

Details of loans and advances given

As at March 31, 2022

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, 2022

As at March 31, 2021

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%	20.00	2.77	22.77	75.52%
Subsidiary Company outside India	2.50%	-	5.58	5.58	18.51%
		20.00	**8.35**	**28.35**	**94.03%**

Note 16: Other financial assets

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Derivative instruments at fair value through profit and loss		
Foreign exchange forward contracts	3.49	8.51
Non-derivative financial asset at amortised cost		
Earmarked balances with banks		
Balance with bank for unpaid dividend	0.04	0.04
Security deposits	68.56	35.34
Others	0.89	0.59
Total other current financial assets	**72.98**	**44.48**

Note 17: Other current assets

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Advance to suppliers	169.35	308.62
Prepaid expenses	170.38	154.75
Balance with government authorities	85.39	282.74
Government grant receivable	219.62	221.73
Export and other incentives	67.35	114.90
Contract assets	5.42	131.67
Others	11.68	47.67
Total other current assets	**729.19**	**1,262.08**

Note 18: Asset held for sale

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Asset held for sale	36.37	-
Total	**36.37**	**-**

The Company along with VCHBV entered into a Securities Purchase Agreement ('SPA') dated April 28, 2022 with Compagnie Plastic Omnium SE, France for the sale of four-wheeler lighting business in the Americas and Europe ("VLS Business"). The deal also includes transfer of India R&D centre for four-wheeler lighting business which has assets of 36.37 Million as on March 31, 2022.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 19: Share capital

(₹ in Million)

Particulars	Numbers of Shares As at March 31, 2022	Numbers of Shares As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Authorised:				
Equity shares of ₹1 each (previous year ₹1 each)	250,000,000	250,000,000	250.00	250.00
Equity shares of ₹10 each (previous year ₹10 each)	450,000	-	4.50	-
Add:- Increase in authorised share capital on merger of Varroc Lighting System (India) Pvt. Ltd of ₹10 each	-	450,000	-	4.50
Preference shares of ₹1 each (previous year ₹1 each)	250,000,000	250,000,000	250.00	250.00
	500,450,000	**500,450,000**	**504.50**	**504.50**
Issued, subscribed and paid-up:				
Equity shares of ₹1 each (previous year ₹1 each) fully paid up	152,786,400	152,786,400	152.79	152.79
			152.79	**152.79**

(a) Movement in share capital

(₹ in Million)

Equity shares	Nos As at March 31, 2022	₹ in Million As at March 31, 2022	Nos As at March 31, 2021	₹ in Million As at March 31, 2021
Outstanding at the beginning of the year	152,786,400	152.79	134,811,530	134.81
Add:- Issue of new shares (refer note 53)	-	-	17,974,870	17.98
Outstanding at the end of the year	**152,786,400**	**152.79**	**152,786,400**	**152.79**

(b) Rights, Preferences and Restrictions attached to Equity Shares

Equity shares: The Company has equity shares having a par value of ₹1 per share (previous year ₹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.

(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, 2022 No. of shares Face value ₹ 1	As at March 31, 2022 % of shareholding	As at March 31, 2021 No. of shares Face value ₹ 1	As at March 31, 2021 % of shareholding
Equity shares				
Mr. Tarang Jain	60,729,800	39.75%	60,729,800	39.75%
TJ Holdings Trust	33,850,000	22.16%	33,850,000	22.16%
Naresh Chandra Holdings Trust	10,000,000	6.55%	10,000,000	6.55%
Suman Jain Holdings Trust	10,000,000	6.55%	10,000,000	6.55%
Nippon Life India Trustee Ltd *	9,790,065	6.41%	9,790,065	6.41%

* Based on legal ownership of the shares. There are multiple beneficial holders for this holding which are individually less than 5%.

(d) Details of shares held by Promoter in the Company

Name of the Shareholder	As at March 31, 2022 No. of shares Face value ₹ 1	As at March 31, 2022 % of shareholding	As at March 31, 2021 No. of shares Face value ₹ 1	As at March 31, 2021 % of shareholding	Change during the year No. of shares Face value ₹ 1	Change during the year % of shareholding
Equity shares Promoter						
Mr. Tarang Jain*	60,729,800	39.75%	60,729,800	39.75%	-	0.00%

* Tarang Jain additionally holds 33,850,000 Equity Shares in his capacity as the Trustee of TJ Holding Trust

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(e) Aggregate number of bonus shares issued during the five years immediately preceding March 31, 2022

(₹ in Million)

	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.	2,020,736

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.

Note 20: Other Equity

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Reserves and surplus		
Retained earnings		
Balance at the beginning of the year	4,033.00	3,093.23
Add:- Profit for the year	259.85	921.62
Add:- items of other comprehensive income recognised directly in retained earning		
Remeasurement of post-employment benefit obligation (net of tax)	(19.62)	18.15
Balance at the end of the year	**4,273.23**	**4,033.00**
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	6,481.43
Add:- issue of new shares 17,974,870 on premium of ₹388 (refer note 53)	-	6,974.25
Less:- Share issue expenses (refer note 53)	-	(140.30)
Balance at the end of the year	**13,315.38**	**13,315.38**
Total reserves and surplus	**19,257.06**	**19,016.83**
Other reserves		
Cash flow hedge reserve		
Balance at the beginning of the year	-	(4.66)
Gain/ (Loss) on changes in fair value of hedging instruments	-	-
Income tax relating to gains/loss reclassified to profit and loss	-	-
Reclassification to Statement of Profit and Loss	-	4.66
Balance at the end of the year	**-**	**-**
Total other equity	**19,257.06**	**19,016.83**

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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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.

Note 21: Non- current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Term loans		
Rupee loans from banks	1,141.38	2,448.94
Rupee loans from financial Institutions	969.65	1,317.69
	2,111.03	**3,766.63**
Debentures		
3750 8.25% Non convertible debentures of ₹1,000,000 each	-	-
Unsecured		
Deferred Sales Tax Loan	-	6.20
Total non-current borrowing	**2,111.03**	**3,772.83**

Maturity profile of non-current borrowings as at March 31, 2022

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non Current 2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	Total
Non Convertible Debentures	8.25%	3,691.73	-	-	-	-	-	-
Term Loans	6 % to 9%	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**

Maturity profile of non-current borrowings as at March 31, 2021

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non Current 2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	Total
Term Loans	6 % to 10.05%	1,286.03	1,379.04	1,184.79	738.76	382.89	81.15	3,766.63
Deferred Sales Tax Loan	Interest free	16.12	6.20	-	-	-	-	6.20
		1,302.15	**1,385.24**	**1,184.79**	**738.76**	**382.89**	**81.15**	**3,772.83**

1) Rupee Term Loans from Banks are secured by:-

(a) Kotak Mahindra Bank Limited, Rupee Term Loan 1 and Term Loan 2 outstanding Balance of ₹81.72 Million, and ₹525 Million respectively 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 ₹437.50 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(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 ₹625 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) outstanding balance of ₹400.00 Million, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd (NCGTC). Second pari-passu charge on current assets of the Company along with other banks. Second charge on movable fixed assets of the Company situated at Plot No. L-6/2 & L-4, MIDC, Waluj, Aurangabad – 431136 (Maharashtra.) and Plot No. B-24/25, MIDC, Chakan, Pune – 410501 (Maharashtra.)

(e) HSBC BANK Working Capital Term Loan (WCTL) outstanding balance of ₹435.00 Million, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd (NCGTC). Second pari-passu charge on current assets of the Company along with other banks. Second charge on movable fixed assets of the Company situated at:

(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.

(4) Varroc Engineering Limited Plant V - PLOT NO L-6/2, MIDC, WALUJ, AURANGABAD 431136 Maharashtra.

(5) Varroc Engineering Limited Plant V - R&D, PLOT NO L-6/2, MIDC, WALUJ, AURANGABAD 431 136 Maharashtra.

(f) Federal Bank Term Loan outstanding balance of ₹186.88 Million is secured by way of exclusive charge on movable fixed assets both present & future of its plant situated at Survey No. 44/2, 43, 42/5, 45/1(P), 481(1)(P) Pondur A Village, Sriperumbadur Tal. & Distt. Kancheepuram, 602105 (Tamilnadu State).

2) Rupee Term Loans from Financial Institution are secured by:

(a) Rupee Term loan of ₹1,000 Million availed from Bajaj Finance Limited outstanding balance as on March 31, 2022 ₹890.66 is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot Nos. E-4, K-101/102, M-140/141, L-6/2, L-4, and M-191/3 MIDC, Waluj, Aurangabad - 431136, Maharashtra State.

(b) Rupee Term loan of ₹650 Million outstanding balance as on March 31, 2022 ₹419.75 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, K-101/102, M-140/141, L-6/2, L-4, and M-191/3 MIDC, Waluj, Aurangabad - 431136, Maharashtra State.

(c) The flexi term loan facility of ₹209.50 Million outstanding balance as on March 31, 2022 ₹9.88 Million availed from Bajaj Finance Limited is fundible between Varroc Polymers Pvt. Ltd. and Varroc Engineering Ltd. The said facility is secured by way of exclusive charge by way of hypothecation of movable fixed assets (both present & future) of the Varroc Polymers Pvt. Ltd. situated at Plot No. C-3, Phase-2, MIDC Area, Chakan, Khed, Pune 410505.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(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 VII (Valves) - Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra.

(3) Varroc Engineering Limited - VEL VII (Forging) - Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra.

(4) Varroc Engineering Limited - VEL Chennai - Survey No. 128-1B & 129/1B, Ezhichur Village, Taluka Sriperumbudur, Dist. Kancheepuram, Chennai – 603204, Tamilnadu.

(5) Varroc Engineering Limited- VEL Windmill Satara - Wind Mills 2.10 MW Wind Mills installed at village Vankusawade & Kusawade, District: Satara, Maharashtra

(6) Varroc Engineering Limited - VEL Windmill Supa- 4 MW Wind Mills installed at Village Shahajapur, Pimpalgaon & Jamner (Supa), District Ahmednagar, Maharashtra.

(7) Varroc Engineering Limited- VEL Windmill Jaisalmer- 2.25 MW Wind Mills installed at Village: Badabaugh, Site: Baramsar, Dist Jaisalmer, in Rajasthan State.

(8) Varroc Engineering Limited- Lighting Plant Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra

4) Covenant 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 ₹5,223.88 Million were not complied as at March 31, 2022. 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 other balances non-current loans of ₹4,254.23 Million have been reclassified as current. The asset cover in respect of the Non-Convertible Debentures of the Company as on March 31, 2022 is 1.01 times of the total due amount which is less 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)

	Maturity Date	Terms of Repayment	Interest rate	As at March 31, 2022	As at March 31, 2021
Secured					
Cash credit	On Demand	On Demand	8 % to 10%	6.49	0.77
Unsecured					
Working capital facilities					
From banks (Pre-shipment credit (PCRE))	Various	6 Month	8.50%	-	3.43
From financial institutions (PO financing)	Various	41 to 42 days	8.05%	800.00	-
Intercorproate deposit from Related parties	On demand	On demand	10.00%	2,860.00	-
Total current borrowing				**3,666.49**	**4.20**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Current maturities of non-current borrowings		
3,750 8.25% Non convertible debentures of ₹1,000,000 each (Refer note 21 for security details)	3,691.73	-
Rupee loans	1,547.71	915.51
From financial Institutions	347.40	370.52
Buyers Credit*	256.18	-
Deferred sales tax loan	6.20	16.12
Total Current maturities of non current borrowings	**5,849.22**	**1,302.15**
Total current borrowings	**9,515.71**	**1,306.35**

Cash credit facilities availed from Standard Chartered Bank, HDFC Bank Limited, CITI Bank N.A, ICICI Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited and IDFC First Bank Ltd. are secured by first pari-passu 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 against capex import LC payment. The Buyer's credit is due for payment on 20.07.2022 and carries the interest rate of Euribor + 33 BPS, i.e. 0.33% 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).

Net debt reconciliation

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Cash and cash equivalents including cash credit (refer note 13 and 22)	421.06	2,466.29
Current borrowings including current maturities of non current borrowings (refer note 22)	(9,509.22)	(1,305.58)
Non-current borrowings (refer note 21)	(2,111.03)	(3,772.83)
Interest accrued but not due (refer note 27)	(207.66)	(29.95)
Net debt	**(11,406.85)**	**(2,642.07)**

Reconciliation of net debt as at March 31, 2022

(₹ in Million)

Particulars	As on April 1, 2021	Cashflows	Interest expenses/ Processing fees	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)
Interest accrued but not due	(29.95)	-	(894.97)	717.26	(207.66)

Reconciliation of net debt as at March 31, 2021

(₹ in Million)

Particulars	As on April 1, 2020	Cashflows	Interest expenses	Interest paid	As at March 31, 2021
Cash and cash equivalent	1,256.58	1,209.71	-	-	2,466.29
Current borrowings	(1,421.54)	1,418.11	-	-	(3.43)
Non-current borrowings	(3,627.99)	(1,449.27)	2.27	-	(5,074.99)
Interest accrued but not due	(25.74)	-	(539.49)	535.28	(29.95)

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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 Million)

Sr. No.	Quarter	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)	Reconciliation items: Post closure adjustments (Note 2)	Net difference
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 Million)

Sr. No.	Quarter	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)	Reconciliation items: Post closure adjustments	Net difference (Note 4)
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)

3. Trade payables

(₹ In Million)

Sr. No.	Quarter	Balance as per Financials	Amount as per Stock Statement	Difference	Reconciliation items: Components not considered for the purpose of reporting (Note 5)	Reconciliation items: Additional Components considered for the purpose of reporting (Note 6)	Reconciliation items: Post closure adjustments (Note 2)	Net difference (Note 7)
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) 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 Standalone Financial Statements
for the year ended March 31, 2022

22(b) Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Company for the year ended March 31, 2021:

1. Inventories:

(₹ In Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note-3)
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	30th June 2020	2,663.50	2,355.19	308.31	189.41	6.26	112.65
2	30th Sept 2020	2,719.71	2,399.25	320.46	323.62	1.48	(4.64)
3	31st Dec 2020	3,390.33	2,767.20	623.13	626.07	-	(2.94)
4	31st March 2021	3,120.98	2,899.40	221.58	226.84	-	(5.26)

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 (note-5)
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments	
1	30th June 2020	2,080.50	1,373.18	707.32	709.17	-	(1.85)
2	30th Sept 2020	3,647.93	3,493.38	154.55	156.09	-	(1.54)
3	31st Dec 2020	3,299.10	2,888.92	410.18	414.00	-	(3.82)
4	31st March 2021	3,628.24	3,219.60	408.64	418.68	-	(10.04)

3. Trade payables

(₹ In Million)

Sr. No.	Quarter	Balance as per Financials	Amount as per quarterly Stock Statement submitted to Banks	Amount of difference	Reconciliation items			Net difference (Note 7)
					Components not considered for the purpose of reporting (Note 6)	Additional Components considered for the purpose of reporting	Post closure adjustments	
1	30th June 2020	3,675.29	1,727.86	1,947.43	1,936.45	-	-	10.98
2	30th Sept 2020	5,458.82	3,562.87	1,895.95	1,896.59	-	-	(0.64)
3	31st Dec 2020	6,212.20	3,427.77	2,784.43	1,828.17	-	-	956.26
4	31st March 2021	5,629.42	4,010.18	1,619.24	1,517.53	-	-	101.71

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock. Also includes impact of merger of Varroc Lighting Systems India Private Limited with the Company which became effective from December 07, 2020 with an appointed date of April 1, 2020.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 The net difference for 30th June 2020 quarter is primarily on account of incorrect adjustments pertaining to provision in stock statements for Quarter 1.

Note 4 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 Also includes impact of merger of Varroc Lighting Systems India Private Limited with the Company which became effective from December 07, 2020 with an appointed date of April 1, 2020.

Note 5 The net difference is on account of incorrect adjustments.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 6 Mainly includes inter company creditors and provision for expenses.

Note 7 The net difference is on account of incorrect adjustments which majorly pertains to:

i) exclusion of acceptances in Quarter 3

ii) While reporting to banks, capital creditor are reduced from overall creditor balance, however the classification between trade creditors and capital creditors was different while finalising the quarterly financial information.

Note 23: Non-current - Provisions

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Compensated absences	98.03	97.95
Provision for warranties (Refer note 28)	15.15	11.52
Provision for coupon scheme (Refer note 28)	18.58	26.05
Total non-current provisions	**131.76**	**135.52**

Note 24: Deferred tax liabilities (net)

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
The balance comprises temporary differences attributable to:		
Deferred tax liabilities		
Depreciation and amortisation	896.80	849.52
Others	283.61	287.63
	1,180.41	**1,137.15**
Deferred tax assets		
Expenses allowable on payment basis	72.59	62.32
Provision for doubtful debts and advances	3.60	2.53
Others	259.17	208.83
MAT credit entitlement	138.70	254.00
	474.06	**527.68**
Total	**706.35**	**609.47**
Movement in deferred tax assets/ (liabilities)		
Opening deferred tax (assets) / liabilities	609.47	359.02
Charged to profit or loss	107.42	239.81
Charged to other comprehensive income		
Charged to other comprehensive income	(10.54)	9.75
Short/excess provision related to MAT credit for earlier year	-	0.89
Closing deferred tax liability after set off	**706.35**	**609.47**

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 ₹115.3 Million (availed in previous year ₹110.66 Million)

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 25: Other non-current liabilities

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Advance received from customer	40.79	76.21
Deferred government grant*	194.12	333.95
Total other non-current liabilities	**234.91**	**410.16**

* for movement refer note 29

Note 26: Trade payables

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises (refer note 41)	1,219.18	1,268.04
Total outstanding dues other than micro enterprises and small enterprises and related parties	4,827.51	3,559.28
Trade payables to related parties (refer note 47)	677.98	357.75
Total trade payables	**6,724.67**	**5,185.07**

For outstanding Trade Payable, the ageing schedule is as follows:

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	1,219.18
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) Payable to Intercompany	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**

As at March 31, 2021

(₹ 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	-	1,045.43	212.79	0.68	7.41	1.73	1,268.04
2) Undisputed payables to Other than micro enterprises and small enterprises	727.17	2,784.19	12.57	34.80	-	0.55	3,559.28
B) Payable to Intercompany	55.12	114.03	181.66	2.47	4.39	0.08	357.75
Total	**782.29**	**3,943.65**	**407.02**	**37.95**	**11.80**	**2.36**	**5,185.07**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 27: Current - Other financial liabilities

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Financial liabilities at amortised costs		
Interest accrued but not due on borrowings*	207.66	29.95
Payable for purchase of capital goods	463.32	699.70
Customer security deposits	80.81	70.24
Employee benefits payable	440.03	338.95
Total other financial liabilities	**1,191.82**	**1,138.84**

*Interest payable is normally settled monthly throughout the financial year except interest payable on non convertible debenture (NCD) payable annually.

Note 28: Current - Provisions

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity (refer note 42)	40.46	6.53
Compensated absences	19.42	25.91
Others		
Provision for warranties**	61.43	52.12
Provision for coupon scheme***	27.87	39.08
Total current provision	**149.18**	**123.64**

Particulars	Warranties		Provision for loan taken by subsidiary		Provision for coupon scheme	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Balance as at the beginning of the year	63.64	59.07	-	156.39	65.13	67.57
Additions during the year	37.43	25.85	-	-	19.67	6.36
Utilisation/Reversed during the year	(24.49)	(21.28)	-	(156.39)	(38.35)	(8.80)
Balance as at the end of the year	**76.58**	**63.64**	**-**	**-**	**46.45**	**65.13**
Current Portion	61.43	52.12	-	-	27.87	39.08
Non-Current Portion	15.15	11.52	-	-	18.58	26.05
Total	**76.58**	**63.64**	**-**	**-**	**46.45**	**65.13**

** 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 29: Other current liabilities

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Advance received from customers	514.72	466.02
Statutory dues payable (includes GST, TDS, PF payables)	91.62	107.42
Unclaimed dividends	0.04	0.04
Other payables#	65.66	77.55
Deferred government grant *	124.05	77.87
Total other current liabilities	**796.09**	**728.90**

Other payables Includes Provision for Schemes & Discounts payable of ₹51.78 Million (March 31, 2021 ₹62.97 Million) for supplies to other than OEMs

***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.

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Balance as at the beginning of the year	411.82	207.19
Recognised during the year	91.28	395.02
Released to statement of profit and loss (refer note 31)	184.93	190.39
Balance as at the end of the year	**318.17**	**411.82**
Current portion	124.05	77.87
Non-current portion	194.12	333.95
Total	**318.17**	**411.82**

Note 30: Revenue from operations

For the year ended March 31, 2022 (refer note 2(H))

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Revenue from contracts with customers	32,304.77	25,143.43
Other operating revenue	613.30	474.35
Total	**32,918.07**	**25,617.78**

Revenue from contracts with customers

A Disaggregated revenue information

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Goods transferred at a point in time		
Finished goods		
Electrical & Lighting Auto Parts	18,376.70	13,424.20
Steel Forged Products	5,000.44	4,144.10
Polymer Auto Parts	2,138.44	2,088.30
Engine Valves	871.38	812.88
After Market Auto Parts	4,744.70	3,498.47
Toolings	709.74	738.72
Job work	7.72	10.78
Goods/services transferred over period of time		
Sale of Engineering Services to group companies	455.65	425.98
Total revenue from contracts with customers	**32,304.77**	**25,143.43**
Revenue by region		
India	28,998.28	22,831.43
Asia pacific	945.97	327.35
Europe	1,544.75	1,351.02
North America	398.99	480.45
Others	416.78	153.19
Total revenue from contracts with customers	**32,304.77**	**25,143.44**

B Contract balances

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Trade receivables	3,971.87	3,628.24
Contract liabilities	514.72	466.02

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 120 days.

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, 2022	March 31, 2021
Amounts included in contract liabilities at the beginning of the year	466.02	321.58

C Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Revenue as per contracted price	32,554.29	25,333.01
Adjustments		
Discount	(249.52)	(189.58)
Revenue from contracts with customers	**32,304.77**	**25,143.43**

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 from the sale of finished goods/toolings is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Notes to the Standalone Financial Statements
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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.

Other operating revenue

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Scrap sales	200.08	104.70
Wind and solar power generation	82.18	93.13
Export Incentives	72.15	87.99
Management fees	163.17	87.24
Admin Revenue (Intercompany)	48.31	25.44
Others	47.41	75.85
Total other operating revenue	**613.30**	**474.35**

Note 31: Other income

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent income from investment properties (refer note 4)	19.64	20.96
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	-
Interest income from		
- Financial assets measured at amortised cost	0.07	2.64
- On loan to subsidiaries (refer note 47)	138.28	33.58
- Others	3.75	5.37
- Unwinding of discount on security deposit	5.05	5.68
Net gain on disposal of property, plant and equipment (also refer note 52)	1.11	241.41
Excess of insurance proceed over book value (refer note 52)	-	364.72
Government grants*	184.93	190.39
Net foreign exchange gain	-	42.03
Commission on corporate guarantees	96.76	128.21
Liabilities no longer required written back	2.43	37.95
Increase in surrender value of key man insurance	18.86	22.04
Miscellaneous income	18.01	19.17
Total other income	**646.14**	**1,114.15**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 32: Cost of materials consumed

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw material at the beginning of the year	1,118.62	1,081.05
Add: Purchases	22,634.52	17,499.76
	23,753.14	**18,580.81**
Less: Raw material at the end of the year	1,396.24	1,118.62
Total cost of materials consumed	**22,356.90**	**17,462.19**

Note 33: Changes in Inventories of work-in-progress and finished goods

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance		
Work-in-progress	372.80	230.20
Finished goods	1,466.79	862.94
Total opening balance	**1,839.59**	**1,093.14**
Closing balance		
Work-in-progress	538.58	372.80
Finished goods	1,477.71	1,466.79
Total closing balance	**2,016.29**	**1,839.59**
Total changes in inventories of work-in-progress and finished goods	**(176.70)**	**(746.45)**

Note 34: Employee benefits expense

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	2,975.76	2,404.02
Contribution to gratuity and other funds (refer note 42)	178.02	167.38
Staff welfare expenses	150.39	115.47
Total employee benefits expense	**3,304.17**	**2,686.87**

Note 35: Depreciation and amortisation expense

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (refer note 3)	1,378.14	1,282.69
Depreciation of investment property (refer note 4)	5.49	5.49
Amortisation of intangible assets (refer note 5)	223.32	161.54
Amortisation of right of use assets (refer note 5A)	96.54	93.90
Total depreciation and amortisation	**1,703.49**	**1,543.62**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 36: Finance costs

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on debts and borrowings	882.65	526.40
Interest and finance charges paid/payable for lease liabilities (refer note 5A)	14.79	21.61
Other borrowing cost	12.32	13.09
Total finance cost	**909.76**	**561.10**

Note 37: Other expenses

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of stores and spares and loose tools	469.86	404.98
Consumption of packing materials	315.76	255.55
Repairs to		
Buildings	8.42	5.57
Machinery	142.95	98.81
Others	216.56	163.13
Communication expenses	36.15	38.05
Water and electricity charges	838.41	660.40
Rent charges	59.52	48.99
Rates and taxes	14.25	11.32
Contract labour cost	1,093.54	928.50
Legal and professional fees	251.07	222.69
Exchange loss (net)	230.18	-
Travelling and conveyance	156.05	128.10
Insurance	67.99	60.43
Payment to auditors - refer note (a) below	11.55	10.45
Corporate social responsibility expenditure - refer note (b) below	27.99	27.81
Provision for doubtful loans, advances and debts (net)	3.36	0.94
Sales promotion, marketing and advertisement cost	123.08	85.01
Freight and forwarding expenses	440.44	314.61
Royalty	83.44	40.05
Warranties	37.43	25.85
Miscellaneous expenses	391.50	321.85
Total other expenses	**5,019.50**	**3,853.09**
(a) Payment to auditors		
Statutory audit fees (including limited reviews)	10.00	9.10
Tax audit fees	0.40	0.40
Others (including certification fees)	1.10	0.95
Re-imbursement of expenses	0.05	-
Total payment to auditors*	**11.55**	**10.45**

*In addition to the above, in the previous year fees for the work in connection with the Qualified Institutions Placement (QIP) of ₹19.50 Million paid/payable to the auditors have been included in the Share issue expenses (refer note 19)

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(b) Corporate social responsibility expenditure

Details of CSR expenditure

(₹ in Million)

Sr. No	Particulars	March 31, 2022	March 31, 2021
1	Gross amount required to be spent by the Group during the year	26.02	25.52
2	Amount approved by the Board to be spent during the year	27.99	27.81

(₹ in Million)

Sr. No	Particulars	In Cash	Yet to be Paid	Total
3	Amount spent during the year ending March 31, 2022			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	27.99	-	27.99
4	Amount spent during the year ending on March 31, 2021:			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	27.81	-	27.81
5	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	-	-	-
6	Details related to spent / unspent obligations for March 31, 2021			
	i) Contribution to Public Trust	26.16	-	26.16
	ii) Contribution to Charitable Trust (Refer Note 47)	1.65	-	1.65
	iii) Unspent amount in relation to:			
	Ongoing project	-	-	-
	Other than ongoing project	-	-	-

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 Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Profit and loss section		
Current tax		
Current tax on profits for the year	79.92	247.55
Adjustments for current tax of prior periods	(0.11)	(37.47)
Total current tax expense	**79.81**	**210.08**
Deferred tax	**107.43**	**239.81**
Total income tax expenses recognised in statement of profit and loss	**187.24**	**449.89**
(ii) Other comprehensive income (OCI) section		
(a) Remeasurement of defined benefit obligation		
Income tax charged to OCI	10.54	(9.75)
Total deferred tax charged to OCI	**10.54**	**(9.75)**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(₹ in Million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Reconciliation of tax expense and the accounting profit:		
Profit before tax	447.09	1,371.50
Tax rate	34.94%	34.94%
Income tax expense as per applicable tax rate	**156.23**	**479.26**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	9.78	9.72
Other non-deductible expenses	(0.55)	3.63
Tax expense of prior periods	(0.11)	(37.47)
MAT Adjustments of prior periods	-	0.90
Non deductible depreciation	18.87	26.56
Difference in tax rates for income subject to long term capital gains	-	(31.21)
Others	3.02	(1.51)
	31.01	**(29.38)**
Total tax expense	**187.24**	**449.88**

Note 40: Expenditure incurred on Research and Development

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Revenue expenditure- charged to Statement of Profit and Loss	(687.19)	(582.81)
(b) Revenue expenditure- captalised	-	-
(c) Capital expenditure- excluding building	81.16	31.12
(d) Capital expenditure- building	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. Previous year figures regrouped wherever necessary to conform to current year classification. Capital expenditure comprises of expenditure on Plant & machinery, factory equipments and software pertaining to R&D.

Note 41: Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ in Million)

Sr. No	Particulars	March 31, 2022	March 31, 2021
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1,156.36	1,268.04
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.41	0.64
c)	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	4,458.48	2,088.20
d)	Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
e)	Interest paid, under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
f)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	16.89	9.47
g)	Further interest remaining due and payable for earlier years	44.52	35.05

The Company has a process of sending out confirmations to all vendors, regarding their status as MSME. Based on responses received, the Company marks vendors as MSME and others.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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, 2022	March 31, 2021
(I) Contribution to Employees' provident fund	86.98	75.82
(II) Contribution to Employees' family pension fund	43.99	42.90
Total	**130.97**	**118.72**

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.

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, 2022	As at March 31, 2021
Liability at the beginning of the year	319.32	301.16
Service cost	45.27	43.67
Interest expense	21.11	19.92
Transfer of obligation	(0.03)	0.29
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	31.55	(28.81)
Benefits paid	(26.67)	(16.91)
Liability at the end of the year	**390.55**	**319.32**

(b) Change in fair value of plan assets

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets at the beginning of the year	312.79	232.22
Interest income	22.15	17.69
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	1.39	(0.91)
Contributions	40.43	80.70
Benefits paid	(26.67)	(16.91)
Fair value of plan assets at the end of the year	**350.09**	**312.79**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligations	390.55	319.32
Fair value of plan assets	350.09	312.79
(Surplus)/Deficit	**40.46**	**6.53**

(d) Expenses to be recognised in the Statement of Profit and Loss under employee benefit expenses

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Service cost	45.27	43.67
Net interest (income)/expense	(1.04)	1.89
Transfer In/(Out)	(0.03)	0.29
Net gratuity cost	**44.20**	**45.85**

(e) Expenses to be recognised in statement of other comprehensive income:

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Remeasurement		
Experience (Gain)/ Losses on plan liabilities	(14.44)	(19.19)
(Return) / loss on plan assets excluding amounts recognised in interest (income)/ expenses	(1.39)	0.91
(Gain)/loss from change in financial assumptions	46.00	(9.62)
	30.17	**(27.90)**

(f) Valuation in respect of gratuity has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Discount rate	7.00%	6.90%
Salary growth rate	8.50%	7.00%
Weighted average duration of defined benefit obligation	10.00	11.59
Expected rate of return on plan assets	6.90%	6.80%
Withdrawal Rate		
Service below 5 years	15.00%	20.00%
Service 5 years & above	5.00%	2.00%

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:

(₹ in Million)

Change in assumption	As at March 31, 2022	As at March 31, 2021
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-9.70%	-11.41%
(ii) 1% decrease in discount rate	11.39%	13.65%
(iii) 1% increase in rate of salary escalation	9.93%	12.22%
(iv) 1% decrease rate of salary escalation	-8.74%	-10.53%

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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 Million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount	%	Amount	%
Funds managed by Insurer	350.09	100%	312.79	100%
Total	**350.09**	**100%**	**312.79**	**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, 2022 and year ended March 31, 2021 was ₹23.54 Million and ₹16.78 Million respectively.

The Company expects to contribute ₹40.00 Million to the plan asset during the year ended March 31, 2023. During the year ended March 31, 2022, the Company has contributed amount of ₹40.43 Million net of charges and taxes.

Maturity profile of defined benefit obligation:

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Within 1 year	27.71	12.29
1-2 year	21.73	12.81
2-3 year	27.83	15.70
3-4 year	32.43	23.31
4-5 year	40.30	25.04
5-10 years	263.12	182.56

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 neutralise 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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 Million)

Particulars	March 31, 2022		March 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Amortised cost				
Investments				
- Government securities	0.06	0.06	0.06	0.06
Trade receivables	3,971.87	3,971.87	3,628.24	3,628.24
Loans	10,298.77	10,298.77	30.15	30.15
Cash and bank balances	430.11	430.11	2,473.91	2,473.91
Other financial assets	321.16	321.16	246.34	246.34
FVPL				
Investments in Equity instruments	0.09	0.09	0.09	0.09
Derivative contracts	3.49	3.49	8.51	8.51
Total financial assets	**15,025.55**	**15,025.55**	**6,387.30**	**6,387.30**
Financial liabilities				
Amortised cost				
Other Borrowings	7,935.01	7,935.01	5,079.18	5,079.18
Fixed Rate Borrowings	3,691.73	3,289.16	-	-
Lease liabilities	184.54	184.54	179.46	179.46
Security deposits	80.81	80.81	70.24	70.24
Trade payables	6,724.67	6,724.67	5,185.07	5,185.07
Acceptances	920.01	920.01	444.35	444.35
Other financial liabilities	1,111.01	1,111.01	1,068.60	1,068.60
	20,647.78	**20,245.21**	**12,026.90**	**12,026.90**

(i) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

(₹ in Million)

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**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(₹ in Million)

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
Total financial liabilities	**-**	**7,935.01**	**3,691.73**	**11,626.74**

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021	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	-	8.51	-	8.51
Total	**-**	**8.60**	**-**	**8.60**

(₹ in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2021	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				
Borrowings	-	5,079.18	-	5,079.18
Total financial liabilities	**-**	**5,079.18**	**-**	**5,079.18**

(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, 2022 approximate their carrying values.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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, 2022 ₹138.70 Million.(March 31, 2021 ₹142.56 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 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, 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**

ii) The Company's exposure to foreign currency risk as at March 31, 2021 expressed in INR, is as follows:

(₹ in Million)

Particulars	March 31, 2021				
	USD	EURO	JPY	Other currencies	Total
Financial assets					
Trade receivables	227.79	400.43	-	22.15	650.37
Financial liabilities					
Trade payables	398.97	482.36	83.45	21.23	986.01
Net assets / (liabilities)	**(171.18)**	**(81.93)**	**(83.45)**	**0.92**	**(335.64)**

iii) Sensitivity

For the year ended March 31, 2022 and March 31, 2021, 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 ₹3.56 Million and ₹8.56 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 ₹13.81 Million, previous year ₹4.10 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:

(₹ 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, 2022	INR	+100	(80.24)	8,024.06
	INR	-100	80.24	8,024.06
March 31, 2021	INR	+100	(50.61)	5,060.62
	INR	-100	50.61	5,060.62

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 in 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, 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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, 2022, receivable from Company's top 5 customers accounted for approximately 43.99 % (March 31, 2021: 62.98%) 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, 2022 and March 31, 2021 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, 2022, 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, 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	-	-

(₹ in Million)

March 31, 2021	On demand	< 1 year	1 to 5 years	> 5 years
Borrowings	0.77	1,305.58	3,772.83	-
Lease liability		102.21	77.25	-
Trade Payables	-	5,185.07	-	-
Acceptances	-	444.35	-	-
Other financial liabilities	70.24	1,068.60	-	-

The amounts disclosed in the above table are the contractual undiscounted cash flows.

For financial guarantee contracts, refer note 51 (B).

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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 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.

The Company's strategy is to maintain a debt-equity < 1

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
(A) Net debt		
Non current borrowing (refer note 21)	2,111.03	3,772.83
Current borrowings (refer note 22)	9,515.71	1,306.35
Less:- Cash and cash equivalents (refer note 13 and 14)	(430.11)	(2,473.91)
Net debt (A)	**11,196.63**	**2,605.27**
(B) Total equity		
Equity share capital	152.79	152.79
Other equity	19,257.06	19,016.83
Total equity (B)	**19,409.85**	**19,169.62**
Net debt to equity ratio (A/B)	**0.58**	**0.14**

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, 2022. 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 (for March 31, 2022, the final dividend proposed by the Board was ₹Nil per equity share).

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 46: Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

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

March 31, 2021

(₹ 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					
Cash flow hedge									
Principal and interest rate swaps		-		-	March 4, 2021	1:1	₹68.75	(12.73)	12.73
Principal and interest rate swaps		-		-	May 20, 2021	1:1	₹66.60	(7.29)	7.29
Fair value through P&L									
Option									-
Foreign exchange forward contracts-EUR	162.31	-	7.53	-	September 30,2021	1:1	₹90.87	(7.53)	7.53
Foreign exchange forward contracts-USD	158.27	47.62	1.14	(0.15)	July 30, 2021	1:1	₹74.02	(0.98)	0.98

Movement in cash flow hedging reserve

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash flow hedge		
Balance at the beginning of the year	-	(4.66)
Gain/Loss on changes in fair value of hedging instrument	-	-
Income tax relating to gains/loss reclassified to profit and loss	-	-
Reclassification to Statement of Profit and Loss	-	4.66
Balance at the end of the year	**-**	**-**

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 47: Related party disclosure

a. Related parties and their relationships

A Related parties where control exists

1	Subsidiaries	Varroc Polymers Private Limited Durovalves India Private Limited Team Concepts Private Limited (merged with Varroc Polymers Private Limited w.e.f April 01, 2020) CarIQ Technologies Private Limited Varroc European Holding B.V. The Netherlands Varroc Corp Holding B.V. The Netherlands Varroc Japan Co. Ltd Japan Industria Meccanica E Stampaggio S.p.a. Varroc Lighting Systems Italy SPA Varroc Lighting Systems Romania S.A. Varroc Lighting Systems Vietnam Co. Ltd. Varroc Lighting Systems SRO, Czech Republic Varroc Lighting Systems GmBH, Germany Varroc Lighting Systems Inc. USA Varroc Lighting Systems S.de.R.L. De. C.V., Mexico Varroc Lighting Systems sp. Z o.o., Poland Varroc Lighting Systems SA, Morocco Varroc do Brasil Industria E Commercia LTDA Varroc Lighting Systems Electronics Romania SRL (w.e.f. December 08, 2020) Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Şirketi Varroc Lighting Systems, Bulgaria EOOD
2	Jointly Controlled Entities	Varroc TYC Corporation British Virgin Islands Varroc TYC Auto Lamps Co. Ltd., China (Subsidiaries 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 Varroc Dell'Orto Private Limited Varroc Elba Electronics SRL, Romania (Upto December 07, 2020)

B Other related parties with whom transactions have taken place during the period

3	Key Management Personnel	Mr. Tarang Jain - Chairman and Managing Director **Whole time Directors** Mr. Arjun Jain Mr. Ashwani Maheshwari (Till April 29, 2020) Mr. Rohit Prakash (w.e.f. April 29, 2020) **Non-executive Directors** Mr. Naresh Chandra (Till November 11, 2020) **Independent Directors** Mr. Gautam Khandelwal Mr. Marc Szulewicz Mrs. Vijaya Sampath Mr. Vinish Kathuria
4	Relatives of Key Management personnel with whom transactions have taken place	Mr. Dhruv Jain - Son of Mr. Tarang Jain
5	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]	Endurance Technologies Limited TJ Holdings Trust Naresh Chandra Holdings Trust Suman Jain Holdings Trust Endurance Adler S.P.A. Varroc Foundation

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

b) Transactions with Related parties

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2022	For the year ended March 31, 2021	As at March 31, 2022		As at March 31, 2021	
				Receivable	Payable	Receivable	Payable
A)	**Sale of Goods and services***						
	Durovalves India Private Limited	49.62	53.45	16.60	-	16.29	-
	Endurance Technologies Limited	4.75	4.12	0.26	-	0.19	-
	Endurance Adler S.P.A.	7.06	-	1.43	-	-	-
	Industria Meccanica E Stampaggio S.p.a.	-	4.77	4.77	-	4.61	-
	Varroc Dell'Orto Private Limited	118.29	226.39	31.59	-	73.84	-
	Varroc Lighting Systems Inc. USA	58.27	83.55	247.26	-	144.63	-
	Varroc Lighting Systems Italy SPA	46.17	15.83	57.47	-	12.37	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	0.20	1.77	2.13	-	2.01	-
	Varroc Lighting Systems SRO, Czech Republic	402.27	449.11	526.41		128.32	-
	Varroc Polymers Private Limited	203.24	168.82	49.50	-	29.49	-
	Varroc Lighting Systems S.A., Morocco	26.56	30.91	57.67	-	35.37	-
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi	37.46	7.75	42.91		5.86	-
	Varroc do Brasil Industria E Commercia LTDA	0.14	-	0.10	-	-	-
	Varroc Lighting Systems S.p.z.oo. Poland	7.05	-	6.70	-	-	-
	Varroc Lighting Systems Electronics Romania SRL	0.75	-	0.75	-	-	-
	Varroc Lighting Systems Vietnam Co. Ltd.	3.23	0.49	3.00	-	0.49	-
	CarIQ Technologies Private Limited	-	-	0.05	-	-	-
	Varroc TYC Auto Lamps Co. Ltd., China	0.23	-			-	-
B)	**Guarantee commission received**					-	-
	Varroc do Brasil Industria E Comercia LTDA	6.56	12.53	34.61	-	21.92	-
	Varroc Lighting Systems Inc. USA	9.41	26.50	28.88	-	18.83	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	17.70	14.63	25.53	-	7.24	-
	Varroc Corp Holding B.V. The Netherlands	58.46	65.25	136.88	-	86.32	-
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi	3.03	-	3.08	-	-	-
	Varroc Lighting Systems Electronics Romania SRL	3.03	-	2.97	-	-	-
	Varroc European Holding B.V. The Netherlands	-	9.29	-	-	0.19	-
C)	**Management consultancy fees received**						
	Durovalves India Private Limited	5.00	5.00	1.35	-	1.48	-
	Varroc Dell'Orto Private Limited	10.27	9.34	8.88	-	3.49	-
	Varroc Lighting Systems Inc. USA	148.95	72.90	227.01	-	72.47	-
D)	**Rent received**						
	Varroc Polymers Private Limited	18.97	19.19	-	-	-	-
	Varroc Dell'Orto Private Limited	1.88	1.71	0.37	-	1.66	-
E)	**Interest received/ receivable**						
	CarIQ Technologies Private Limited	2.06	2.06	4.62	-	2.77	-
	Varroc Corp Holding B.V. The Netherlands	135.68	12.10	149.30	-	5.58	-
	Varroc European Holding B.V. The Netherlands	0.54	19.42	0.57	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2022

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2022	For the year ended March 31, 2021	As at March 31, 2022		As at March 31, 2021	
				Receivable	Payable	Receivable	Payable
F)	**Loan to Subsidiaries**						
	CarlQ Technologies Private Limited	5.00	-	25.00	-	20.00	-
	Varroc Corp Holding B.V. The Netherlands	10,183.38	-	9,905.99	-	-	-
	Varroc European Holding B.V. The Netherlands	211.88	1,265.42	211.13	-	-	-
G)	**Reimbursement of expenses (Received/ Receivable)**						
	Durovalves India Private Limited	2.25	1.82	0.01	-	-	-
	Varroc Dell'Orto Private Limited	0.09	0.67	0.10	-	-	-
	Varroc Lighting Systems Inc. USA	81.66	4.81	38.23	-	5.84	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	1.84	0.03	2.16	-	0.03	-
	Varroc Lighting Systems SRO, Czech Republic	13.91	0.16	13.91	-	0.77	-
	Varroc Lighting Systems Vietnam Co. Ltd.	0.31	-	0.43	-	-	-
	Varroc Polymers Private Limited	19.11	15.51	2.89	-	1.56	-
	Varroc Lighting Systems S.A., Morocco	-	0.87	-	-	-	-
H)	**Purchase of goods, services and fixed assets***						
	Durovalves India Private Limited	63.90	54.89	-	36.36	-	7.57
	CarlQ Technologies Private Limited	9.60	-	-	-	-	-
	Varroc Lighting Systems Italy, SPA	4.62	6.65	-	3.18	-	0.55
	Varroc Lighting Systems SRO, Czech Republic	22.75	33.61		163.50	-	72.37
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	-	0.20	-	-	-	7.36
	Varroc Japan Co. Limited	21.04	29.37	-	3.66	-	2.11
	Varroc Polymers Private Limited	108.18	180.98	-	50.65	-	31.86
	Endurance Technologies Limited	0.14		-	-	-	-
	Varroc TYC Auto Lamps Co. Ltd., China	-	2.22	-	-	-	0.09
I)	**Professional charges /Commission Paid/Payable**						
	Mr. Naresh Chandra	-	0.37	-	-	-	-
	Mr. Gautam Khandelwal	1.00	0.94	-	1.00	-	0.87
	Mr. Marc Szulewicz	1.00	1.87	-	1.00	-	1.87
	Mrs. Vijaya Sampath	1.00	1.50	-	1.00	-	1.50
	Mr. Vinish Kathuria	1.00	1.80	-	1.00	-	1.67
J)	**Managerial Remuneration #**						
	Mr. Tarang Jain	52.27	26.29	-	-	-	-
	Mr. Arjun Jain	20.87	10.22	-	-	-	-
	Mr. Ashwani Maheshwari (upto April 29, 2020)	-	1.39	-	-	-	-
	Mr. Rohit Prakash (w.e.f. April 29, 2020)	27.35	16.09	-	-	-	-
K)	**Directors sitting fees**						
	Mr. Gautam Khandelwal	1.50	2.00	-	-	-	-
	Mr. Marc Szulewicz	0.80	1.10	-	0.02	-	-
	Mrs. Vijaya Sampath	1.40	2.00	-	-	-	-
	Mr. Vinish Kathuria	1.30	1.60	-	-	-	-
L)	**Reimbursement of expenses (Paid/Payable)**						
	Varroc Polymers Private Limited	2.44	0.28	-	0.21	-	0.19
	CarlQ Technologies Private Limited	4.14	-	-	4.87	-	-
	Durovalves India Private Limited	0.90	-	-	-	-	-
	Varroc Lighting Systems Inc. USA	-	18.41	-	-	-	18.41

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2022	For the year ended March 31, 2021	As at March 31, 2022		As at March 31, 2021	
				Receivable	Payable	Receivable	Payable
M)	**Guarantee for facilities availed by subsidiaries****						
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	1,958.25	1,542.14	-	2,113.33	-	1,486.40
	Varroc Lighting Systems Inc. USA	-	3,864.64	-	530.39	-	1,635.04
	Varroc Corp Holding B.V. The Netherlands	-	8,150.52	-	5,062.85	-	6,169.41
	Varroc do Brasil Industria E Comercia LTDA	-	1,473.37	-	497.55	-	879.71
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi	521.99	-	-	-	-	-
	Varroc Lighting Systems Electronics Romania SRL	78.99	-	-	-	-	-
N)	**Corporate guarantees/ stand by letter of credit**						
	Varroc European Holding B.V. The Netherlands	-	1,314.60	-	-	-	460.11
	Varroc Lighting Systems Electronics Romania SRL	355.11	368.09	-	235.77	-	81.98
O)	**Other expenses**						
	Varroc Lighting Systems SRO, Czech Republic (Royalty)	83.39	40.00	-	-	-	-
	Varroc Lighting Systems SRO, Czech Republic (R&D, R&M, etc)	7.15	25.66		-	-	-
	Varroc Lighting Systems Inc. USA (IT expenses)	77.39	-	-	77.39	-	-
	Varroc Lighting Systems Inc. USA (R&D Expenses)	1.66	-		1.66	-	-
	Varroc Lighting Systems Inc. USA (Admin & Other expenses)	94.96	156.41	-	280.79	-	191.61
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (R&D Expenses)	1.08	-	-	8.45	-	-
	Varroc Lighting Systems S.p.z.oo. Poland (Admin expenses)	22.65	12.29	-	37.86	-	19.36
P)	**Rent Paid**						
	Varroc Polymers Private Limited	-	0.30	-	-	-	0.35
Q)	**Dividend received**						
	Durovalves India Private Limited	157.24	-	-	-	-	-
R)	**Intercorporate Deposit**						
	Varroc Polymers Private Limited	2,860.00	-	-	2,860.00	-	-
S)	**Interest paid/ payable**						
	Varroc Polymers Private Limited	86.03	-	-	19.68	-	-
T)	**Corporate Social Responsibility (CSR)**						
	Varroc Foundation	12.70	1.65	-	-	-	-
U)	**Sale of MEIS /SEIS licenses**						
	Varroc Polymers Private Limited	-	8.80	-	-	-	-
V)	**Share Application Money Paid**						
	Varroc Corp Holding B.V. The Netherlands	-	6,056.17	-	-	-	-

Notes:-

* All the amounts exclusive of taxes, if any.

** The balances at year end pertain to guarantees outstanding as at Balance sheet date.

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, can not be individually identified.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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	As at March 31, 2022	As at March 31, 2021
Purchase of property, plant and equipment	697.63	1,344.97

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, 2022 as follows.

(₹ in Million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Within one year	19.93	18.29
After one year but not more than five years	42.87	82.20

Note 49: Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Earnings per share (EPS)		
Basic		
Profit after tax (₹ in Million)	259.85	921.62
Weighted average number of shares outstanding	152,786,400	135,156,254
Basic EPS (Amount in ₹)	**1.70**	**6.82**
Diluted		
Profit after tax (₹ in Million)	259.85	921.62
Weighted average number of shares outstanding	152,786,400	135,156,254
Diluted EPS (Amount in ₹)	**1.70**	**6.82**

Note 50: Interests in joint venture

Set out below is the joint venture of the Company as at March 31, 2022:

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2022	As at March 31, 2021
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, 2022	As at March 31, 2021
Varroc Dell'Orto Private Limited	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 50: Interests in joint venture

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.

(₹ in Million)

(i) Summarised balance sheet	Varroc Dell'Orto Private Limited	
	As at March 31, 2022	As at March 31, 2021
Current assets		
Cash and cash equivalents	35.17	59.66
Other assets	157.28	155.91
Total current assets	**192.45**	**215.57**
Total non-current assets	**1.23**	**1.51**
Current liabilities		
Financial liabilities	91.99	162.48
Other liabilities	23.67	11.52
Total current liabilities	**115.66**	**174.00**
Non-current liabilities		
Other liabilities	0.66	0.42
Total non-current liabilities	**0.66**	**0.42**
Net assets	**77.36**	**42.66**

(₹ in Million)

(ii) Summarised statement of profit and loss	Varroc Dell'Orto Private Limited	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue	421.60	544.93
Cost of goods sold and other expenses	379.26	511.25
Interest expense	0.16	0.15
Income tax expense	7.47	8.44
Profit /(Loss) for the year	34.71	25.09
Other comprehensive income	0.01	0.07
Total comprehensive income	34.70	25.02
Dividends received	-	-

Note 51: Contingent liabilities

(A) Claims against the Company not acknowledged as debt

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Disputed excise, service tax and goods and service tax matters	414.46	250.17
Income tax matters	174.03	23.73
Warranty claim (Refer note (ii))	-	312.14
Employee related disputes	22.03	31.61
Export promotion capital goods (EPCG) (Export obligation against the above ₹850.44 Million previous year ₹1,173.40 Million)	141.74	195.57
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 ₹0.26 Million) with the tax authorities against the said demand to comply the order of hon'ble tax authorities. The hon'ble tax authorities have accepted the plea of Company and has given stay on entire demand after deposit of specified amount till the disposal of case.

(ii) In previous year the Company has received claim from one of the customers in respect of warranty and other damages/costs for products supplied in earlier years. Based on the mutual discussion between the parties, this claim was settled without any material cash outflow.

(iii) 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.

(B) The Company has provided corporate guarantees / stand by letter of credit as at March 31, 2022:

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Corporate guarantees for loan taken by Foreign Subsidiaries [(March 31, 2022 - USD 69.25 Million (March 31, 2021 - USD 72.75 Million)] Amount Drawdown as at March 31, 2022: USD 34.89 Million (March 31, 2021 - USD 42 Million)	2,643.62	3,121.44
Corporate guarantees given for loans taken by Foreign subsidiaries [('March 31,2022 - EURO 83.30. Million (March 31, 2021 - Euro 97.20 Million)] Amount Drawdown as at March 31, 2022: EURO 62.67 Million (March 31, 2021 - EURO 71.33 Million)	5,298.62	6,251.40
Standby letter of credit and corporate guarantees given for loans taken by Foreign subsidiaries [('March 31,2022 - EURO Nil (March 31, 2021 - Euro 15.00 Million)] Amount Drawdown as at March 31, 2022: EURO Nil (March 31, 2021 - EURO 5.25 Million)	-	460.11
Corporate guarantees for loan taken by Foreign Subsidiaries [(March 31, 2022 - BRL 37.00 Million (March 31, 2021 - BRL 116 Million)] Amount Drawdown as at March 31, 2022: BRL 31.00 Million (March 31, 2021 - BRL 69.26 Million)	497.55	879.71

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 and/or working capital requirements.

For the standby letter of credit, following charge was created in favour of

1) Stand by letter of credit from Axis Bank is secured by subservient charge on the entire current assets and movable fixed assets of the Company. The said charge got released on April 5, 2021.

(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: 'Fire incident

The automotive lighting plant of the Company (erstwhile Varroc Lighting Systems India Private Limited) at Pune, India was destroyed by fire on February 18, 2020. The insurance claim in this regard was settled in previous year and accordingly the other income for the year ended March 31, 2021 includes an amount of ₹364.72 Million being the excess of claim amount over net book value of assets destroyed. Further, the Company sold plot of land belonging to the above said plant in the year ended March 31, 2021. Accordingly, other income for the year ended March 31, 2021 includes amount of ₹241.87 Million being profit on sale of such land.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 53: Utilisation of proceeds from issue of Shares

During the previous year ended March 31, 2021, the Company raised ₹6,992.22 Million (including securities premium of ₹6,974.25 Million) through eligible Qualified Institutional Placement (QIP). The unutilised proceeds of ₹1,235.22 Million as at March 31, 2021 have been utilised for repayment of borrowings of the Company (₹843.17 Million) and working capital (₹392.06 Million).

Qualified Institutional Placement

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Proceeds from the issue of shares during the year	-	6,992.22
Opening unutilised amount available in current account with Bank's	1,235.22	-
Utilisation during the year		
Issue related expenses	-	140.30
Repayment of short term borrowings	843.17	890.00
Investment in overseas subsidiary (intended to be utilised primarily for capex requirements and repayment of overseas external loans)	-	4,726.70
Overdue vendor payments	392.06	-
Balance unutilised amount available in current account with Bank's	-	1,235.22

Note 54: Ultimate Beneficiary

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 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	393	VarrocCorp 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	VarrocCorp 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 Şirketi
						127	Industria Meccanica E Stampaggio s.p.a., Italy

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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 Şirketi	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,

Note 55: Ratio Analysis and its elements**

Ratio		March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio	No of times	0.99	1.16	-14.92%	
Debt-Equity Ratio	No of times	0.60	0.26	126.08%	(A)
Debt Service Coverage ratio	No of times	1.27	2.22	-42.75%	(B)
Net Profit ratio	In %	0.79%	3.60%	-78.06%	(C)
Return on Equity ratio	In %	1.35%	6.03%	-77.68%	(D)
Return on Capital Employed	In %	4.38%	8.05%	-45.64%	(E)
Return on Investment	In %	NA	NA	-	(F)
Trade Receivable Turnover Ratio	No of times	8.66	8.32	4.17%	
Inventory Turnover ratio	No of times	6.58	5.79	13.78%	
Trade Payable Turnover Ratio	No of times	3.41	3.30	3.19%	
Net Capital Turnover Ratio	No of times	53.70	787.75	-93.18%	(G)

**Based on the requirements of Schedule III

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

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)/(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)/ (Revenue from Operation)]

(x) Return on Capital Employed = [(Earning Before Interest and taxes (EBIT))/(Capital employed)]

(xi) Return on Investment = [(Income generated from invested fund)/ (Average invested fund's in treasury investment)]

(xii) Capital Employed = Tangible Net worth + Total Debt + Deferred Tax Liability

(xiii) Working capital = (Current assets - Current liabilities)

Commentary

A) Increase in Debt equity ratio is due to increase in borrowings raised during the year.

B) Decrease in the ratio is mainly due to increase in interest cost/principal repayment during the current year.

C) Decrease in the ratio is due to lower net profits in the current year as compared to previous year coupled with increase in revenues compared to previous year.

D) Decrease in the ratio is mainly due to lower net profits in the current year as compared to previous year.

E) Decrease in the ratio is mainly due to lower EBIT coupled with higher capital employed as compared to previous year.

F) The Company did not have any material investments as at March 31, 2022/March 31, 2021 other than investments in subsidiaries/JVs.

G) Decrease in Net capital turnover ratio is mainly on account of increase in average working capital in current year compared to previous year.

Note 56: 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2022

Note 57: Impact of COVID-19

The Company has considered the possible effects of the COVID-19 pandemic including the impact on sales projections for future periods and consequent impacts on the recoverable values of assets including property, plant and equipment, intangible assets, etc. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic and arriving at estimates, the Company, as at the date of approval of these standalone financial statements, has used internal and external sources of information. The Company has performed analysis on the assumptions used and based on current estimates, expects the carrying amounts of the assets to be recoverable as at March 31, 2022. The impact of COVID-19 on the Company's standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

Note 58: Other Note

Pursuant to the amendments made to Schedule III to the Companies Act, 2013 which are applicable to the Company for period beginning April 1, 2021, the Company has presented Current maturities of non-current borrowings under Current liabilities – Financial liabilities – Borrowings instead of Current liabilities – Financial liabilities – Other financial liabilities as at March 31, 2022. Further, Security deposits have been presented under Other financial assets instead of Loans. Accordingly, the corresponding figures as at March 31, 2021 have also been regrouped/reclassified as below:

(₹ in Million)

Particulars	As at March 31, 2021
Non-current assets	
Security deposits reclassified from Loans to Other financial assets	52.10
Current assets	
Security deposits reclassified from Loans to Other financial assets	35.34
Current liabilities	
Current maturities of non-current borrowings reclassified from Financial liabilities – Other financial liabilities to Financial liabilities – Borrowings	1,302.15

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 30,2022

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay K. Sharma
Company Secretary
(Membership No.: ACS 9127)
Place: Pune

Date: May 30, 2022

Independent Auditor's Report

To

The Members of
Varroc Engineering Limited

Report on the Audit of the Consolidated Financial Statements

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, 2022, 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, 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, 2022, 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 Opinion

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 opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 37 of the accompanying consolidated financial statements which describes the litigations relating to alleged patent infringements. As informed, the Group has received court orders confirming infringement in two cases whereas for three other cases, court hearings are not yet completed/order has not been announced. The Group has filed appeals against these orders which are pending with appellate authorities. The Group had also separately filed for nullification of patents with the relevant authorities. Based on a legal opinion, the management believes that it has grounds to defend all cases under litigation and accordingly no provision has been considered in respect of these matters in these consolidated financial statements.

Our opinion is not modified in respect of this matter.

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, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. 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 opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Divestment of the four wheeler lighting business in the Americas and Europe *(as described in Note 36 of the consolidated financial statements)*	
The Company along with its wholly owned subsidiary VarrocCorp Holdings B.V. entered into a Securities Purchase Agreement ('SPA') dated April 28, 2022 with Compagnie Plastic Omnium Se, France for the sale of four wheeler lighting business in the Americas and Europe ("VLS Business") at an enterprise value of Euro 600 Million. The management has assessed that VLS business satisfies the criteria prescribed under Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" for classification as held for sale as at March 31, 2022 as it was available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such operations and the sale was considered highly probable as at year end. Further, VLS business has been classified as discontinued operation since it represents a separate major line of business/geographical area of operations and is part of a single co-ordinated plan for sale of those operations. The divestment of VLS business has been considered as significant given the size of VLS business in comparison to the Group operations, the exercise of management judgment in classification as discontinued operations and the presentation and disclosure impacts in the consolidated financial statements in accordance with the applicable accounting standard. Accordingly, this matter has been identified as a key audit matter.	Our audit procedures included the following: • Obtained and read the SPA for understanding the entities/ businesses covered as part of the sale transaction as also the impact on the consolidated financial statements including identification of the assets and liabilities to be transferred and assessment of the key estimates and judgement involved therein; • Compared the sale consideration as per the SPA with the carrying values of the underlying assets/liabilities of VLS business; • Evaluated the basis of the management's assessment of treating the proposed divestment as Discontinued operation in accordance with the applicable accounting standard; • Checked the computations for presentation/disclosures related to discontinued operations; • Performed procedures for assessing the adequacy of the related disclosures in the consolidated financial statements in compliance with the applicable accounting standard.
Evaluation of debt and liquidity position in VLS Business till closure of sale of VLS business *(as described in note 54 of the consolidated financial statements)*	
The four-wheeler lighting business in the Americas and Europe ("VLS Business") has incurred significant losses in the previous year due to impact of COVID 19 and in the current year primarily due to semiconductor shortages. As a result it has been unable to generate enough cash from operations to meet its requirements for working capital and debt service. The total borrowings in VLS business as at March 31, 2022 were ₹ 13,761.99 Million out of which ₹ 4,220.03 Million are required to be repaid by June 30, 2022 for which the management is confident to get a further extension. Further ₹ 1,347.91 Million are to be repaid in the next 12 months from balance sheet date. Further, there are covenant non-compliances which have resulted in non-current borrowings of ₹ 4,890.21 Million in VLS Business becoming repayable on demand at the option of lenders. The Group has entered into an SPA with Compagnie Plastic Omnium SE, France for the sale of VLS Business. The SPA provides for taking over/repayment of all external borrowings of VLS Business by the buyer. The transaction is expected to close on completion of certain conditions as mentioned in the SPA by end of first half of FY23. Availability of working capital to fund the VLS business till closure of sale of that business is a significant matter which we discussed with Management. We identified this as a key audit matter in our audit of the consolidated financial statements considering the quantum of borrowings in VLS Business and the potential implications on going concern assessment in case of default in repayment of external debts.	Our audit procedures included the following: • Obtained and read the SPA to understand the treatment of external loans under the proposed sale transaction; • Discussed with the management on the key conditions precedent for the sale transaction to close and on the probability of the transaction closing by end of first half of FY23. • Obtained budgets for VLS business for next financial year to understand the cash generation and the extent of financing that may be required from the parent entity. • Discussed with Group management regarding plans for funding of VLS Business till closing of the sale transaction. • Enquired with management on the possibility of lenders demanding immediate repayment in respect of loans where covenants have not been complied. • Assessed the disclosures in the consolidated financial statements for compliance with the relevant accounting standard requirements.
Testing of compliance with Debt covenants *(as described in note 16 and note 36 (IV) (n) of the consolidated financial statements)*	

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
The total borrowings of the Group (including those disclosed under Liabilities directly associated with assets held for sale) as at March 31, 2022 was ₹ 29,296.29 Million. The Group has availed long-term borrowings in various geographies. 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 loan covenants.	The audit procedures performed by us and/or by the independent auditors of the components included the following: • Evaluated the Group's assessment and workings for compliance with the relevant loan 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 waiver letters from lenders where available. In the absence of waiver letters, 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, 2022, the group derecognised trade receivables amounting to ₹ 3,922.97 Million (including those disclosed under Assets held for sale). The Group derecognises 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 and/or by the independent auditors of the components 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

Independent Auditor's Report

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 the Group and of its joint ventures 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 the Group and of its joint ventures.

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.

Independent Auditor's Report

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, 2022 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 8 subsidiaries whose financial statements (without giving effect of elimination of intra-group transactions) include total assets of ₹ 60,846.07 Million as at March 31, 2022, and total revenues of ₹ 69,363.51 Million and net cash outflows of ₹ 345.53 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 loss of ₹ 25.49 Million for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of 2 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 4 subsidiaries, whose financial statements and other financial information (without giving effect of elimination of intra-group transactions) reflect total assets of ₹ 1,924.89 Million as at March 31, 2022, and total revenues of ₹ 699.86 Million and net cash outflows of ₹ 447.96 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 ₹ 20.25 Million for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of 1 joint venture, 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.

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.

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 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) 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) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 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, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) 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;

   (g) 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, 2022 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;

   (h) 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 37 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 24 and 36 (IV) (q) to the consolidated financial statements in

Independent Auditor's Report

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, 2022.

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 53 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 53 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 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.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 22105754AJWJJU2461

Place of Signature: Pune
Date: May 30, 2022

Independent Auditor's Report

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:

S.No	Name	CIN	Holding company/ subsidiary/ associate/ joint venture	Clause number of the CARO report which is qualified or is adverse
1	Varroc Polymers Private Limited	U25209MH1995PTC090037	Subsidiary Company	Clause ii(b)
2	Durovalves India Private Limited	U34300MH1997PTC105518	Subsidiary Company	Clause ii(b)

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 22105754AJWJJU2461

Place of Signature: Pune
Date: May 30, 2022

Annexure 2

To the Independent Auditor's Report of even date on the Consolidated Financial Statements of Varroc Engineering Limited

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, 2022, 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 ventures, 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 ventures, 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 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.

Annexure 2

To the Independent Auditor's Report of even date on the Consolidated Financial Statements of Varroc Engineering Limited

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 ventures, 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 31,2022, 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: 22105754AJWJJU2461

Place of Signature: Pune
Date: May 30, 2022

Consolidated Balance Sheet

as at March 31, 2022

(₹ in Million)

Particulars	Notes	As at March 31, 2022 (refer note 36)	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	17,653.55	37,530.29
Capital work-in-progress	3.1	1,124.13	4,936.78
Investment properties	3.2	123.92	-
Goodwill	4.2	464.93	1,743.50
Other Intangible assets	4.1	914.49	5,426.86
Right of use asset	3.3	1,301.46	7,605.20
Intangible assets under development	4.1	273.99	3,625.48
Investments accounted for using the equity method	48	3,875.95	3,762.25
Financial assets			
Investments	5	0.20	0.20
Other financial assets	6	337.18	403.87
Income tax assets (net)		119.81	395.16
Deferred tax assets (net)	19	89.67	1,783.98
Other non-current assets	7	591.53	1,967.33
Total non-current assets		**26,870.81**	**69,180.90**
Current assets			
Inventories	8	6,155.91	12,564.56
Financial assets			
Trade receivables	9	5,175.33	16,407.38
Cash and cash equivalents	10 (a)	1,156.48	7,415.30
Other bank balances	10 (b)	21.34	37.02
Loans	11	2.15	8.73
Other financial assets	12	79.11	222.49
Other current assets	13	1,691.26	6,416.85
Total current assets		**14,281.58**	**43,072.33**
Assets classified as held for sale	36	68,827.67	-
Total assets		**109,980.06**	**112,253.23**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	152.79	152.79
Other equity	15	19,734.42	30,126.34
Equity attributable to owners		**19,887.21**	**30,279.13**
Non-controlling interests		253.11	281.77
Total equity		**20,140.32**	**30,560.90**

Consolidated Balance Sheet (Contd.)

as at March 31, 2022

(₹ in Million)

Particulars	Notes	As at March 31, 2022 (refer note 36)	As at March 31, 2021
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	16	2,500.22	9,361.22
Lease liabilities	3.3	559.44	6,192.10
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	22	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	22	-	134.98
Other financial liabilities	17	78.83	222.50
Provisions	18	293.47	1,257.10
Deferred tax liabilities (net)	19	1,265.74	1,334.47
Other non-current liabilities	20	373.39	1,604.91
Total non-current liabilities		**5,071.09**	**20,107.28**
Current liabilities			
Financial liabilities			
Borrowings	21	13,034.08	20,618.25
Lease liabilities	3.3	157.99	774.49
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	22	1,583.82	1,661.33
Total outstanding dues of creditors other than micro enterprises and small enterprises	22	10,575.97	28,048.31
Acceptances		1,182.45	601.97
Other financial liabilities	23	1,870.44	5,612.74
Provisions	24	186.34	694.53
Current tax liabilities (net)		33.08	118.29
Other current liabilities	25	1,666.10	3,455.14
Total current liabilities		**30,290.27**	**61,585.05**
Liabilities directly associated with the assets classified as held for sale	36	54,478.38	-
Total liabilities		**89,839.74**	**81,692.33**
Total equity and liabilities		**109,980.06**	**112,253.23**

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 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 30, 2022

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay Kumar Sharma
Company Secretary
(M No.: ACS 9127)
Place: Pune

Date: May 30, 2022

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Continuing Operations			
Revenue			
Revenue from operations	26	58,442.01	43,738.79
Other income	27	339.33	1,157.35
Total income		**58,781.34**	**44,896.14**
Expenses			
Cost of materials consumed	28	39,034.78	28,628.09
Changes in inventories of work-in-progress and finished goods	29	(541.23)	(720.60)
Employee benefits expense	30	6,192.64	5,097.67
Finance costs	31	1,183.52	889.41
Depreciation and amortisation expenses	32	3,045.47	2,737.87
Other expenses	33	10,162.43	7,353.68
Total expenses		**59,077.61**	**43,986.12**
Profit/(loss) before share of net profit/(loss) of investments accounted for using equity method and tax from continuing operations		(296.27)	910.02
Share of net profit/(loss) of investments accounted for using the equity method		(4.33)	356.28
Profit/(loss) before tax from continuing operations		**(300.60)**	**1,266.30**
Income tax expense			
Current tax		347.97	387.85
Short/ (excess) provision in respect of earlier year		2.23	(93.62)
Net current tax		**350.20**	**294.23**
Deferred tax		132.05	184.51
Total tax expense		**482.25**	**478.74**
Profit/(loss) for the year from continuing operations		**(782.85)**	**787.56**
Discontinued operations	36		
Profit/(loss) before tax for the period from discontinued operations		(10,348.85)	(6,248.33)
Tax (Income)/expense of discontinued operations		(64.43)	825.64
Profit/(loss) for the year from discontinued operations		**(10,284.42)**	**(7,073.97)**
Profit/(loss) for the year		**(11,067.27)**	**(6,286.41)**
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		(89.40)	(3.31)
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation (net of tax of ₹ 17.19 Million (previous year ₹ 14.01 Million))		(121.94)	7.27
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		835.40	(352.38)

Consolidated Statement of Profit and Loss (Contd.)

for the year ended March 31, 2022

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation (net of tax of ₹ 37.35 Million (previous year ₹ 27.13 Million))		81.42	44.63
Total other comprehensive income/(loss), net of tax from continuing and discontinued operations		**705.48**	**(303.79)**
Total comprehensive income/(loss) for the year		**(10,361.79)**	**(6,590.20)**
Profit/(loss) for the year attributable to:			
Shareholders of the Company		(11,098.79)	(6,319.07)
Non-controlling interests		31.52	32.66
Other comprehensive income/(loss) attributable to:			
Shareholders of the Company		706.86	(303.65)
Non-controlling interests		(1.38)	(0.14)
Total comprehensive income/(loss) for the year attributable to:			
Shareholders of the Company		(10,391.93)	(6,622.72)
Non-controlling interests		30.14	32.52
Earnings per equity share attributable to Owners [Nominal value per share: ₹ 1 (Previous year: ₹ 1)]	47		
- for continuing operations			
Basic and diluted (in Rupees)		(5.33)	5.59
- for discontinued operations			
Basic and diluted (in Rupees)		(67.31)	(52.34)
- for continuing and discontinued operations			
Basic and diluted (in Rupees)		(72.64)	(46.75)

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 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 30, 2022

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay Kumar Sharma
Company Secretary
(M No.: ACS 9127)
Place: Pune

Date: May 30, 2022

Consolidated Statement of Cash Flows

for the year ended March 31, 2022

(₹ in Million)

	Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
A	**Cash flow from operating activities**				
	Profit/(loss) before tax from continuing operations		**(300.60)**		**1,266.30**
	Profit/(loss) before tax from discontinued operations		**(10,348.85)**		**(6,248.33)**
	Adjustments for:				
	Depreciation and amortisation expense	9,738.64		8,950.93	
	Net loss/(gain) on disposal of property, plant and equipment	11.82		(230.02)	
	Excess of insurance proceed over book value	-		(364.72)	
	Provision for doubtful debts and advances	149.00		84.27	
	Finance costs	1,905.62		1,626.29	
	Gain on sale of current investments	(1.44)		(1.38)	
	Share in (profit)/loss of Joint Venture accounted for using the equity method	4.33		(356.28)	
	Liabilities no longer required written back	(3.70)		(39.25)	
	Increase in surrender value of keyman insurance policy	(18.86)		(23.83)	
	Government grants	(267.80)		(313.45)	
	Unrealised exchange loss on restatement	278.15		-	
	Interest income	(11.25)	**11,784.51**	(16.29)	**9,316.27**
	Operating profits before working capital changes		**1,135.06**		**4,334.24**
	Adjustments for changes in:				
	Inventories	(1,674.64)		(1,248.40)	
	Trade receivables	(1,068.29)		(5,322.54)	
	Other assets	(69.36)		1,591.15	
	Trade payables	5,525.13		5,907.37	
	Other liabilities and provisions	3,243.54		(327.24)	
			5,956.38		**600.34**
	Cash generated from operations		**7,091.43**		**4,934.58**
	Taxes paid (net of refund received)		(735.68)		(197.50)
	Net cash flow generated from operating activities		**6,355.75**		**4,737.08**
B	**Cash flow from investing activities**				
	Dividend received	199.68		-	
	Interest received	11.89		16.23	
	Government grant received during the period	521.70		326.07	
	(Purchase)/proceeds from sale of current investments (net)	1.44		41.61	
	Acquisition of remaining equity stake in joint venture	-		(78.59)	
	Proceeds from sale of property, plant and equipment	99.40		474.41	
	Purchase of property, plant and equipment	(6,536.69)		(5,610.56)	
	Costs incurred on intangible assets	(1,998.51)		(2,140.89)	
	Proceeds from insurance claim	-		515.32	
	Fixed deposits (with maturity of more than 3 months) redeemed/(Purchased) (net)	76.02		16.86	
	Net cash used in investing activities		**(7,625.07)**		**(6,439.54)**

Consolidated Statement of Cash Flows (Contd.)

for the year ended March 31, 2022

(₹ in Million)

	Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
C	**Cash flow from financing activities**				
	Proceeds from issue of equity (net of expenses)	-		6,851.92	
	Proceeds from long-term borrowings	5,723.29		5,719.94	
	Repayment of long-term borrowing	(7,096.12)		(2,876.38)	
	Repayment of lease liability	(834.80)		(331.09)	
	Repayment of interest on lease liability	(194.38)		(205.45)	
	Funding support from customers (short-term)	1,931.34		-	
	Proceeds/(repayments) of short-term borrowings (net)	(1,255.84)		(9,309.73)	
	Dividend on equity shares including tax thereon related to non-controlling interest of a subsidiary	(58.80)		-	
	Interest paid	(1,563.32)		(1,370.99)	
	Net cash flow used in financing activities		**(3,348.63)**		**(1,521.78)**
	Net increase/(decrease) in Cash Cash Equivalents (A+B+C)		**(4,617.95)**		**(3,224.24)**
	Opening cash and cash equivalents		7,414.35		10,330.97
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		5.52		307.62
	Total		**7,419.87**		**10,638.59**
	Closing cash and cash equivalents		**2,801.92**		**7,414.35**

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Cash and cash equivalents consists of:		
A	Cash and cash equivalent - discontinued operations	1,645.44	3,044.97
B	Cash and cash equivalent - continuing operations		
	Cash in hand	0.21	0.37
	Bank balances		
	- Current accounts	1,156.27	4,369.96
	- Bank overdraft	-	(0.95)
		2,801.92	**7,414.35**

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 & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

per Paul Alvares
Partner
Membership No.: 105754

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay Kumar Sharma
Company Secretary
(M No.: ACS 9127)
Place: Pune

Place: Pune
Date: May 30, 2022

Date: May 30, 2022

Consolidated Statement of changes in equity

for the year ended March 31, 2022

A Equity share capital

(₹ in Million)

Particulars	No. of Shares		Equity Share Capital	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Balance at the beginning of the year	152,786,400	134,811,530	152.79	134.81
Add: Issue of new shares during the year (refer note 50 (a))	-	17,974,870	-	17.98
Balance at the end of the year	152,786,400	152,786,400	152.79	152.79

B Other equity

(₹ in Million)

Particulars	Reserves and Surplus						Other Reserves		Equity attributable to Owners	Non-Controlling Interests	Total Equity
	Retained earnings	General reserve	Capital redemption reserve	Capital reserve*	Statutory reserves*	Securities premium	Foreign Currency Translation Reserve	Cash flow hedge reserve			
Balance as at April 01, 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
Balance as at April 01, 2020	12,064.13	4,194.73	11.30	5,335.08	410.80	6,190.08	1,708.98	(4.66)	29,910.44	249.25	30,159.69
Profit/(loss) for the period	(6,319.07)	-	-	-	-	-	-	-	(6,319.07)	32.66	(6,286.41)
Other comprehensive income	52.04	-	-	-	-	-	(355.68)	4.66	(298.98)	(0.14)	(299.12)
Total comprehensive income	(6,267.03)	-	-	-	-	-	(355.68)	4.66	(6,618.05)	32.52	(6,585.53)
Securities premium received on issue of equity shares (refer note 50 (a))	-	-	-	-	-	6,974.25	-	-	6,974.25	-	6,974.25
Utilised for expenses in connection with issue of equity shares	-	-	-	-	-	(140.30)	-	-	(140.30)	-	(140.30)
Balance as at March 31, 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

* Capital reserve and statutory reserve pertain to discontinued operations.

The accompanying notes are an integral part of these consolidated 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 30, 2022

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay Kumar Sharma
Company Secretary
(M No: ACS 9127)
Place: Pune

Date: May 30, 2022

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

Note 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 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 consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 30, 2022.

Note 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 Consolidated Financial Statements of the Group, which comprise the consolidated Balance Sheet as at March 31, 2022; consolidated statement of Profit and Loss including the statement of Other Comprehensive Income; consolidated Cash Flow Statement and 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 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 judgements, 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
- 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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

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, 2022.

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.

(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 unrealised gains on transactions between group companies are eliminated. Unrealised 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 recognised 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 recognised at cost and adjusted thereafter to recognise 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 recognised 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 recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised 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 recognised within equity.

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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

operation and the reporting entity (e.g. Consolidated Financial Statements when the foreign operation is a subsidiary), such exchange differences are recognised 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 recognised 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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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 recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised 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 (April 01, 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, non-cash 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 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 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 (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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 recognised 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 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 recognises 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised 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 recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised 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),

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- 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 36. 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.

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 (s) 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 recognised 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 recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised 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 recognised 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 recognised 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 recognised 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 recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

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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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised 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 recognised 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 recognised. 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, recognised 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 recognised 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised 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 amortised cost**

A 'debt instrument' is measured at the amortised 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in finance costs/ income in the Statement of Profit or Loss. The losses arising from impairment are recognised 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 recognised in the other comprehensive income (OCI). However, the Group recognises 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 recognised 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 categorisation as at amortised cost or as FVTOCI is classified as FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL.

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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 recognised 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 recognised 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 recognised 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 recognised 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 derecognised (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 recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises 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 amortised 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 recognises 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 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 recognising 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) recognised during the period is recognised 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 amortised 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 recognised 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

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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 recognised 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 recognised 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 recognised 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 amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation 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 recognised 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 recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised 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 recognised 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 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 recognised 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 recognised 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
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in P&L.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised 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 amortised 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 recognised 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 recognised amounts and there is an intention to settle on a net basis, to realise 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

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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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised 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 recognised 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 recognised 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 recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised 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 recognised in OCI in the

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for the year ended March 31, 2022

cash flow hedge reserve, while any ineffective portion is recognised 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 recognised in finance costs

Amounts recognised 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 recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised 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 recognised 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. 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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

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.

(vi) Patents and others

Costs of intangible assets other than those internally generated, including patents and licenses, are valued at acquisition cost and amortised 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 recognised 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 recognised 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 recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised 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 recognised 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 recognises any impairment loss on the assets associated with that contract for provision for onerous contract related to toolings, refer para d above.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised 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 recognised 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 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

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

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.

(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
- 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 years presented for any share splits and bonus shares issues including for changes effected prior to the

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

authorisation 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.

Note 2.1: Changes in accounting policies and disclosures

New and amended standards

(i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

(ii) Amendments to Ind AS 103 Business Combinations

(iii) Amendments to Ind AS 105, Ind AS 16 and Ind AS 28: Definition of Recoverable amount

(iv) Amendments to Ind AS 107, Ind AS 104, Ind AS 109 and Ind AS 116: Interest Rate Benchmark Reform

These amendments are applicable for annual periods beginning on or after the April 1, 2021. These amendments are not expected to have a significant impact on the Company's financial statements.

Note 2A: Significant accounting judgements, estimates and assumptions

The preparation of the group's consolidated financial statements requires management to make judgements, 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 4.1). 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 ₹12,227.78 Million (March 31, 2021: ₹4,484.45 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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).

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 derecognises 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.

5 Discontinued operations

The Company along with its wholly owned subsidiary VarrocCorp Holdings B.V. entered into a Securities Purchase Agreement ('SPA') dated April 28, 2022 with Compagnie Plastic Omnium Se, France for the sale of four wheeler lighting business in the Americas and Europe ("VLS Business"). The sale of VLS business is considered as discontinued operation and classified as held for sale as at March 31, 2022. The Board considered the said transaction to meet the criteria to be classified as held for distribution at that date for the following reasons:

- The VLS business is available for immediate sale and can be sold in its current condition subject only to terms that are usual and customary for sales of such operations
- The sale was considered highly probable as at year end.
- The actions to complete the sale were initiated as of year end and expected to be completed within one year.

Further, VLS business has been classified as discontinued operation since it represents a separate major line of business/geographical area of operations and is part of a single co-ordinated plan for sale of those operations. For more details, refer note 36.

Estimates and assumptions

1 Goodwill Impairment Test: Key assumptions used for value-in-use calculations

The group tests whether goodwill (part of continuing operation) 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 4.2.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

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 realisation of future tax benefits is sufficiently probable to recognise/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 19 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, 2022

Note 3.1: Property, plant and equipment

For the year ended March 31, 2022

(₹ in Million)

Particulars	Gross carrying amount							Accumulated depreciation							Net Carrying amount	
Asset Class	As at April 01, 2021	Additions	Translation adjustment	Transferred to Investment Property (refer note 3.2)	Deductions/ adjustments	Transferred to discontinued operations (refer note 36)	As at March 31, 2022	As at April 01, 2021	Depreciation for the period	Translation adjustment	On Deductions/ adjustments	Transferred to Investment Property (refer note 3.2)	Transferred to discontinued operations (refer note 36)	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
Grand 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, 2022

Note 3.1: Property, plant and equipment

(i) Capital work-in-progress

(₹ in Million)

	As at March 31, 2022
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 36)	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 46 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.

Note 3.1: Property, plant and equipment

For the year ended March 31, 2021

(₹ in Million)

Particulars	Gross carrying amount							Accumulated depreciation						Net Carrying amount	
Asset Class	As at April 01, 2020	Business combination (refer note 51)	Additions	Transferred from ROU (refer note 3.3)	Translation adjustment	Deductions/ adjustments	As at March 31, 2021	As at April 01, 2020	Depreciation for the period	Translation adjustment	On Deductions/ adjustments	Transferred from ROU (refer note 3.3)	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Freehold Land	1,047.51	-	-	-	(3.18)	(112.35)	931.98	-	-	-	-	-	-	931.98	1,047.51
Factory Building	9,115.42	1.80	156.78	-	113.94	(4.55)	9,383.39	1,142.97	392.14	13.94	(0.02)	-	1,549.03	7,834.36	7,972.45
Office Building	1,168.59	-	49.39	-	2.92	-	1,220.90	133.71	29.80	(0.66)	-	-	162.85	1,058.05	1,034.88
Plant & Machinery*$	37,064.54	198.66	4,568.92	337.05	1,658.07	(353.32)	43,473.92	12,154.01	4,135.45	1,303.59	(292.57)	114.45	17,414.93	26,058.99	24,910.53
Electrical Installation	560.85	-	15.16	-	0.07	(0.35)	575.73	238.88	52.70	0.04	(0.17)	-	291.45	284.28	321.97
Mould & Dies	841.64	-	66.82	-	5.15	(52.33)	861.28	464.08	104.01	2.27	(50.59)	-	519.77	341.51	377.56
Electrical Fitting	103.39	-	1.88	-	-	-	105.27	42.11	10.35	-	-	-	52.46	52.81	61.28
Office Equipment	229.49	0.26	23.93	-	1.63	(3.58)	251.73	136.18	26.70	5.10	(3.58)	-	164.40	87.33	93.31
Furniture and fixtures	402.53	1.17	122.70	-	(14.34)	(1.72)	510.34	181.14	66.41	(6.66)	(1.72)	-	239.17	271.17	221.39
Computers	996.01	2.74	168.71	-	6.30	(15.93)	1,157.83	598.99	212.25	5.29	(15.93)	-	800.60	357.23	397.02
Vehicles	317.31	-	4.21	-	11.24	(7.20)	325.56	58.05	17.80	4.32	(7.19)	-	72.98	252.58	259.26
Grand Total	**51,847.28**	**204.63**	**5,178.50**	**337.05**	**1,781.80**	**(551.33)**	**58,797.93**	**15,150.12**	**5,047.61**	**1,327.23**	**(371.77)**	**114.45**	**21,267.64**	**37,530.29**	**36,697.16**

* Additions include finance cost capitalised during the period ₹ 3.47 Million (March 31, 2020: ₹20.07 Million.)

$ Includes factory equipment and tools & instruments.

Note 3.1: Property, plant and equipment

(i) Capital work-in-progress

(₹ in Million)

	As at March 31, 2021
Opening capital work-in-progress	3,975.92
Add: Addition during the year ended March 31, 2021	6,139.36
Less: Capitalised during the year ended March 31, 2021	5,178.50
Closing capital work-in -progress	**4,936.78**

Capital work-in-progress (CWIP) Ageing Schedule as at March 31, 2021-

(₹ 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	3,601.14	1,064.68	138.93	132.02	4,936.78
2) Projects temporarily suspended	-	-	-	-	-
Total	**3,601.14**	**1,064.68**	**138.93**	**132.02**	**4,936.78**

Closing CWIP primarily includes assets relating to plants under construction/expansion

(ii) Contractual obligations

Refer to note 46 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.

Note 3.2: Investment property

(₹ in Million)

Asset Class	Gross carrying amount				Accumulated depreciation				Net carrying amount
	As at April 01, 2021	Additions	Reclassified from property, plant & equipments	As at March 31, 2022	As at April 01, 2021	Reclassified from property, plant & equipments	Depreciation charge for the year	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**

(i) Amount recognised in Statement of Profit and Loss for investment property

(₹ in Million)

Particulars	For the year ended March 31, 2022
Rental income	3.59
Direct operating expense arising from investment property that generated rental income	-
Profit from investment property before depreciation	**3.59**
Less: Depreciation expense	6.89
Profit/(loss) from investment properties	**(3.30)**

(ii) Fair value

Fair value of the investment property as on March 31, 2022 was ₹120.58 Million (March 31, 2021 Nil). This valuation is based on valuation 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.

(iii) Leasing arrangement

The investment property is located at Plot No. SP-3-803, Bhiwadi Industrial Area, Pathardi, Alwar, Rajasthan - 302 021 and are leased under long-term non-cancellable operating lease with lease rental payable on monthly basis.

Note 3.3: Leases

(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

(₹ 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 (refer note 36) (Net of depreciation)	(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**

(₹ in Million)

Particulars	Land and building	Plant and machinery	Vehicles	Other equipments	Total
Balance as at April 01, 2020	**7,448.32**	**446.18**	**164.52**	**223.40**	**8,282.42**
Add: Additions during the year	409.03	-	10.15	-	419.18
Less: Deletion during the year	(152.79)	(75.41)	(13.73)	(0.22)	(242.15)
Less: Transferred to property, plant and equipment (refer note 3.1)	-	-	-	(222.60)	(222.60)
Less: Depreciation for the year *	(702.01)	(86.62)	(61.49)	(14.30)	(864.42)
Add/(Less): Effect of change in exchange rate	198.19	14.18	6.49	13.91	232.77
Balance as at March 31, 2021	**7,200.74**	**298.33**	**105.94**	**0.19**	**7,605.20**

* Includes amount of ₹25.40 Million capitalised to property plant and equipment during construction period in accordance with Ind AS 16.

The Group has lease contracts for various items of land, building, plant, machinery, vehicles and other equipment 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, while motor vehicles and other equipment generally have lease terms between 3 and 5 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. There are several lease contracts that include extension and termination options, which are further discussed below:

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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(b) Set out below are the carrying amounts of lease liabilities and the movements during the period

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	**6,966.59**	**7,126.12**
Add: Additions during the year	772.22	419.18
Add: Accretion of interest	194.38	205.45
Less: Payments during the year	(1,021.78)	(960.97)
Less: Disposal of contracts	-	(24.16)
Add/(less): Effect of change in exchange rates	24.36	200.97
Less: Transferred to discontinued operations (refer note 36)	(6,218.34)	-
Closing Balance	**717.43**	**6,966.59**
Presented as -		
Current	157.99	774.49
Non-Current	559.44	6,192.10
Total closing lease liability	**717.43**	**6,966.59**

(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, 2022	For the period ended March 31, 2021
Depreciation expense of right-of-use assets (refer note 32)	171.56	160.40
Interest expense on lease liabilities (refer note 31)	30.56	32.26
Amounts included in Rent expense (refer note 33)		
Expense relating to short-term leases	36.08	25.79
Expense relating to leases of low-value assets	90.09	68.82
Total amount recognised in consolidated statement of profit and loss	**328.29**	**287.27**

The Group had total cash outflows for leases of ₹1,496.94 Million for the year ended March 31, 2022 (previous year ₹1,267.16 Million). The future cash outflows relating to leases that have not yet commenced are nil.

(iii) Extension and termination options

The Group has certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

(₹ in Million)

Particulars	Within five years	More than five years	Total
As at March 31, 2022	-	-	-
As at March 31, 2021			
Extension options expected not to be exercised	115.90	267.44	383.34
Termination options expected to be exercised	-	-	-
	115.90	**267.44**	**383.34**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 4.1: Other Intangible Assets

(₹ in Million)

Particulars	Gross carrying amount						Accumulated Amortisation						Net Carrying amount	
Asset Class	As at April 01, 2021	Additions	Translation adjustment	Deductions/ adjustments	Transferred to discontinued operations (refer note 36)	As at March 31, 2022	As at April 01, 2021	Amortisation for the period	Translation adjustment	Deductions/ adjustments	Transferred to discontinued operations (refer note 36)	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 costs	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**

Intangible assets under development

(₹ in Million)

Particulars	As at March 31, 2022
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 36)	1,567.54
Closing balance as at March 31, 2022	**273.99**

Intangible assets under development mainly pertain to development costs.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 4.1: Other Intangible Assets
for the year ended March 31, 2021

(₹ in Million)

Particulars	Gross carrying amount						Accumulated Amortisation					Net carrying amount	
Asset Class**	As at April 01, 2020	Business combination (refer note 51)	Additions	Translation adjustment	Deductions/ adjustments	As at March 31, 2021	As at April 01, 2020	Amortisation for the year	Translation adjustment	Deductions/ adjustments	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Computer software	2,185.45	13.23	104.93	133.23	(25.84)	2,411.00	1,617.99	306.32	140.12	(18.38)	2,046.05	364.95	567.46
Technical know how fees	963.73	-	4.26	30.13	-	998.12	468.95	110.59	17.37	-	596.91	401.21	494.78
Customer relationship	806.44	-	-	(137.07)	-	669.37	120.92	38.06	(5.89)	-	153.09	516.28	685.52
Patents and others	444.47	-	0.01	(3.83)	-	440.65	60.31	25.59	-	-	85.90	354.75	384.16
Non-compete fees	112.22	-	-	-	-	112.22	8.13	40.29	-	-	48.42	63.80	104.09
Capitalised development cost	6,229.36	-	2,612.78	328.27	(2,456.18)	6,714.23	2,624.63	2,518.05	244.52	(2,398.83)	2,988.37	3,725.86	3,604.73
Grand Total	**10,741.68**	**13.23**	**2,721.98**	**350.73**	**(2,482.02)**	**11,345.60**	**4,900.93**	**3,038.90**	**396.12**	**(2,417.21)**	**5,918.74**	**5,426.86**	**5,840.75**

Intangible assets under development

(₹ in Million)

Particulars	As at March 31, 2021
Opening balance	3,925.40
Addition during the year ended March 31, 2021	2,422.06
Capitalised during the year ended March 31, 2021	2,721.98
Closing balance as at March 31, 2022	**3,625.48**

Intangible assets under development mainly pertain to development costs.

** As at March 31, 2021, certain categories of the intangible assets have been reclassified based on their appropriate classification as per below table.

(₹ in Million)

Particulars	Amount reclassified	
	Gross Block	Accumulated amortisation
Computer software	(12.37)	(5.30)
Technical know how fees	(78.29)	(2.49)
Customer relationship	3.29	3.61
Patents and others	(179.77)	(87.19)
Non-compete fees	112.22	48.42
Capitalised development cost	154.92	42.95
Total	**-**	**-**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 4.1: Other Intangible Assets

Ageing schedule for intangible assets under development is as follows -

As at March 31, 2022

(₹ in Million)

Particulars	Projects with ageing				Total
	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**

As at March 31, 2021

(₹ in Million)

Particulars	Projects with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Projects in Progress	2,085.48	970.38	554.96	14.66	3,625.48
(ii) Projects temporarily suspended	-	-	-	-	-
Total	**2,085.48**	**970.38**	**554.96**	**14.66**	**3,625.48**

For projects where completion is overdue or exceeded cost as compared to its original plan as at March 31, 2021

(₹ in Million)

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Project for which completion is overdue	-	-	-	-	-
(ii) Project for which cost is exceeded					
- Rearlamp 2021 (Morocco)	240.93	-	-	-	240.93
- CHMSL 2021 (Mexico)	100.77	-	-	-	100.77
- Headlamp 2023 (Turkey)	157.65	-	-	-	157.65
- Rearlamp 2022 (US)	124.99	-	-	-	124.99
Total	**624.34**	**-**	**-**	**-**	**624.34**

Note 4.2: Goodwill

Goodwill acquired through business combinations has been allocated to the CGUs below, which are part of automotive segment, for impairment testing:

- Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Ģrketi. ('VLS Turkey')
- Team Concepts Private Limited ('TCPL') (now merged with Varroc Polymers Private Limited)
- CarlQ Technologies Private Limited ('CarIQ')
- Varroc Lighting Systems Electronics Romania SRL ('VLS Electronics')
- Others

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Carrying amount of goodwill allocated to each of the CGUs:
As at March 31, 2022

(₹ in Million)

Particulars	VLS Turkey	TCPL	CarIQ*	VLS Electronics*	Others*	Total
Balance at the beginning of the year	1,172.49	183.90	166.58	82.19	138.34	1,743.50
Add: Addition during the year	-	-	-	-	-	-
Add/(less): Translation adjustment	(67.73)	-	-	0.09	-	(67.64)
Less: Transferred to discontinued operations (refer note 36)	(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**

As at March 31, 2021

(₹ in Million)

Particulars	VLS Turkey	TCPL	CarIQ*	VLS Electronics*	Others*	Total
Balance at the beginning of the year	1,520.16	183.90	166.58	-	138.34	2,008.98
Add: Addition during the year (refer note 51)	-	-	-	84.16	-	84.16
Add/(less): Translation adjustment	(347.67)	-	-	(1.97)	-	(349.64)
Balance at the end of the year	**1,172.49**	**183.90**	**166.58**	**82.19**	**138.34**	**1,743.50**

The Group performed its annual impairment test for years ended March 2022 and March 2021 on March 31, 2022 and March 31, 2021 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.

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, 2022		March 31, 2021	
		Assumption used	Sensitivity	Assumption used	Sensitivity
Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi	WACC	Refer note below **		11.74%	Increase by 3.32% would result in impairment
	Growth rate			For first 5 years: 0% to 41.1% Terminal Growth rate: 2.0%	Decrease by 5.2% would result in impairment
	EBITDA Margin			For first 5 years: 9.3% to 14.4%	Decrease by 9.77% would result in impairment
	Terminal EBITDA			14.40%	Decrease by 5.02% would result in impairment

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

CGU	Basis	March 31, 2022		March 31, 2021	
		Assumption used	Sensitivity	Assumption used	Sensitivity
Team Concepts Private Limited (now merged with Varroc Polymers Private Limited) (Recoverable amount in excess of carrying amount of the CGU is ₹388 Million)	WACC	14.00%	Increase by 5.14% would result in impairment	14.40%	Increase by 5.84% would result in impairment
	Terminal Growth rate	5%	Decrease by 6.49% would result in impairment	5.00%	Decrease by 8.35% would result in impairment

*With respect to goodwill amounts in these CGUs; reasonable change in key assumptions does not result in the carrying amount exceeding the recoverable amounts as at March 31, 2022.

** CGU pertaining to VLS Turkey has been transferred to discontinued operations. Refer note 36 for more details.

Note 5: Non-current investments

(₹ in Million)

Particulars	Face value per share	Number of Shares		As at March 31, 2022	As at March 31, 2021
		As at March 31, 2022	As at March 31, 2021		
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

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Bank deposits with maturity of more than 12 months from balance sheet date [lien with bank is ₹0.04 Million (March 31, 2021: ₹60.32 Million)]	0.04	60.32
Surrender value of keyman insurance receivable	164.43	143.91
Security deposits (considered good)	111.55	170.64
Insurance claim receivable	61.16	29.00
Total non-current other financial assets	**337.18**	**403.87**

Note 7: Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital advances	107.24	321.96
Provision for capital advance	(2.82)	(2.65)
	104.42	**319.31**
Contract assets	5.42	240.05
Government grant receivable	415.45	547.66
Prepaid expenses	10.68	-
Balances with Government Authorities	-	131.04
Customer prepayments	-	668.43
Others	55.56	60.84
Total other non-current assets	**591.53**	**1,967.33**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 8: Inventories

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials [includes material in transit of ₹31.49 Million (March 31, 2021: ₹319.15 Million)]	2,702.25	6,638.60
Work-in-progress	1,161.81	2,731.42
Finished goods [includes finished goods in transit of ₹340.90 Million (March 31, 2021: ₹398.02 Million)]	1,813.02	1,950.02
Stores and spares [includes stores and spares in transit of Nil (March 31, 2021: ₹3.36 Million)]	214.51	589.53
Loose tools [includes loose tools in transit of ₹12.29 Million (March 31, 2021: Nil)]	182.62	579.75
Packing material [includes packing material in transit Nil (March 31, 2021: ₹0.29 Million)]	81.70	75.24
Total Inventories	**6,155.91**	**12,564.56**

Note 9: Trade receivables

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Trade receivables	4,828.14	16,304.65
Receivable from related parties (refer note 45)	424.24	312.67
Less: Allowances for doubtful debts	(77.05)	(209.94)
Total	**5,175.33**	**16,407.38**
Break-up of trade receivables		
Unsecured, considered good	5,175.33	16,407.38
Trade Receivables credit impaired	77.05	209.94
Total	**5,252.38**	**16,617.32**
Less: Impairment Allowance (Allowance for doubtful debts)	(77.05)	(209.94)
Total	**5,175.33**	**16,407.38**
Non-Current Portion	-	-
Current Portion	**5,175.33**	**16,407.38**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Trade Receivables Ageing Schedule
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**

As at March 31, 2021

(₹ 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	13,138.87	2,854.88	257.52	122.39	13.50	20.22	16,407.38
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	0.93	10.90	17.79	25.20	86.54	68.58	209.94
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Total	**13,139.80**	**2,865.78**	**275.31**	**147.59**	**100.04**	**88.80**	**16,617.32**

Credit period
Trade receivables are non-interest bearing and are generally on 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.

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 21)	127.37	328.97

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 10(a): Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash in hand	0.21	0.37
Bank balances		
- in current accounts	1,156.27	7,414.93
Total Cash and cash equivalents	**1,156.48**	**7,415.30**

Note 10(b): Other bank balances

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity more than three months but less than twelve months	21.34	37.02
Total other bank balances	**21.34**	**37.02**

Note 11: Current - Loans

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Loans to employees	2.15	8.73
Total Current loans	**2.15**	**8.73**

Note 12: Other financial assets (Current)

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Derivative instruments at fair value through Profit and Loss		
Foreign exchange forward contracts	3.49	8.51
Non-derivative financial assets at amortised cost		
Interest receivable other than on fixed deposits	0.66	1.30
Security deposit	74.07	212.67
Others	0.89	0.01
Total other current financial assets	**79.11**	**222.49**

Note 13: Other current assets

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance to suppliers	293.73	616.39
Contract assets *	200.49	2,799.91
Prepaid expenses	319.44	530.16
Export and other incentives	77.11	127.81
Balance with government authorities	481.19	1,289.98
Government grant receivable	284.87	270.42
Customer prepayments	-	555.17
Insurance claim receivable	-	64.16
Others	34.43	162.85
Total other current assets	**1,691.26**	**6,416.85**

* Pertains to revenue recognised in respect of tooling contracts

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 14: Share capital

Movement in authorised capital

(₹ in Million)

Particulars	Numbers of Shares			
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Authorised:				
Equity shares of ₹1 each (previous year ₹1 each)	254,500,000	250,000,000	254.50	250.00
Increase in authorised share capital on account of merger of Varroc Lighting Systems (India) Pvt. Ltd. of ₹10 each	-	450,000	-	4.50
Preference shares of ₹1 each (previous year ₹1 each)	250,000,000	250,000,000	250.00	250.00
			504.50	**504.50**
Issued, subscribed and paid-up:				
Equity shares of ₹1 each (previous year ₹1 each) fully paid up	152,786,400	152,786,400	152.79	152.79
			152.79	**152.79**

(a) Movement in share capital

(₹ in Million)

Equity shares	Nos.	₹ in Million	Nos.	₹ in Million
	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021	As at March 31, 2021
Outstanding at the beginning of the year	152,786,400	152.79	134,811,530	134.81
Add: Issue of new shares during the year (refer note 50 (a))	-	-	17,974,870	17.98
Outstanding at the end of the year	**152,786,400**	**152.79**	**152,786,400**	**152.79**

(b) Rights, Preferences and Restrictions attached to Equity Shares

The Company has equity shares having a par value of ₹1 per share (previous year ₹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.

(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, 2022		As at March 31, 2021	
	No. of shares Face value ₹1	% of shareholding	No. of shares Face value 1	% of shareholding
Mr. Tarang Jain	60,729,800	39.75%	60,729,800	39.75%
TJ Holdings Trust	33,850,000	22.16%	33,850,000	22.16%
Naresh Chandra Holdings Trust	10,000,000	6.55%	10,000,000	6.55%
Suman Jain Holdings Trust	10,000,000	6.55%	10,000,000	6.55%
Nippon Life India Trustee Ltd	9,790,065	6.41%	8,820,316	5.77%

(d) Details of shares held by Promoters in the Company

(₹ in Million)

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021		Change during the year	
	No. of shares Face value ₹1	% of shareholding	No. of shares Face value 1	% of shareholding	No. of shares Face value ₹1	% of shareholding
Mr. Tarang Jain*	60,729,800	39.75%	60,729,800	39.75%	-	0.00%

* Tarang Jain additionally holds 33,850,000 Equity Shares in his capacity as the Trustee of TJ Holding Trust

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(e) Aggregate number of bonus shares issued during the five years immediately preceding March 31, 2022

(₹ in Million)

	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.	2,020,736

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 mentioned above.

iii. Has not bought back any shares.

Note 15: Other Equity

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Reserves and surplus		
Retained earnings		
Balance at the beginning of the year	5,797.10	12,064.13
Add: Profit/(loss) for the year	(11,098.79)	(6,319.07)
Less: Remeasurement of post-employment benefit obligation (net of tax)	(39.14)	52.04
Balance at the end of the year	**(5,340.83)**	**5,797.10**
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	6,190.08
Add: Received on account of issue of equity shares during the year (refer note 50 (a))	-	6,974.25
Less: Utilised for expenses in connection with issue of equity shares during the year	-	(140.30)
Balance at the beginning and at end of the year	**13,024.03**	**13,024.03**
Total Reserves and surplus	**17,635.11**	**28,773.04**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Other reserves		
Foreign Currency Translation Reserve		
Balance at the beginning of the year	1,353.30	1,708.98
Add/(Less): Exchange differences in translating the financial statements of foreign operations	746.00	(355.68)
Balance at the end of the year	**2,099.30**	**1,353.30**
Cash flow hedge reserve		
Balance at the beginning of the year	-	(4.66)
Transferred to Statement of Profit and Loss	-	4.66
Balance at the end of the year	**-**	**-**
Total other reserves	**2,099.30**	**1,353.30**
Total other equity	**19,734.42**	**30,126.34**

Note 16: Non-current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Term loans		
From banks		
Rupee loans from banks and financial institutions	2,192.28	4,266.63
Foreign currency loans from bank	288.74	5,055.12
Unsecured		
Deferred sales tax loan	19.20	39.47
Total non-current borrowing	**2,500.22**	**9,361.22**

Maturity profile of non-current borrowings

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 21)	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
		11,595.76	**918.99**	**772.05**	**522.48**	**214.20**	**72.50**	**2,500.22**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

Nature of Security

Indian entities

1. Non-Convertible Debentures are Secured by:

8.25% Non-convertible debentures of ₹1,000,000 each are secured by exclusive charge by way of hypothecation on the specific identified movable properties of Varroc Engineering Limited ('VEL') situated at:

(i) VEL-III - Plot No. B-24 & 25, MIDC, Chakan, Pune – 410 501 (Maharashtra)

(ii) VEL VII (Valves) - Plot No. L-4, MIDC, Waluj, Aurangabad 431 136, Maharashtra.

(iii) VEL VII (Forging) - Plot No. L-4, MIDC, Waluj, Aurangabad – 431 136, Maharashtra.

(iv) VEL Chennai - Survey No. 128-1B & 129/1B, Ezhichur Village, Taluka Sriperumbudur, Dist. Kancheepuram, Chennai – 603 204, Tamil Nadu.

(v) VEL Windmill Satara - Wind Mills 2.10 MW Wind Mills installed at village Vankusawade & Kusawade, District Satara, Maharashtra.

(vi) VEL Windmill Supa-4 MW Wind Mills installed at Village Shahajapur, Pimpalgaon & Jamner (Supa), District Ahmednagar, Maharashtra.

(vii) VEL Windmill Jaisalmer- 2.25 MW Wind Mills installed at Village: Badabaugh, Site: Baramsar, Dist. Jaisalmer, in Rajasthan State.

(viii) VEL Lighting Plant Plot No. B-14, MIDC, Chakan, Pune – 410 501, Maharashtra

2. Rupee Term Loans from Banks are secured by:

(a) Kotak Mahindra Bank Limited: Rupee Term Loan 1 and Term Loan 2 with outstanding balance of ₹81.72 Million and ₹525 Million respectively are secured by exclusive first charge by way of hypothecation on movable fixed assets of the following Plants of VEL:

(i) VEL Plant VIII Plot No. M-191/3, MIDC Industrial Area, Waluj, Aurangabad – 431 136, Maharashtra

(ii) VEL Exhaust Plant, Plot No. B-14, MIDC Industrial Area, Chakan, Tal. Khed, Dist. Pune – 410 501 Maharashtra

(b) HSBC Bank Term Loan 1 with outstanding balance of ₹437.50 Million is secured by exclusive charge by way of hypothecation on identified movable fixed assets of the following plants of VEL:

(i) VEL Plant IV Plot No. M 140,141, MIDC, Waluj, Aurangabad – 431 136, Maharashtra.

(ii) VEL Corporate Office, L 4, MIDC Industrial Area, Waluj, District Aurangabad – 431 136, Maharashtra.

(iii) VEL, Pant Nagar, Plot No. 20, Sector 9, Integrated Industrial Area, Pant Nagar, District Udhamsingh Nagar, Uttarakhand

(c) HSBC Bank Term Loan 2 with outstanding balance of ₹625 Million is secured by exclusive charge by way of hypothecation on identified movable fixed assets of the following plants:

(i) VEL Plant V - Plot No. L-6/2, MIDC, Waluj, Aurangabad – 431 136, Maharashtra.

(ii) VEL Plant V - R&D, Plot No. L-6/2, MIDC, Waluj, Aurangabad – 431 136, Maharashtra.

(d) HSBC Bank Working Capital Term Loan (WCTL) with outstanding balance of ₹400.00 Million is secured by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) and second *pari passu* charge on current assets of the VEL along with other banks. Second charge on movable fixed assets of the Company situated at Plot No. L-6/2 & L-4, MIDC, Waluj, Aurangabad – 431 136 (Maharashtra.) and Plot No. B-24/25, MIDC, Chakan, Pune – 410 501 (Maharashtra.)

(e) HSBC Bank Working Capital Term Loan (WCTL) with outstanding balance of ₹435.00 Million is secured by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) and second *pari passu* charge on current assets of the VEL along with other banks and second charge on movable fixed assets of the VEL situated at:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(i) VEL Plant IV, Plot No. M 140,141, MIDC, Waluj, Aurangabad – 431 136, Maharashtra.

(ii) VEL Corporate Office, L 4, MIDC Industrial Area, Waluj, District Aurangabad – 431 136, Maharashtra

(iii) VEL Pantnagar, Plot No. 20 Sector 9, Integrated Industrial Area, Pantnagar, District Udhamsingh Nagar, Uttarakhand.

(iv) VEL Plant V - Plot No. L-6/2, MIDC, Waluj, Aurangabad – 431 136, Maharashtra.

(v) VEL Plant V - R&D, Plot No. L-6/2, MIDC, Waluj, Aurangabad – 431 136, Maharashtra.

(f) Federal Bank Term Loan with outstanding balance of ₹186.88 Million is secured by way of exclusive charge on movable fixed assets both present & future of its plant situated at Survey No. 44/2, 43, 42/5, 45/1(P), 481(1)(P) Pondur A Village, Sriperumbadur Tal. & Dist. Kancheepuram – 602 105 (Tamil Nadu State).

(g) Term Loan facility from HDFC Bank Ltd. of ₹500 Million is secured by way of first *pari passu* charge on property, plant and equipment both present and future of Varroc Polymers Private Limited ('VPPL') Chennai plant, survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai, VPPL Pithampur, Plot No. 601-A & B, Sector III, Pithampur and VPPL Bangalore Plot No. 271 & 272 (P), Nara Supara Industrial Area, Nara Supara.

(h) Term Loan facility from Standard Chartered Bank of ₹100 Million is Emergency Credit Line. The loan is secured by way of second charge on current assets of VPPL.

3. Rupee Term Loans from Financial Institution are secured by:

(a) Rupee Term loan of ₹1,000 Million availed from Bajaj Finance Limited having outstanding balance of ₹890.66 Million is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot Nos. E-4, K-101/102, M-140/141, L-6/2, L-4, and M-191/3 MIDC, Waluj, Aurangabad - 431 136, Maharashtra State.

(b) Rupee Term loan of ₹650 Million availed from Bajaj Finance Limited having outstanding balance of ₹419.75 Million is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot No. B-24/25, MIDC, Chakan, Pune - 410 501, Maharashtra State and extension of charge on specific immovable properties located at E-4, K-101/102, M-140/141, L-6/2, L-4, and M-191/3 MIDC, Waluj, Aurangabad – 431 136, Maharashtra State.

(c) The flexi term loan facility of ₹209.50 Million availed from Bajaj Finance Limited having outstanding balance of ₹9.88 Million is fundable between Varroc Polymers Pvt. Ltd. and Varroc Engineering Ltd. The said facility is secured by way of exclusive charge by way of hypothecation of movable fixed assets (both present & future) of the Varroc Polymers Pvt. Ltd. situated at Plot No. C-3, Phase-2, MIDC Area, Chakan, Khed, Pune – 410 505.

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 against capex import LC payment. The Buyer's credit is due for payment on 20.07.2022 and carries the interest rate of Euribor + 33 BPS, i.e. 0.33% pa.

Overseas entities

Foreign currency loan from banks

1. In case of credit facilities availed by Foreign subsidiaries located in Netherlands, it is secured by way of corporate guarantee furnished by Varroc Engineering Limited.
2. Credit facilities at VLS Electronics Romania is secured by way of corporate guarantee furnished by Varroc Engineering Limited.
3. 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, 2022, the Group has not complied with some of the covenants under loan agreements. Accordingly, non-current loans of ₹8,902.03 Million (forming part of continuing operations) 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, 2022

Note 17: Non-current – Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	3.07	-
Payable for capital goods	1.14	1.94
Employee benefits payable	5.60	151.54
Redemption liability related to non-controlling interest	69.02	69.02
Total non-current other financial liabilities	**78.83**	**222.50**

Note 18: Non-current – Provisions

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Employee defined benefit obligation (refer note 38)	104.87	747.81
Compensated absences	154.88	158.33
Others		
Provision for warranties*	15.15	324.69
Others#	18.57	26.27
Total non-current provisions	**293.47**	**1,257.10**

(₹ in Million)

Particulars	Warranties		Others	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Balance as at the beginning of the year	863.36	559.40	112.69	127.15
Add: Additions	345.71	730.42	62.30	9.13
Less: Utilisation/Reversed during the year	(438.17)	(421.10)	(117.01)	(25.99)
Add/(less): Foreign exchange translation difference	20.56	(5.36)	(0.30)	2.40
Less: Transferred to discontinued operations (refer note 36)	(708.55)	-	(11.24)	-
Balance as at the end of the year	**82.91**	**863.36**	**46.44**	**112.69**
Current Portion	67.76	538.67	27.87	86.42
Non-Current Portion	15.15	324.69	18.57	26.27
Total	**82.91**	**863.36**	**46.44**	**112.69**

* 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, 2022

Note 19: Deferred tax

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax Liabilities (Gross)		
Depreciation and amortisation	1,524.87	2,441.90
Revenue recognised under percentage of completion method	-	40.25
Government grants	223.08	83.48
	1,747.95	**2,565.63**
Offset with deferred tax asset to the extend they relate to same governing law	(482.21)	(1,231.16)
Deferred tax liabilities (net)	**1,265.74**	**1,334.47**
Deferred tax assets (Gross)		
Revenue recognised under percentage of completion method	-	4.69
Deferred Compensation	-	74.00
Government grants	128.91	-
Depreciation and amortisation	4.00	
Expenses allowable under Income Tax on payment basis	34.61	650.60
Provision for doubtful debts and advances	9.72	33.24
Unabsorbed tax depreciation and losses	2.27	439.45
Provision for employee benefits	105.58	270.04
Investment Allowance*	-	1,121.99
MAT Credit Entitlement	138.70	378.35
Others	148.09	42.78
	571.88	**3,015.14**
Offset with deferred tax liabilities to the extent they relate to same governing law	(482.21)	(1,231.16)
Deferred tax assets(net)	**89.67**	**1,783.98**
* Pertain to deferred tax asset recognised on tax incentive on eligible investments by the subsidiary in Czech Republic which can be utilised against future taxable income over 10 years from the date of investment. It has been transferred to discontinued operations in the current year.		
Movement in deferred tax assets/(liabilities)		
Opening deferred tax assets/(liabilities) (net)	449.51	1,194.93
Recognised in the Statement of Profit and Loss		
- Deferred tax (expense)/credit pertaining to continuing operations	(132.05)	(184.51)
- Deferred tax (expense)/credit pertaining to discontinued operations (refer note 36)	631.09	392.28
- Exceptional item - reversal of deferred tax asset pertaining to discontinued operations (refer note 36)	-	(1,077.76)
Recognised in other comprehensive income	(20.15)	(42.12)
Exchange Differences	19.80	166.69
Transferred to discontinued operations (net) (refer note 36)	(2,124.27)	-
Closing deferred tax assets/(liabilities) (Net)	**(1,176.07)**	**449.51**

Note 20: Other non-current liabilities

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance received from customer	40.79	963.90
Deferred government grant (refer note 25)	332.60	641.01
Total other non-current liabilities	**373.39**	**1,604.91**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 21: Current borrowings

A. Short-term borrowings

(₹ in Million)

	Maturity Date	Interest rate	As at March 31, 2022	As at March 31, 2021
Secured				
Cash Credit	Various	8% to 10%	6.64	0.95
Working capital facilities				
Working Capital Loans	Various	0.35% to 5.2%	502.38	7,887.68
Working Capital Demand Loan (WCDL)	Various	0.67%	1.93	-
Factored Receivables (refer note 9)	Various	1.95%	127.37	328.97
Unsecured				
Short-term loan from financial institutions	Various	8.05%	800.00	-
			1,438.32	**8,217.60**

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)

	As at March 31, 2022	As at March 31, 2021
Secured		
Term loans		
8.25% Non-Convertible Debentures of ₹1,000,000 each	3,691.73	-
Rupee loans from banks and financial institutions	2,413.86	1,286.03
Foreign currency loans from banks	5,213.55	11,081.34
Buyers Credit	256.18	-
Unsecured		
Deferred sales tax loan	20.44	33.28
	11,595.76	**12,400.65**
Total current borrowings	**13,034.08**	**20,618.25**

(₹ in Million)

Net Debt	March 31, 2022	March 31, 2021
Cash and Cash equivalents	2,801.92	7,414.35
Liquid Investments	-	-
Current borrowings	(8,366.79)	(8,216.65)
Non-current borrowings (includes current maturities of non-current borrowings)	(20,929.50)	(21,761.87)
Interest accrued but not due	(287.87)	(142.29)
Net debt	**(26,782.24)**	**(22,706.46)**
Pertaining to continuing operations	(14,592.47)	-
Pertaining to discontinued operations	(12,189.77)	-

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Reconciliation of Net Debt for the year ended March 31, 2022

(₹ in Million)

Particulars	As at April 01, 2021	Cash flows	Interest Expenses	Interest Paid	Translation Difference	Gain on sale of investments	As at March 31, 2022	Pertaining to discontinued 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
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

Reconciliation of Net Debt for the year ended March 31, 2021

(₹ in Million)

Particulars	As at April 01, 2020	Cashflows	Interest Expenses	Interest Paid	Translation Difference	Gain on sale of investments	As at March 31, 2021
Non-current borrowings	18,420.06	2,843.55	-	-	498.26	-	21,761.87
Liquid Investment	40.23	(41.61)	-	-	-	1.38	-
Current borrowings	16,675.68	(8,980.97)	-	-	521.94	-	8,216.65
Cash and cash equivalent	10,330.98	(3,224.25)	-	-	307.62	-	7,414.35
Interest accrued but not due	92.44	-	1,420.84	(1,370.99)	-	-	142.29

Note 22: Trade payables

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Total outstanding dues other than micro enterprises and small enterprises	-	134.98
Total non-current trade payables	**-**	**134.98**
Current		
Total outstanding dues of micro enterprises and small enterprises*	1,583.82	1,661.33
Total outstanding dues other than micro enterprises and small enterprises		
Trade payables to related parties (refer note 45)	8.88	11.34
Others	10,567.09	28,036.97
Total current trade payables	**12,159.79**	**29,709.64**

*Pertains to Indian entities

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Trade Payable Ageing Schedule
As at March 31, 2022

(₹ in Million)

Particulars	Not due	Unbilled *	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
	Outstanding for following periods from the due date of payment						
(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**

As at March 31, 2021

(₹ in Million)

Particulars	Not due	Unbilled*	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
	Outstanding for following periods from the due date of payment						
(i) Undisputed dues - MSME	1,362.72	-	279.58	3.72	7.79	7.52	1,661.33
(ii) Undisputed dues - Others	22,092.82	2,152.37	3,698.61	76.38	5.46	22.67	28,048.31
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	**23,455.54**	**2,152.37**	**3,978.19**	**80.10**	**13.25**	**30.19**	**29,709.64**

* 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, 2022

Note 23: Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	214.65	142.29
Payable for capital goods	680.95	2,379.08
Customer security deposits	80.80	70.24
Unpaid dividends	0.04	0.04
Employee benefits payable	894.00	2,137.09
Other financial liabilities	-	884.00
Total other financial liabilities	**1,870.44**	**5,612.74**

Note 24: Current – Provisions

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee benefits		
Employee defined benefit obligation (refer note 38)	60.67	21.28
Compensated absences	30.04	48.16
Others		
Provision for warranties (refer note 18)	67.76	538.67
Others (refer note 18)	27.87	86.42
Total current provisions	**186.34**	**694.53**

Note 25: Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance received from customers	948.83	2,379.55
Deferred government grant **	161.28	140.42
Prepayment received from vendors	-	67.99
Statutory Dues Payable	356.09	658.21
Other payables	199.90	208.97
Total other current liabilities	**1,666.10**	**3,455.14**

**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. 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.

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at the beginning of the year	781.43	617.62
Received/recognised during the year	411.77	477.26
Released to statement of profit and loss	(267.80)	(313.45)
Transferred to discontinued operation (refer note 36)	(431.52)	-
Balance as at the end of the year	**493.88**	**781.43**
Continuing operations		
Current Portion	161.28	140.42
Non-Current Portion	332.60	641.01
Total	**493.88**	**781.43**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 26: Revenue from operations

(₹ in Million)

Particulars	March 31, 2022 (refer note 36)	March 31, 2021 (refer note 36)
Continuing operations		
Revenue from contracts with customer	57,768.79	43,244.61
Other operating revenue	673.22	494.18
Total	**58,442.01**	**43,738.79**

Revenue from contracts with customer

A Disaggregated revenue information

(₹ in Million)

Segment	For the year ended March 31, 2022			For the year ended March 31, 2021		
	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	22,423.05	-	22,423.05	16,128.34	-	16,128.34
Polymer auto parts	18,662.10	-	18,662.10	13,575.66	-	13,575.66
Steel forged products	5,000.44	-	5,000.44	4,144.10	-	4,144.10
Engine valves	2,279.59	-	2,279.59	1,939.86	-	1,939.86
After market auto parts	4,744.70	-	4,744.70	3,498.47	-	3,498.47
Others	-	2,662.25	2,662.25	-	1,777.40	1,777.40
Toolings	1,619.33	-	1,619.33	1,801.95	-	1,801.95
Job Work	42.25	48.45	90.70	85.92	25.89	111.81
Goods transferred over time						
Toolings	286.63	-	286.63	267.02	-	267.02
Total revenue from contracts with customers	**55,058.09**	**2,710.70**	**57,768.79**	**41,441.32**	**1,803.29**	**43,244.61**
Revenue by region						
Continuing operations						
India	47,138.40	-	47,138.40	36,167.66	-	36,167.66
Asia pacific	2,508.65	-	2,508.65	1,557.30	-	1,557.30
Europe	4,132.09	2,564.49	6,696.58	3,108.40	1,731.03	4,839.43
North America	443.90	146.21	590.11	364.93	72.26	437.19
Others	835.05	-	835.05	243.03	-	243.03
Total revenue from contracts with customers	**55,058.09**	**2,710.70**	**57,768.79**	**41,441.32**	**1,803.29**	**43,244.61**

B Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

(₹ in Million)

Segment	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Automotive	Others	Total	Automotive	Others	Total
Revenue						
External Customer	55,509.00	2,933.01	58,442.01	41,848.91	1,889.88	43,738.79
Inter-segment	-	-	-	-	-	-
	55,509.00	**2,933.01**	**58,442.01**	**41,848.91**	**1,889.88**	**43,738.79**
Less: Other operating revenue	450.91	222.31	673.22	407.59	86.59	494.18
Total revenue from contracts with customers	**55,058.09**	**2,710.70**	**57,768.79**	**41,441.32**	**1,803.29**	**43,244.61**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

C Contract balances

(₹ in Million)

Particulars	March 31, 2022 (refer note 36)	March 31, 2021*
Trade receivables	5,175.33	16,407.38
Contract asset	205.91	3,039.96
Contract liabilities	989.62	3,343.45

* Contract balances as at March 31, 2021 include balances with respect to discontinued operations as well.

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 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.

Set out below is the amount of revenue recognised from:

(₹ in Million)

Particulars	March 31, 2022 (refer note 36)	March 31, 2021 (refer note 36)
Amount of revenue recognised from amounts included in contract liabilities at the beginning of the year	15.32	25.31

D Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in Million)

Particulars	March 31, 2022 (refer note 36)	March 31, 2021 (refer note 36)
Revenue as per contracted price	58,021.44	43,440.63
Adjustments		
Discount	(252.65)	(196.02)
Amortisation of customer prepayments	-	-
Revenue from contract with customers	**57,768.79**	**43,244.61**

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 measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

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.

Other operating revenue

(₹ in Million)

Particulars	March 31, 2022 (refer note 36)	March 31, 2021 (refer note 36)
Continuing operations		
Scrap sales	474.28	226.64
Wind and solar power generation	82.18	93.12
Export Incentives	80.56	99.16
Others	36.20	75.26
Total other operating revenue	**673.22**	**494.18**

Note 27: Other income

(₹ in Million)

Particulars	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Interest Income		
- from financial assets measured at amortised cost	0.82	0.28
- Others	8.40	13.96
Unwinding of discount on security deposit	5.05	4.90
Net gain on disposal of property, plant and equipment (refer note 34)	-	233.87
Excess of insurance proceeds over book value (refer note 34)	-	364.72
Net gain on sale of investments	1.44	1.38
Government grants	215.98	269.13
Net foreign exchange gain	-	103.27
Liabilities no longer required written back	2.43	38.35
Increase in surrender value of keyman insurance policy	20.52	23.83
Miscellaneous income	84.69	103.66
Total other income	**339.33**	**1,157.35**

Note 28: Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Raw material at the beginning of the year	6,638.60	5,824.67
Add: Purchases	89,248.35	76,659.05
	95,886.95	**82,483.72**
Less: Raw material at the end of the year	8,107.79	6,638.60
Less: Cost of materials consumed pertaining to discontinued operations (refer note 36)	48,744.38	47,217.03
Total cost of materials consumed	**39,034.78**	**28,628.09**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 29: Changes in Inventories of work-in-progress and finished goods

(₹ in Million)

Particulars	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Opening balance		
Work-in-progress	2,731.42	2,111.56
Finished goods	1,950.02	1,840.48
Total opening balance	**4,681.44**	**3,952.04**
Closing balance		
Work-in-progress	2,068.13	2,731.42
Finished goods	3,105.71	1,950.02
Total closing balance	**5,173.84**	**4,681.44**
Less: Changes in inventories pertaining to discontinued operations (refer note 36)	48.84	(8.80)
Total changes in inventories of work-in-progress and finished goods	**(541.23)**	**(720.60)**

Note 30: Employee benefit expense

(₹ in Million)

Particulars	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Salaries, wages and bonus	5,492.63	4,423.09
Contribution to Gratuity and other funds (refer note 38)	428.11	463.55
Staff welfare expenses	271.90	211.03
Total employee benefit expense	**6,192.64**	**5,097.67**

Note 31: Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Interest and finance charges on financial liabilities not at fair value through profit or loss	1,084.63	830.38
Interest and finance charges paid/payable for lease liabilities	30.56	32.26
Other borrowing costs	68.33	26.77
Total finance costs	**1,183.52**	**889.41**

Note 32: Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Depreciation of property, plant and equipment	2,503.83	2,298.32
Depreciation on investment properties	6.89	-
Amortisation of intangible assets	363.19	279.15
Amortisation of right of use assets	171.56	160.40
Total depreciation and amortisation expenses	**3,045.47**	**2,737.87**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 33: Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Consumption of stores and spares and loose tools	894.66	683.73
Consumption of packing materials	748.20	533.47
Repairs to		
Buildings	24.63	17.06
Machinery	287.31	204.95
Others	435.64	308.39
Telephone and communication expenses	72.04	72.39
Water and electricity charges	1,854.08	1,334.43
Rental charges	126.17	94.61
Rates and taxes	37.76	40.16
Contract labour cost	2,556.99	2,090.31
Legal and professional fees	683.43	376.70
Net foreign exchange loss	82.19	-
Net loss on sale of property, plant & equipment	13.32	-
Travelling and conveyance	283.08	224.70
Insurance	172.88	114.67
Corporate social responsibility expenditure *	48.37	44.44
Provision for doubtful loans, advances and debts (Net)	18.87	10.21
Sales promotion, marketing and advertisement cost	126.87	91.01
Freight and forwarding expenses	1,083.95	667.20
Warranties	49.26	46.35
IT related cost	111.06	81.70
Miscellaneous expenses	451.67	317.20
Total other expenses	**10,162.43**	**7,353.68**

* Includes amount of ₹ 22.30 Million (March 31, 2021: ₹ 9.26 Million) contributed to Varroc Foundation in which some of the directors are trustee.

Note 34: Fire incident at one of the plants in Pune, India

On February 18, 2020, one of the Group's plant located at Hinjewadi, Pune caught major fire. There were no human casualties reported. Evacuation team conducted successful evacuation of all persons present in the factory at the time of fire. After preliminary investigation, it was found that the cause of fire was due to short circuit. Except for a small amount of inventory, fixed assets and certain toolings, all other assets, documents, vouchers, etc were lost in the fire.

The insurance claim in this regard was settled in the previous year and accordingly the other income for the year ended March 31, 2021 includes an amount of ₹ 364.72 Million being the excess of claim amount over net book value of assets destroyed. Further, the Group has sold the plot of land belonging to the above said plant in the previous year. Accordingly, other income for the year ended March 31, 2021 includes amount of ₹ 241.87 Million being profit on sale of such land.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 35: Income tax expense

(₹ in Million)

Particulars	For the year ended March 31, 2022 (refer note 36)	For the year ended March 31, 2021 (refer note 36)
Current tax	350.20	294.23
Deferred tax expense	132.05	184.51
Income tax expense (related to continuing operations)	**482.25**	**478.74**
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	(296.27)	910.02
Tax at the Indian tax rate of 34.944% (March 31, 2021: 34.944%)	(103.53)	318.00
Capital gain taxed at different rate	5.61	-
Non deductible expenses	28.33	6.05
Depreciation on leasehold land	17.36	-
Deferred tax asset not recognised on losses	388.24	120.45
Tax liability on dividend from subsidiary	74.57	-
Difference in overseas tax rates	94.47	64.92
Others	(22.80)	(30.68)
Income tax expense of continuing operations	**482.25**	**478.74**

Note 36: Discontinued operations

The Board of Directors in its meeting dated April 28, 2022, approved divestment of four- wheeler lighting business of the Group in the Americas and Europe ('VLS business'). The Company along with its wholly owned subsidiary VarrocCorp Holding B.V. entered into Securities Purchase Agreement ('SPA') dated April 29, 2022 with Compagnie Plastic Omnium Se, France ('PO' or 'Buyer') for the sale of VLS business at an enterprise value of Euro 600 Million.

The management has 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 as at March 31, 2022. Accordingly, VLS business has been classified and presented as discontinued operation and the previous period/year figures for statement of profit and loss in the consolidated financial statements have been restated. 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 Details of income and expenses attributable to discontinued operations are as follows:

(₹ in Million)

Particulars	Note reference	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue			
Revenue from operations	(a)	68,899.04	69,288.73
Other income	(b)	196.10	220.77
Total income		**69,095.14**	**69,509.50**
Expenses			
Cost of materials consumed		48,744.38	47,217.03
Changes in inventories of work-in-progress and finished goods		48.84	(8.80)
Employee benefits expense	(c)	12,087.80	11,198.09
Finance costs	(d)	722.09	736.87
Depreciation and amortisation expenses		6,693.18	6,213.06
Other expenses	(e)	11,147.70	10,401.58
Total expenses		**79,443.99**	**75,757.83**
Loss before tax		**(10,348.85)**	**(6,248.33)**
Tax expense	(f)		

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(₹ in Million)

Particulars	Note reference	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax		566.84	226.79
Short/(excess) provision in respect of earlier period		(0.18)	(86.64)
Deferred tax		(631.09)	(392.28)
Income tax expense		**(64.43)**	**(252.13)**
Loss for the period before exceptional items		**(10,284.42)**	**(5,996.21)**
Exceptional item - Tax Expense	(f)	-	1,077.76
Loss after tax		**(10,284.42)**	**(7,073.97)**

II Details of assets and liabilities attributable to discontinued operations are as follows:

(₹ in Million)

Particulars	Note reference	As at March 31, 2022
Assets		
Property, plant and equipment		22,870.94
Capital work-in-progress	g (i)	1,436.12
Goodwill		1,210.93
Other Intangible assets		5,107.78
Right-of-use assets		6,195.01
Intangible assets under development	g (ii)	1,567.54
Inventories	(h)	8,091.93
Financial assets		
(i) Trade receivables	(i)	12,163.27
(ii) Cash and cash equivalents	(j)	1,645.44
(iii) Loans		5.96
(iv) Other financial assets	(k)	938.19
Income tax assets (net)		219.33
Deferred tax assets (net)	(l)	2,191.21
Other assets	(m)	5,184.01
Assets classified as held for sale		**68,827.67**
Liabilities		
Financial liabilities		
(i) Borrowings	(n)	13,761.99
(ia) Lease liabilities		6,218.34
(ii) Trade payables	(o)	22,649.60
(iii) Other financial liabilities	(p)	3,293.10
Provisions	(q)	1,339.15
Deferred tax liabilities (net)		66.94
Current tax liabilities (net)		208.03
Other liabilities	(r)	6,941.22
Liabilities associated with assets classified as held for sale		**54,478.38**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

III The net cash flows attributable to discontinued operations are as follows:

(₹ in Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net cash generated from/(used in) operating activities	(1,701.39)	1,566.53
Net cash used in investing activities	(5,212.10)	(6,644.27)
Net cash generated from/ (used in) financing activities*	5,513.95	(547.25)

*Cash flow generated/(used in) financing activities for year ended March 31, 2022 include amount of ₹ 9,206.47 Million (March 31, 2021: ₹ 4,328.72 Million) being funds received by discontinued operations from Holding Company which is part of continuing operations

IV Other notes attributable to discontinued operations

(a) Revenue from operations

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Revenue from contracts with customer		
Finished goods	63,837.16	63,436.28
Toolings	4,782.80	5,667.40
	68,619.96	**69,103.68**
Other operating revenue		
Scrap sales	79.41	72.47
Royalty (refer note 45)	197.12	109.20
Others	2.55	3.38
	279.08	**185.05**
Total revenue from operations	**68,899.04**	**69,288.73**

(b) Other income

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Interest Income	2.85	2.33
Net gain on disposal of property, plant and equipment	1.50	-
Government grants	51.82	44.32
Liabilities no longer required written back	1.27	0.90
Miscellaneous income	138.66	173.22
Total other income	**196.10**	**220.77**

(c) Employee benefit expense

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Salaries, wages and bonus	9,368.35	8,586.27
Contribution to Gratuity and other funds	551.04	556.28
Staff welfare expenses	2,168.41	2,055.54
Total employee benefit expense	**12,087.80**	**11,198.09**

(d) Finance cost

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Interest and finance charges on financial liabilities not at fair value through profit or loss	432.26	480.76
Interest and finance charges paid/payable for lease liabilities	163.81	173.19
Other borrowing costs	126.02	82.92
Total finance cost	**722.09**	**736.87**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(e) Other expenses

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Consumption of stores and spares and loose tools	547.84	370.72
Consumption of packing materials	970.90	779.15
Repairs to		
Buildings	183.96	175.79
Machinery	413.74	422.70
Others	50.23	58.63
Telephone and communication expenses	102.59	99.17
Water and electricity charges	1,342.58	925.41
Rental charges	349.00	230.99
Rates and taxes	146.21	122.01
Contract labour cost	963.89	1,406.48
Legal and professional fees	1,450.83	570.92
Net foreign exchange loss	555.62	197.08
Net loss on sale of property, plant & equipment	-	3.85
Travelling and conveyance	217.81	119.63
Insurance	154.59	161.99
Provision for doubtful loans, advances and debts (Net)	130.13	74.05
Sales promotion, marketing and advertisement cost	6.83	7.89
Freight and forwarding expenses	1,857.55	2,793.87
Warranties	296.45	684.07
IT related cost	666.32	546.53
Miscellaneous expenses	740.63	650.65
Total other expenses	**11,147.70**	**10,401.58**

(f) Income tax expense

f (i) Breakup of income tax expense and reconciliation with accounting profit

(₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Current tax	566.84	226.79
Short (excess) provision in respect of earlier year	(0.18)	(86.64)
Deferred tax expense	(631.09)	(392.28)
Total Tax expense	**(64.43)**	**(252.13)**
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit/(loss) before tax from discontinued operations	(10,348.85)	(6,248.33)
Tax at the Indian tax rate of 34.944% (March 31, 2021: 34.944%)	(3,616.30)	(2,183.42)
Non deductible expenses	139.78	73.75
Capital Investment Incentives	(70.65)	(129.97)
Deferred tax asset not recognised on losses	1,815.20	880.11
Difference in overseas tax rates	1,536.39	1,107.59
Withholding Taxes	58.31	164.22
Short (excess) provision in respect of earlier year	(0.18)	(86.64)
Others	73.02	(77.77)
	(64.43)	**(252.13)**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

f (ii) Exceptional Item - Income Tax

The Czech subsidiary of the Group had, in earlier years, recognised certain tax credits as deferred tax assets under two different incentive schemes available to the company. In the previous year, the management had reassessed the recoverability of these tax assets based on revised business plans, taking into account the impact of COVID-19 on the business volumes and profitability of the Czech subsidiary for future years. Based on this assessment management had concluded that there was an uncertainty on the recoverability of the deferred tax assets recognised under the first scheme, which expires by March 2024. Accordingly, the Group had written down these tax assets amounting to ₹ 1,077.76 Million under the above mentioned scheme during the year ended March 31, 2021. Thus tax expenses of discontinued operations for the year ended March 31, 2021 includes above expense.

(g) Capital work in progress and intangible assets under development

g (i) Capital work in progress

- Aging schedule attributable to discontinued operations as at March 31, 2022 is as follows

(₹ in Million)

CWIP	Projects with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	1,279.78	148.24	8.04	0.06	1,436.12
2) Projects temporarily suspended	-	-	-	-	-
Total	**1,279.78**	**148.24**	**8.04**	**0.06**	**1,436.12**

g (ii) Intangible assets under development

- Aging schedule attributable to discontinued operations as at March 31, 2022 is as follows

(₹ in Million)

Intangible assets under development	Projects with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	613.74	720.48	192.27	41.05	1,567.54
2) Projects temporarily suspended	-	-	-	-	-
Total	**613.74**	**720.48**	**192.27**	**41.05**	**1,567.54**

- For projects where completion is overdue or exceeded cost as compared to its original plan -

(₹ in Million)

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Project for which completion is overdue	-	-	-	-	-
2) Project for which cost is exceeded					
- Rearlamp 2022 (Czech)	90.75	-	-	-	90.75
- CHMSL 2023 (Turkey)	35.40	-	-	-	35.40
- Rearlamp 2022 (Czech)	236.46	-	-	-	236.46
Total	**362.61**	**-**	**-**	**-**	**362.61**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(h) Inventories

(₹ in Million)

Particulars	March 31, 2022
Raw materials (includes material in transit of ₹ 459.54 Million)	5,405.54
Work-in-progress	906.32
Finished goods	1,292.69
Stores and spares	486.49
Loose tools	0.89
Total	**8,091.93**

(i) Trade receivables

(₹ in Million)

Particulars	March 31, 2022
Trade receivables	12,401.97
Less: Allowances for doubtful debts	(238.70)
Total	**12,163.27**
Break-up of trade receivables	
Unsecured, considered good	12,163.27
Trade Receivables credit impaired	238.70
Sub-Total	**12,401.97**
Less: Impairment Allowance (Allowance for doubtful debts)	(238.70)
Total	**12,163.27**

Ageing schedule of trade receivables as at March 31, 2022

(₹ in Million)

Particulars	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	8,558.22	3,120.33	314.38	158.27	10.28	1.79	12,163.27
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	80.26	125.80	32.64	-	238.70
(iv) Disputed Trade Receivables	-	-	-	-	-	-	-
Total	**8,558.22**	**3,120.33**	**394.64**	**284.07**	**42.92**	**1.79**	**12,401.97**

(j) Cash and bank balances

(₹ in Million)

Particulars	March 31, 2022
Bank balances	
- in current accounts	1,645.44
Total cash and bank balances	**1,645.44**

(k) Other financial assets

(₹ in Million)

Particulars	March 31, 2022
Security deposit	139.35
Claim receivable from Customer *	743.20
Others	55.64
Total other financial assets	**938.19**

* Pertains to contractual reimbursement of costs incurred by the group on programs cancelled by one of the customer.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(l) Deferred tax assets

(₹ in Million)

Particulars	March 31, 2022
Deferred tax Liabilities (Gross)	
Depreciation and amortisation	1,280.84
Revenue recognised under percentage of completion method	46.92
Others	10.31
Offset with deferred tax asset to the extend they relate to same governing law	(1,271.13)
Deferred tax liabilities (net)	**66.94**
Deferred tax assets (Gross)	
Depreciation and amortisation	408.49
Expenses allowable under Income Tax on payment basis	739.64
Provision for doubtful debts and advances	29.22
Unabsorbed tax depreciation and losses	767.58
Provision for employee benefits	119.80
Investment Allowance	1,123.19
Others	274.43
Offset with deferred tax liabilities to the extent they relate to same governing law	(1,271.14)
Deferred tax assets(net)	**2,191.21**

(m) Other assets

(₹ in Million)

Particulars	March 31, 2022
Capital advances (unsecured)	111.09
Contract assets	1,226.57
Advance to suppliers	931.47
Balances with Government Authorities	1,367.47
Customer prepayments	1,128.54
Others	418.87
Total other assets	**5,184.01**

(n) Borrowings

(₹ in Million)

Particulars	March 31, 2022
Term- Borrowings (secured)	
Term loans from banks	
Foreign currency loans from bank	29.75
Current maturities of term borrowings (secured)	
Term loans from banks	
Foreign currency loans from banks	6,803.77
Current borrowings	
Working Capital Loans (secured)	4,997.13
Funding support from customers (unsecured)	1,931.34
Total borrowings	**13,761.99**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Maturity profile of term borrowings

Particulars	Effective Interest Rate	Repayment term Current Within 1 year	Repayment term Non Current 2023-24	Total
Term loans				
Foreign currency loans from bank	Refer note below	6,803.77	29.75	29.75

Note: Czech Republic: EURIBOR (1D/1M/3M)+1.3% to 3.5% ; Morocco: EURIBOR (6M)+1.6% ; USA: LIBOR (3M) +1.75%; Mexico: LIBOR+2.5% to 3.5%; Brazil: 3.50%+100% CDI

Security details

Term Borrowings

1) Secured borrowings of the foreign entities located in Morocco, USA and Czech Republic are secured by way of charge on tangible and Intangible assets of the respective entities. The credit facilities availed by USA entity is further secured by Corporate Guarantee of parent Company Varroc Engineering Ltd.
2) The credit facilities availed by Morocco & Czech entities, it is further secured by way of pledge of shares held by their holding company VarrocCorp Holding B.V.
3) The Credit facilities availed at Mexico are secured by way of pari-passu charge on movable fixed assets [Plant & Machineries, Moulds, Dies etc.] and immovable properties of VLS, Mexico.

Current Borrowings

1) 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. These facilities carry interest in the range of 0.35% to 5.20%
2) Funding support form customers pertains to interest free unsecured short term funds provided by customers repayable within 12 months in accordance with agreed repayment terms.

Debt covenants:

As at March 31, 2022, certain entities forming part of the Discontinued operations have not complied with some of the covenants under loan agreements. Accordingly, liabilities associated with assets classified as held for sale include borrowings of ₹ 4,890.21 Million which are subject to above covenant default. The management does not expect any material impact on the financial statements/cash flows due to the above.

(o) Trade payable

Ageing schedule of trade payables as at March 31, 2022

(₹ in Million)

Particulars	Not due	Unbilled *	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
(i) Undisputed dues	12,051.50	4,366.01	6,122.08	108.85	1.16	-	22,649.60
(ii) Disputed dues	-	-	-	-	-	-	-
Total	**12,051.50**	**4,366.01**	**6,122.08**	**108.85**	**1.16**	**-**	**22,649.60**

* Pertains to goods/services received by the Group pending for invoice processing as at closing date.

(p) Other financial liabilities

(₹ in Million)

Particulars	March 31, 2022
Interest accrued but not due on borrowings	73.22
Payable for capital goods	1,308.10
Employee benefits payable	1,424.18
Other financial liabilities	487.60
Total other financial liabilities	**3,293.10**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(q) Provisions

(₹ in Million)

Particulars	March 31, 2022
Employee defined benefit obligation (refer note 38)	619.36
Provision for warranties (refer note 18)	708.55
Others (refer note 18)	11.24
Total provisions	**1,339.15**

(r) Other liabilities

(₹ in Million)

Particulars	March 31, 2022
Advance received from customers	6,061.06
Deferred government grant	431.52
Prepayment received from vendors	82.42
Statutory Dues Payable	343.92
Other payables	22.30
Total other liabilities	**6,941.22**

(s) List of businesses 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 SRO
(iv) Varroc Lighting Systems GmBH.
(v) Varroc Lighting Systems S.A., Morocco
(vi) Varroc do Brasil Industria E Commercia LTDA
(vii) Varroc Lighting Systems sp. Z o.o.
(viii) Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi
(ix) Engineering/Design Center in Pune (part of global lighting business)

Note 37: Contingent liabilities

(₹ in Million)

Contingent liabilities not provided for	March 31, 2022	March 31, 2021
Continuing Operation		
(a) Claim against the group not acknowledged as debt		
Disputed Excise and Service Tax matters	474.43	296.74
Income Tax matters	178.56	41.49
Sales Tax matters	3.47	2.63
Warranty claim liability (refer note ii)	-	312.14
(b) Other money for which the Group is contingently liable/ employees related disputes	39.77	54.61
(c) Export promotion capital goods (EPCG) (Export obligation against the above ₹ 850.76 Million (previous year ₹ 1,406.16 Million))	185.77	234.36
(d) Provident fund liability	See note (iv) below	See note (iv) below
Discontinued Operation		
(a) Other money for which the Group is contingently liable/ employees related disputes	6.02	-
(b) Disputed patents matter	Refer note (iii)	Refer note (iii)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(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) In previous year Group had received claim from one of its customers in respect of warranty and other damages/costs for products supplied in earlier years. Based on the mutual discussion between the parties, this claim has been settled without any material cash outflow.

(iii) The Group had received notices from a third-party auto component supplier for certain alleged patent infringements in respect of some of the products supplied by an overseas subsidiary of the Group in the European region. During the year ended March 31, 2022, the Group has received Court Orders confirming infringement by the Group in two cases whereas for three other cases, court hearings are not yet completed/ order has not been received. The quantification of compensation payable in respect of such infringements has not yet been initiated. The management has assessed that these Orders do not materially impact the current or future sales deliveries to respective OEMs. The Group has filed appeals against these Orders which are pending with appellate authorities. Further, the Group had separately filed for nullification of patents for which separate proceedings are pending with the relevant authorities, which if successful would have the effect that all claims will lose their legal basis. Based on a legal opinion, the management believes that it has grounds to defend all cases under litigation and accordingly no provision has been considered in respect of these matters in the consolidated financial statements for the year ended March 31, 2022. Under the SPA signed with PO, the Group has provided indemnity to PO in respect of this matter.

(iv) 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.

Note 38: 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, 2022		March 31, 2021
	Continuing Operations	Discontinued operations	
(a) Indian Entities			
(I) Contribution to Employees' provident fund	124.96	-	108.13
(II) Contribution to Employees' family pension fund	74.01	-	72.30
Total (a)	**198.97**	**-**	**180.43**
(b) Foreign Entities			
Contribution to defined employees contribution plan	-	41.44	73.51
Total (b)	**-**	**41.44**	**73.51**

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, 2022	As at March 31, 2021
Liability at the beginning of the year	542.94	510.39
Service cost	69.13	67.98
Interest expense	35.99	33.67
Transfer of obligation	0.05	(0.19)
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	51.46	(42.54)
Benefits paid	(43.58)	(26.37)
Liability at the end of the year	**655.99**	**542.94**

(b) Change in fair value of plan assets

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets at the beginning of the year	552.18	420.37
Interest income	38.71	31.72
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	2.29	1.34
Contributions	53.12	126.19
Morality Charges and Taxes	(2.50)	(1.38)
Benefits paid	(38.02)	(26.06)
Fair value of plan assets at the end of the year	**605.78**	**552.18**

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded obligations	655.99	542.94
Fair value of plan assets	605.78	552.18
(Surplus)/Deficit of funded plan	**50.21**	**(9.24)**

(d) Expenses to be recognised in the Statement of Profit and Loss under employee benefit expenses

(₹ in Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Service cost	69.13	67.98
Net interest (income)/expense	(2.72)	1.61
Transfer in/(out)	(0.29)	0.29
Net gratuity cost	**66.12**	**69.88**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(e) Expenses to be recognised in statement of other comprehensive income:

(₹ in Million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement		
Experience (Gain)/ Loss on plan liabilities	(23.21)	(30.29)
Financial (Gain)/ Loss on plan liabilities	28.86	(12.17)
(Return) / loss on plan assets excluding amounts recognised in interest (income)/ expenses	(1.40)	-
(Gain)/Loss from change in demographic assumptions	(1.04)	-
Experience (Gain)/ Loss on plan assets	(0.66)	(5.10)
(Gain)/loss from change in financial assumptions	46.00	-
Financial(Gain)/ Loss on plan assets	(0.24)	3.77
Total expenses to be recognised in statement of other comprehensive income	**48.31**	**(43.79)**

(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, 2022	As at March 31, 2021
Discount rate	6.30% - 7.00%	5.80% - 6.90%
Salary growth rate	7.00% - 8.50%	7.00%
Weighted average duration of defined benefit obligation (years)	4.86 - 12.13	6.16 - 13.87

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, 2022	As at March 31, 2021
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-9.46%	-11.07%
(ii) 1% decrease in discount rate	11.05%	13.18%
(iii) 1% increase in rate of salary escalation	9.56%	11.75%
(iv) 1% decrease in rate of salary escalation	-8.46%	-10.17%

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.

Maturity profile of defined benefit obligation:

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Within 1 year	47.63	25.77
1-2 year	38.24	21.72
2-3 year	51.17	26.86
3-4 year	53.82	41.27
4-5 year	67.67	40.87
5-10 years	440.93	306.12

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

C Pension Plans (Overseas Entities)

The group operates defined benefit pension plans in Mexico, Germany, Italy, Poland and Turkey under broadly similar regulatory frameworks. All of the plans are salary pension plans, which provide 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	As at March 31, 2022		As at March 31, 2021
	Continuing Operations	Discontinued operations	
Liability at the beginning of the year	187.60	1,343.46	1,478.53
Service cost	-	80.72	90.45
Past service cost – plan amendments	-	10.90	-
Interest expense	1.21	38.61	35.91
Curtailment gain	-	-	(19.77)
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	95.40	(137.17)	(57.47)
Benefits paid	(39.57)	(38.62)	(53.07)
Effect of Foreign exchange rate	(1.34)	9.01	56.48
Liability at the end of the year	**243.30**	**1,306.91**	**1,531.06**

(b) Change in fair value of plan assets

(₹ in Million)

Particulars	As at March 31, 2022		As at March 31, 2021
	Continuing Operations	Discontinued operations	
Fair value of plan assets at the beginning of the year	119.85	651.79	651.48
Interest income	0.87	11.46	9.02
Transfer of assets	-	9.11	13.75
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	5.19	(18.38)	(4.73)
Contributions	15.92	76.30	112.19
Benefits paid	(13.61)	(31.43)	(34.18)
Effect of Foreign exchange rate	(0.25)	0.61	24.12
Fair value of plan assets at the end of the year	**127.97**	**699.46**	**771.65**

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in Million)

Particulars	As at March 31, 2022		As at March 31, 2021
	Continuing Operations	Discontinued operations	
Present value of funded obligations	243.30	1,306.91	1,531.06
Fair value of plan assets	127.97	699.46	771.65
Deficit of funded plan	**115.33**	**607.45**	**759.41**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(d) Expenses to be recognised in the Statement of Profit and Loss under employee benefit expenses.

(₹ in Million)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Continuing Operations	Discontinued operations	Continuing Operations	Discontinued operations
Service cost	-	80.72	10.79	79.66
Past service cost	-	10.90	-	-
Net interest (income)/expense	0.34	27.15	0.73	26.16
Curtailment gain		-	-	(19.77)
Net gratuity cost	**0.34**	**118.77**	**11.52**	**86.05**

(e) Expenses to be recognised in statement of other comprehensive income:

(₹ in Million)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Continuing Operations	Discontinued operations	Continuing Operations	Discontinued operations
Remeasurement				
Experience (Gain)/ Loss on plan liabilities	19.25	32.84	(4.15)	9.00
Financial (Gain)/ Loss on plan liabilities	34.43	(94.10)	26.03	(125.21)
(Return) /Loss on plan assets excluding amounts recognised in interest (income)/expenses	-	0.57	-	3.63
(Gain)/Loss from change in demographic assumptions	41.73	(16.61)	-	40.06
Experience (Gain)/ Loss on plan assets	(6.30)	17.83	(1.84)	1.47
(Gain)/Loss from change in financial assumptions	-	(59.32)	-	-
Financial (Gain)/ Loss on plan assets	1.10	-	1.47	(0.70)
Total expenses to be recognised in statement of other comprehensive income	**90.21**	**(118.79)**	**21.51**	**(71.75)**

(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, 2022	As at March 31, 2021
Discount rate	1.90%	0.70%
Salary growth rate	3.30%	0.60%
Weighted average duration of defined benefit obligation (years)	11.18 to 15.34	8.89 to 15.05

Change in Assumption

Particulars	As at March 31, 2022	As at March 31, 2021
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 0.1% increase in discount rate	-1.25%	-1.12%
(ii) 0.1% decrease in discount rate	1.17%	1.14%
(iii) 0.1% increase in rate of salary escalation	1.05%	1.01%
(iv) 0.1% decrease in rate of salary escalation	-1.14%	-0.97%

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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.

Discontinued operations

Mexico

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	8.50%	7.00%
Salary growth rate	4.00%	4.00%
Weighted average duration of defined benefit obligation (years)	10.56	11.39

Change in Assumption

Particulars	As at March 31, 2022	As at March 31, 2021
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-8.87%	-9.68%
(ii) 1% decrease in discount rate	10.26%	11.31%
(iii) 1% increase in rate of salary escalation	10.59%	12.17%
(iv) 1% decrease in rate of salary escalation	-9.16%	-10.13%

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.

Germany

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	1.80%	1.19%
Salary growth rate	2.90%	2.90%
Weighted average duration of defined benefit obligation (years)	19.74	21.08

Change in Assumption

Particulars	As at March 31, 2022	As at March 31, 2021
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 0.5 % increase in discount rate	-8.84%	-9.46%
(ii) 0.5 % decrease in discount rate	10.08%	10.85%
(iii) 0.5 % increase in rate of salary escalation	1.31%	1.64%
(iv) 0.5 % decrease in rate of salary escalation	-2.33%	-2.80%

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Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 0.5 %, 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.

Poland

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	5.20%	1.50%
Salary growth rate	5.00%	3.00%
Weighted average duration of defined benefit obligation (years)	16.49	27.12

Change in Assumption

Particulars	As at March 31, 2022	As at March 31, 2021
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 0.50 % increase in discount rate	-8.88%	-8.19%
(ii) 0.50 % decrease in discount rate	7.80%	9.21%
(iii) 0.50 % increase in rate of salary escalation	7.27%	8.50%
(iv) 0.50 % decrease in rate of salary escalation	-8.49%	-7.65%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 0.5%, 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.

Turkey

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	21.60%	13.20%
Salary growth rate	11.00%	11.00%
Weighted average duration of defined benefit obligation (years)	15.71	16.71

Change in Assumption

Particulars	As at March 31, 2022	As at March 31, 2021
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-6.27%	-8.14%
(ii) 1% decrease in discount rate	7.22%	15.59%
(iii) 1% increase in rate of salary escalation	5.11%	9.12%
(iv) 1% decrease in rate of salary escalation	-4.87%	-5.70%

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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.

Maturity profile of defined benefit obligation:

(₹ in Million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Continuing Operations	Discontinued operations	Continuing Operations	Discontinued operations
Within 1 year	7.25	33.08	13.84	19.68
1-2 year	4.98	33.01	7.17	19.98
2-3 year	9.20	54.61	7.59	39.80
3-4 year	23.03	63.62	12.40	54.22
4-5 year	8.77	55.98	19.82	58.79
5-10 years	72.04	468.97	49.60	339.56

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 neutralise 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, 2022

Note 39: Fair value measurement

Financial instruments by category

(₹ in Million)

Particulars	March 31, 2022				March 31, 2021		
	FVPL	FVOCI	Amortised cost		FVPL	FVOCI	Amortised cost
	Continuing Operations	Continuing Operations	Continuing Operations	Discontinued Operations			
Financial assets							
Investments							
- Equity instruments	0.14	-	-	-	0.14	-	-
- Government securities	-	-	0.06	-	-	-	0.06
Loans	-	-	2.15	5.96	-	-	392.04
Trade receivables	-	-	5,175.32	12,163.27	-	-	16,407.38
Cash and cash equivalents	-	-	1,156.52	1,645.44	-	-	7,475.62
Other bank balances	-	-	21.34	-	-	-	37.02
Derivative contracts	3.49	-	-	-	8.51	-	-
Other financial assets	-	-	412.77	938.19	-	-	174.22
Total financial assets	**3.63**	**-**	**6,768.16**	**14,752.86**	**8.65**	**-**	**24,486.34**
Financial liabilities							
Borrowings (Long Term and Short Term)	-	-	15,534.30	13,761.99	-	-	29,979.47
Lease liabilities	-	-	717.43	6,218.34	-	-	6,966.59
Security deposits	-	-	83.87	-	-	-	70.24
Trade payables	-	-	12,159.79	22,649.60	-	-	29,844.62
Acceptances	-	-	1,182.45	-	-	-	601.97
Payable for capital goods	-	-	682.09	1,308.10	-	-	2,381.02
Employee benefits payable	-	-	899.60	1,424.18	-	-	2,288.63
Other financial liabilities	-	-	283.71	560.82	-	-	1,095.35
Total financial liabilities	**-**	**-**	**31,543.24**	**45,923.03**	**-**	**-**	**73,227.89**

(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, 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	-	0.14	-	0.14
Derivative contracts	-	3.49	-	3.49
Total	**-**	**3.63**	**-**	**3.63**
Liabilities measured at fair value	**-**	**-**	**-**	**-**

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for assets/liabilities as at March 31, 2021:	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	-	8.51	-	8.51
Total	**-**	**8.65**	**-**	**8.65**
Liabilities measured at fair value	**-**	**-**	**-**	**-**

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(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)

Particulars	March 31, 2022 **		March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
- Government securities	0.06	0.06	0.06	0.06
Other financial assets	337.18	337.18	403.87	403.87
Total	**337.24**	**337.24**	**403.93**	**403.93**
Financial liabilities				
Borrowings	2,500.22	2,500.22	9,361.22	9,361.22
Lease liabilities	559.44	559.44	6,192.10	6,255.46
Trade payables	-	-	134.98	134.98
Other financial liabilities	78.83	78.83	222.50	222.50
Total financial liabilities	**3,138.49**	**3,138.49**	**15,910.80**	**15,974.16**

** 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.

- The borrowings are at floating rate of interest and hence their fair values as at March 31, 2022 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, 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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 40: 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.

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

The group's exposure to foreign currency risk as of March 31, 2021 expressed in INR, is as follows:

(₹ in Million)

Particulars	USD	EURO	JPY	CZK	Other	Total
Financial assets						
Trade receivables	531.50	804.60	-	263.78	0.28	1,600.16
Other assets	31.08	407.56	-	210.38	8.08	657.10
Financial liabilities						
Borrowings	76.79	615.99	-	7.94	(0.10)	700.62
Trade payables	1,039.50	368.94	112.52	2,798.94	20.47	4,340.37
Other liabilities	1.82	583.95	-	1,416.25	77.10	2,079.12
Net assets/(liabilities)	**(555.53)**	**(356.72)**	**(112.52)**	**(3,748.97)**	**(89.11)**	**(4,862.85)**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Sensitivity

For the year ended March 31, 2022 and March 31, 2021, every percentage point appreciation/depreciation in the exchange rate between the Indian National Rupee and U.S. Dollar has affected the Group's incremental operating margins by approximately ₹ 5.04 Million and ₹ 5.56 Million respectively, Euro by approximately ₹ 0.92 Million and ₹ 3.57 Million, respectively and CZK by approximately nil and previous year ₹ 37.49 Million.

Sensitivity analysis is computed based on the changes in the income and expenses 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:

(₹ in Million)

For the year ended	Currency	Increase/ decrease in basis points	Variable rate Cash Credit and Term loans balances	Effect on profit before tax
March 31, 2022*	INR	+100	14,095.98	(140.96)
March 31, 2022*	INR	-100	14,095.98	140.96
March 31, 2021	INR	+100	27,507.79	(275.08)
March 31, 2021	INR	-100	27,507.79	275.08

* 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 is 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, 2022, receivable from Group's top 15 customers accounted for approximately 87% (March 31, 2021: top 22 customers accounted for approximately 80%) 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 9.

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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, 2022 and 31 March, 2021 is the carrying amounts as disclosed in note 10.

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, 2022, 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, 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	-

(₹ in Million)

March 31, 2021	On demand	< 1 year	1 to 5 years	> 5 years
Non- derivative				
Borrowings	7,888.63	12,729.62	8,635.55	725.67
Lease liabilities	-	774.49	3,025.83	3,166.27
Trade Payables	-	29,709.64	134.98	-
Acceptances	-	601.97	-	-
Other financial liabilities	70.24	5,542.50	222.50	-

- The amount disclosed in the table are the contractual undiscounted cash flows.

Note 41: 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.

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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. 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, 2022	As at March 31, 2021
Net debt*	26,473.04	22,527.15
Total Equity**	19,887.21	30,279.13
Net debt to equity ratio	**1.33**	**0.74**

*Net Debt is inclusive of discontinued operations to make the ratio comparable.

**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.

(i) 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, 2022 and March 31, 2021 (refer note 16 for details)

Note 42: Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

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					
Cash flow hedge	-	-	-	-	-	-	-	-	-
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

March 31, 2021

(₹ 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					
Cash flow hedge									
Principal and interest rate swaps (Czech)	-	1,955.34	-	(0.48)	September 30, 2021	1:1	0.00%	(0.48)	0.48
Principal and interest rate swaps (Mexico)	-	1,452.60	-	3.33	April 27, 2021	1:1	4.04%	(3.33)	3.33

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(₹ 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	162.31	-	7.53	-	September 30, 2021	1:1	₹ 90.87	(7.53)	7.53
Foreign exchange forward contracts	158.27	47.62	1.14	(0.15)	July 30, 2021	1:1	₹ 74.02	(0.98)	0.98

Movement in cash flow hedging reserve

(₹ in Million)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash flow hedge		
Balance at the beginning of the period/year	-	(4.66)
Gain/Loss on changes in fair value of hedging instrument	-	-
Transferred to Statement of Profit and Loss	-	4.66
Balance at the end of the year	**-**	**-**

Note 43: 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, 2022			For the year ended March 31, 2021		
		Automotive	Others	Total	Automotive	Others	Total
	Segment revenue						
1	Revenue from operations (continuing operations)	55,509.00	2,933.01	58,442.01	41,848.91	1,889.88	43,738.79
	Revenue from operations (discontinued operations)	68,899.04	-	68,899.04	69,288.73	-	69,288.73
	Total revenue from operations	**1,24,408.04**	**2,933.01**	**1,27,341.05**	**1,11,137.64**	**1,889.88**	**1,13,027.52**
2	**Expenses**						
	Continuing operations						
	Cost of goods sold	36,887.37	1,606.18	38,493.55	26,943.51	963.99	27,907.50
	Employee benefits expense	5,627.32	565.32	6,192.64	4,635.03	462.64	5,097.67
	Depreciation and amortisation expenses	2,866.30	179.17	3,045.47	2,537.51	200.36	2,737.87
	Other expenses	9,144.89	1,017.54	10,162.43	6,707.91	645.77	7,353.68
	Other income (allocable)	(96.53)	(17.60)	(114.13)	(864.54)	(9.46)	(874.00)
	Discontinued operations	78,525.80	-	78,525.80	74,846.81	-	74,846.81

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
		Automotive	Others	Total	Automotive	Others	Total
3	**Segment results before other income, finance cost and tax**						
	- Continuing operations	1,079.65	(417.62)	662.04	1,889.48	(373.42)	1,516.07
	- Discontinued operations	(9,626.76)	-	(9,626.76)	(5,558.08)	-	(5,558.08)
4(i)	Unallocable other income (Net of unallocated expense)						
	- Continuing operations			220.87			639.64
	- Discontinued operations			-			46.62
4(ii)	Finance costs						
	- Continuing operations			1,183.52			889.41
	- Discontinued operations			722.09			736.87
4(iii)	Profit before tax and share of net profit of joint ventures accounted for using the equity method						
	- Continuing operations			(296.27)			910.02
	- Discontinued operations			(10,348.85)			(6,248.33)
5	Share of net profit of joint ventures accounted for using the equity method (continuing operations)			(4.33)			356.28
6	Tax expenses including deferred tax						
	- Continuing operations			482.25			478.74
	- Discontinued operations			(64.43)			825.64
7	**Profit/(loss) after tax from continuing operations**			**(782.85)**			**787.56**
8	**Profit/(loss) from discontinued operations**			**(10,284.42)**			**(7,073.97)**
9	**Profit/(loss) for the year**			**(11,067.27)**			**(6,286.41)**

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2022			As at March 31, 2021		
		Automotive	Others	Total	Automotive	Others	Total
10	**Segment assets**	33,886.39	2,458.67	36,345.06	1,02,849.49	2,546.73	1,05,396.22
	Add: Discontinued operations	66,417.12	-	66,417.12	-	-	-
	Unallocable assets						
	Government grant receivable (Other non current assets and other current assets)			700.32			818.08
	Term deposits (Cash and cash equivalents, other bank balances and other non-current financial assets)			21.38			97.34
	Current & Non-Current investments			-			0.20
	Investments accounted for using the equity method			3,875.96			3,762.25
	Income tax assets (net)			119.81			395.16
	Deferred Tax Asset (net)			89.67			1,783.98
	Income tax assets (net)-Discontinued operations			219.33			-
	Deferred Tax Asset (net) - Discontinued operations			2,191.21			-
	Non Trade investment			0.20			-
	Total Assets			**1,09,980.06**			**1,12,253.23**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2022			As at March 31, 2021		
		Automotive	Others	Total	Automotive	Others	Total
11	**Segment liabilities**	16,734.68	1,081.07	17,815.75	48,674.58	650.21	49,324.79
	Add: Discontinued operations	40,304.38	-	40,304.38	-	-	-
	Unallocable liabilities						
	Borrowings (Non -Current, Current Maturities and Short term Borrowings)			29,296.28			29,979.47
	Other non-current liabilities and Other current liabilities			849.53			935.31
	Deferred tax liabilities (net)			1,265.74			1,334.47
	Income tax liabilities (net)			33.09			118.29
	Deferred tax liabilities (net) - Discontinued operations			66.94			-
	Income tax liabilities (net) - Discontinued operations			208.03			-
	Total Liabilities			**89,839.74**			**81,692.33**
12	**Other Information**						
	Cost to acquire fixed assets			**4,162.19**			**1,903.69**
	Depreciation and amortisation			**3,045.47**			**2,737.87**

(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, 2022	For the year ended March 31, 2021
1	India	47,564.97	36,546.04
2	Asia Pacific	2,532.60	1,585.53
3	Europe	6,919.28	4,927.00
4	North America	590.11	437.19
5	Others	835.05	243.03
	Total	**58,442.01**	**43,738.79**

(ii) Total of non-current assets pertaining to - Property, plant and equipment, Capital work-in-progress, Other intangible assets, Intangible assets under development, Right of use assets, Goodwill, Investment property and other non-current assets

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	India	18,877.32	19,464.73
2	Asia Pacific	139.98	169.74
3	Europe	3,430.70	37,064.87
4	North America	-	5,330.64
5	Others	-	805.27
	Total	**22,448.00**	**62,835.25**

(c) Revenue from 3 customers amounted to ₹ 23,244.48 Million (March 31, 2021: ₹ 19,033.00 Million), ₹ 3,279.34 Million (March 31, 2021: ₹ 2,571.70 Million) and ₹ 2,906.01 Million (March 31, 2021: ₹ 1,928.90 Million) arising from sales in the automotive segment.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 44 A: Interests in Subsidiaries

(a) Subsidiaries

The list of subsidiaries as at March 31, 2022 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	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Direct subsidiaries					
Varroc Polymers Private 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%	-	-
CarIQ Technologies Private Limited	India	74%	74%	26%^	26%^
Step down subsidiaries					
Team Concepts Private Limited#	India	-	100%	-	-
Industrial Meccanica E Stampaggio S.p.a.	Italy	100%	100%	-	-
Varroc Lighting Systems, Italy S.p.A.	Italy	100%	100%	-	-
Varroc Lighting Systems, Vietnam Co. Ltd.	Vietnam	100%	100%	-	-
Varroc Lighting Systems, Romania S.A. (previously known as "Electromures SA")	Romania	98.23%	98.23%	1.77%^	1.77%^
Varroc Lighting Systems SRO*	Czech Republic	100%	100%	-	-
Varroc Lighting Systems Inc.*	USA	100%	100%	-	-
Varroc Lighting Systems GmBH.*	Germany	100%	100%	-	-
Varroc Lighting Systems S.de.R.L. De. C.V.*	Mexico	100%	100%	-	-
Varroc Lighting Systems S.A., Morocco*	Morocco	99.87%	99.87%	0.13%^	0.13%^
Varroc do Brasil Industria E Commercia LTDA*	Brazil	100%	100%	-	-
Varroc Lighting Systems sp. Z o.o.*	Poland	100%	100%	-	-
Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi*	Turkey	100%	100%	-	-
Varroc Lighting Systems Bulgaria EOOD	Bulgaria	100%	100%	-	-
Varroc Lighting Systems Electronics Romania SRL	Romania	100%	100%	-	-

^ Voting rights of the subsidiaries are held by the Group.

* Considered as part of discontinued operations as at March 31, 2022.

Merged with Varroc Polymers Private Limited during the year ended March 31, 2022.

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, 2022

Note 44 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)
10	Varroc Lighting Systems Bulgaria EOOD	-1.89%	(380.73)	-1.52%	(168.08)	-	-	-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 Lighting Systems, Italy S.p.A.	5.19%	1,044.75	0.13%	14.64	5.65%	(39.83)	-0.24%	(25.19)
15	Varroc Lighting Systems, Romania S.A.	0.48%	95.78	-0.41%	(45.76)	0.00%	-	-0.44%	(45.76)
16	Varroc Lighting Systems, Vietnam CO. Ltd.	3.11%	626.81	2.22%	246.15	0.00%	-	2.38%	246.15
17	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, 2022

Note 44 B: Additional information as on March 31, 2021 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	62.73%	19,169.95	14.66%	921.61	6.0%	18.15	14.26%	939.76
	Indian Subsidiaries								
1	Varroc Polymers Private Limited	17.42%	5,323.40	2.77%	174.33	3.34%	10.15	2.80%	184.48
2	Durovalves India Private Limited	3.31%	1,012.86	1.94%	122.16	-0.17%	(0.52)	1.85%	121.64
3	Team Concepts Private Limited	0.66%	202.37	0.53%	33.22	0.10%	0.29	0.51%	33.51
4	CarIQ Technologies Private Limited	-0.03%	(10.60)	-0.04%	(2.79)	0.23%	0.69	-0.03%	(2.10)
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	34.79%	10,632.24	-3.33%	(209.35)	0.00%	-	-3.18%	(209.35)
2	Varroc Lighting Systems S.R.O.	36.42%	11,128.82	-53.48%	(3,362.28)	0.00%	-	-51.02%	(3,362.28)
3	Varroc Lighting Systems S.de.R.L.de.C.V.	5.02%	1,533.36	1.94%	121.66	-11.99%	(36.41)	1.29%	85.25
4	Varroc Lighting Systems INC	12.34%	3,771.16	-3.54%	(222.85)	0.00%	-	-3.38%	(222.85)
5	Varroc Lighting Systems GmBH	0.14%	44.00	0.98%	61.87	30.81%	93.60	2.36%	155.48
6	Varroc Lighting Systems S.A., Morocco	-0.31%	(95.24)	-25.52%	(1,604.19)	0.00%	-	-24.34%	(1,604.19)
7	Varroc do Brasil Industria E Commercia LTDA	0.07%	22.08	-5.64%	(354.32)	0.00%	-	-5.38%	(354.32)
8	Varroc Lighting Systems sp. Z o.o.	-6.44%	(1,969.20)	-24.18%	(1,520.02)	-1.93%	(5.85)	-23.15%	(1,525.87)
9	Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi	3.42%	1,045.67	-2.49%	(156.72)	-2.21%	(6.71)	-2.48%	(163.43)
10	Varroc Lighting Systems Bulgaria EOOD	-0.71%	(216.56)	-1.48%	(92.77)	0.00%	-	-1.41%	(92.77)
11	Varroc Japan Co. Ltd	0.04%	11.67	0.05%	2.92	0.00%	-	0.04%	2.92
12	Varroc European Holding B.V.	-4.64%	(1,417.97)	-8.62%	(541.58)	0.00%	-	-8.22%	(541.58)
13	Industria Meccanica e Stampaggio S.p.A.	-0.02%	(7.44)	-6.00%	(376.99)	-5.23%	(15.88)	-5.96%	(392.87)
14	Varroc Lighting Systems, Italy S.p.A.	3.34%	1,021.45	0.86%	54.28	-1.85%	(5.62)	0.74%	48.65
15	Varroc Lighting Systems, Romania S.A.	0.46%	141.16	-1.25%	(78.68)	0.00%	-	-1.19%	(78.68)
16	Varroc Lighting Systems, Vietnam CO. Ltd.	1.48%	453.77	3.33%	209.46	0.00%	-	3.18%	209.46
17	Varroc Lighting Systems Electronics Romania SRL (earlier known as Varroc Elba Electronics SRL)	0.08%	24.79	-1.07%	(67.29)	0.00%	-	-1.02%	(67.29)
	Joint Venture								
	(Investment accounted as per equity method)								
1	Varroc TYC Corporation, BVI	11.95%	3,651.70	6.45%	405.34	0.00%	-	6.15%	405.34
2	Nuova CTS S.r.l	0.29%	89.17	0.18%	11.50	0.00%	-	0.17%	11.50
3	Varroc ELBA Electronics SRL, Romania	0.00%	-	0.00%	-	0.00%	-	0.00%	-
4	Varroc Dell'Orto Private Limited	0.07%	21.37	0.20%	12.55	0.01%	0.04	0.19%	12.58
	Non-controlling interests in subsidiaries	0.92%	281.77	0.52%	32.66	-0.05%	(0.14)	0.49%	32.52
	Subtotal		**55,865.76**		**(6,426.27)**		**51.79**		**(6,374.48)**
	Adjustment arising out of consolidation	-82.80%	(25,304.86)	-2.22%	139.86	-117.05%	(355.58)	-3.27%	(215.72)
	Total	**100%**	**30,560.90**	**100.00%**	**(6,286.41)**	**100.00%**	**(303.79)**	**100.00%**	**(6,590.20)**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 45: Related Party Disclosure

a. Related parties and their relationships

1	Joint Ventures	Nuova CTS S.R.L, Italy 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 Varroc Lighting Systems Electronics Romania SRL (subsidiary w.e.f. December 07, 2020.)
2	Key Management Personnel	Mr. Tarang Jain - Chairman and Managing Director **Whole time Directors** Mr. Arjun Jain Mr. Rohit Prakash (w.e.f. April 29, 2020) Mr. Ashwani Maheshwari (upto April 29, 2020) **Non-executive Directors** Mr. Naresh Chandra (upto November 10, 2020) **Independent Directors** Mr. Gautam Khandelwal Mr. Marc Szulewicz Mrs. Vijaya Sampath Mr. Vinish Kathuria
3	Relatives of Key Management Personnel with whom transactions have taken place	Mr. Dhruv Jain - Son of Mr. Tarang Jain
4	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. MS Consulting S.A.R.L. Varroc Foundation

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, 2022	For the year ended March 31, 2021	As at March 31, 2022		As at March 31, 2021	
				Receivable	Payable	Receivable	Payable
A]	**Sale of goods, services and fixed assets***						
	Endurance Technologies Limited	4.75	4.12	0.26	-	0.19	-
	Endurance Adler S.P.A.	7.06	-	1.43	-	-	-
	Varroc TYC Auto Lamps Co. Limited	546.76	226.19	104.41	-	191.17	-
	Nuova CTS S.R.L, Italy	3.77	7.57	0.75	-	6.26	-
	Varroc Dell'Orto Private Limited	118.29	226.39	31.59	-	73.84	-
B]	**Purchase of goods, services and fixed assets ***						
	Nuova CTS S.R.L, Italy	139.09	112.65	-	26.15	-	26.32
	Varroc TYC Auto Lamps Co. Limited	11.39	29.17	-	7.36	-	33.71
C]	**Royalty received**						
	Varroc TYC Auto Lamps Co. Limited	197.12	109.20	276.45	-	74.67	-

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
		For the year ended March 31, 2022	For the year ended March 31, 2021	As at March 31, 2022		As at March 31, 2021	
				Receivable	Payable	Receivable	Payable
D]	**Professional charges paid**						
	Mr. Naresh Chandra	-	0.37	-	-	-	-
	Mr. Gautam Khandelwal	1.00	0.94	-	1.00	-	0.87
	Mr. Marc Szulewicz	1.00	1.87	-	1.00	-	1.87
	Mrs. Vijaya Sampath	1.00	1.50	-	1.00	-	1.50
	Mr. Vinish Kathuria	1.00	1.80	-	1.00	-	1.67
	MS Consulting S.A.R.L.	6.93	6.93	-	1.69	-	-
E]	**Directors fees paid**						
	Mr. Gautam Khandelwal	1.50	2.12	-	-	-	-
	Mr. Marc Szulewicz	0.80	1.20	-	0.02	-	-
	Mrs. Vijaya Sampath	1.40	2.00	-	-	-	-
	Mr. Vinish Kathuria	1.30	1.70	-	-	-	-
F]	**Managerial remuneration #**						
	Mr. Tarang Jain	84.58	26.29	-	-	-	-
	Mr. Arjun Jain	20.87	10.22	-	-	-	-
	Mr. Ashwani Maheshwari	-	1.39	-	-	-	-
	Mr. Rohit Prakash	27.35	16.09	-	-	-	-
G]	**Remuneration #**						
	Mr. Dhruv Jain	4.90	7.08	-	-	-	-
H]	**Dividend received**						
	Varroc TYC Auto Lamps Co. Limited	196.24	-	-	-	-	-
	Nuova CTS S.r.l	13.85	-	-	-	-	-
I]	**Reimbursement of expenses (received/ receivable)**						
	Varroc Dell'Orto Private Limited	0.09	0.67	0.10	-	-	-
J]	**Management consultancy fees received**						
	Varroc Dell'Orto Private Limited	10.27	9.34	8.88	-	3.49	-
K]	**Rent received**						
	Varroc Dell'Orto Private Limited	1.88	1.71	0.37	-	1.66	-

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.

Note 46: 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, 2022		March 31, 2021
	Continuing operations	Discontinued operations	
Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advances)	1,407.68	1,162.76	5,391.80

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

Note 47: Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Earnings per share (EPS) for continuing operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	(814.37)	754.90
Weighted average number of shares outstanding (B)	152,786,400	135,156,254
Basic EPS (Amount in Rupees) (A/B)	**(5.33)**	**5.59**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	(814.37)	754.90
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	152,786,400	135,156,254
Diluted EPS (Amount in Rupees) (C/D)	**(5.33)**	**5.59**
B. Earnings per share (EPS) for discontinued operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	(10,284.42)	(7,073.97)
Weighted average number of shares outstanding (B)	152,786,400	135,156,254
Basic EPS (Amount in Rupees) (A/B)	**(67.31)**	**(52.34)**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	(10,284.42)	(7,073.97)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	152,786,400	135,156,254
Diluted EPS (Amount in Rupees) (C/D)	**(67.31)**	**(52.34)**
C. Earnings per share (EPS) for continuing and discontinued operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	(11,098.79)	(6,319.07)
Weighted average number of shares outstanding (B)	152,786,400	135,156,254
Basic EPS (Amount in Rupees) (A/B)	**(72.64)**	**(46.75)**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	(11,098.79)	(6,319.07)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	152,786,400	135,156,254
Diluted EPS (Amount in Rupees) (C/D)	**(72.64)**	**(46.75)**

Note 48: Interests in Joint Ventures

Set out below are the Joint Ventures of the group as at March 31, 2022:

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2022	As at March 31, 2021
Varroc TYC Corporation, BVI and its subsidiaries	China/British Virgin Islands	50%	Joint Venture	Equity Method	3,741.78	3,651.70
Nuova CTS S.R.L.	Italy	50%	Joint Venture	Equity Method	95.45	89.18
Varroc Dell'Orto Private Limited	India	50%	Joint Venture	Equity Method	38.72	21.37
Total					**3,875.95**	**3,762.25**

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, 2022	As at March 31, 2021
Commitments – Joint Ventures		
Varroc TYC Corporation, BVI and its subsidiaries	125.21	140.98

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, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Current assets						
Cash and cash equivalents	1,206.14	2,012.18	36.51	25.31	35.17	59.66
Other assets	9,064.02	6,831.16	52.70	40.41	156.59	151.27
Total current assets	**10,270.16**	**8,843.34**	**89.21**	**65.72**	**191.76**	**210.93**
Total non-current assets	**7,444.64**	**6,502.20**	**13.58**	**2.60**	**1.24**	**2.41**
Current liabilities						
Financial liabilities	1,005.15	698.24	36.08	15.31	91.99	162.48
Other liabilities	8,743.49	6,991.76	4.81	3.77	22.91	7.77
Total current liabilities	**9,748.64**	**7,690.00**	**40.89**	**19.08**	**114.90**	**170.25**
Non-current liabilities						
Financial liabilities	360.08	263.10	-	-	-	-
Other liabilities	184.75	151.24	0.35	0.23	0.66	0.36
Total non-current liabilities	**544.83**	**414.34**	**0.35**	**0.23**	**0.66**	**0.36**
Net assets	**7,421.33**	**7,241.20**	**61.55**	**49.01**	**77.44**	**42.73**

(ii) Summarised statement of profit and loss

(₹ in Million)

Particulars	Varroc TYC Corporation, BVI (Consolidated)		Nuova CTS S.R.L		Varroc-Elba Electronics S.R.L*		Varroc Dell'Orto Private Limited	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue	13,956.82	11,834.26	193.90	134.90	-	11.18	421.60	545.12
Depreciation and amortisation	933.02	691.20	0.84	0.78	-	5.43	0.36	0.06
Interest expense	43.40	27.60	-	-	-	1.95	0.16	0.17
Income tax expense	(152.08)	48.58	16.45	7.77	-	-	7.47	8.44
Profit for the period	(83.88)	810.68	40.51	22.99	-	(104.44)	34.71	25.09
Other comprehensive income	-	-	-	-	-	-	-	0.07
Total comprehensive income	(83.88)	810.68	40.51	22.99	-	(104.44)	34.71	25.02
Dividends received	392.48	-	27.70	-	-	-	-	-

* For Varroc-Elba Electronics S.R.L transaction upto December 08,2020 is considered, Varroc-Elba Electronics S.R.L, Romania has became subsidiary w.e.f. December 08, 2020.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 49: Interests in joint ventures

(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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Closing net assets	7,421.33	7,241.20	61.55	49.01	77.44	42.73
Group's share in %	50%	50%	50%	50%	50%	50%
Group's share in INR	3,710.68	3,620.60	30.78	24.51	38.72	21.37
Goodwill	31.10	31.10	64.67	64.67	-	-
Carrying amount	**3,741.78**	**3,651.70**	**95.45**	**89.18**	**38.72**	**21.37**

Note 50(a): Utilisation of proceeds from issue of equity shares during the year

During the year ended March 31, 2021, the Company had issued 17,974,870 equity shares of ₹1 each at an issue price of ₹ 389 per equity share, aggregating to ₹ 6,992.22 Million (including securities premium of ₹ 6,974.25 Million). The issue was made through eligible Qualified Institutional Placement (QIP) in terms of chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, Section 42 and other relevant provisions of the Companies Act, 2013. The proceeds (net of issue expenses) have been utilised for repayment of borrowings of the Group to the extent of ₹ 2,442 Million and remaining amount of ₹ 4,409.92 Million has been utilised by the Group for working capital requirements and capital expenditure.

Note 50(b): Utilisation of proceeds from issue of Non Convertible Debentures during the year

During the current year, the Group issued 3,750 Number of Debentures 8% Secured Listed Non-convertible Debentures of ₹ 1 Million each aggregating to ₹ 3,750 Million on a private placement basis. The NCDs have bullet repayment on June 17, 2023 of ₹ 1,250 Million and on September 17, 2023 of ₹ 2,500 Million with coupon payments to be made on an annual basis. The proceeds from the issue have been utilised for investment in overseas subsidiary for loan repayments and for general corporate purposes.

These debentures are secured by exclusive charge by way of hypothecation on the specific identified movable properties of Varroc Engineering Ltd. The asset cover in respect of the Non-Convertible Debentures as on March 31, 2022 is 1.01 times of the total due amount which is less than the requirement of 1.1 times of the said Secured Non-Convertible Debentures.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 51: Business combination

Summary of acquisition during the year ended March 31, 2021

On December 08, 2020, the Group acquired the remaining stake in "Varroc Elba Electronics SRL " (w.e.f. March 11, 2021, known as "Varroc Lighting Systems Electronics Romania SRL") which was a JV of the Group, engaged in business of electronic lighting and vehicle control electronics solutions for automotive OEMSs. The Group has performed allocation of the purchase consideration of ₹ 90.17 Million to assets and liabilities based on their acquisition date fair values. The consideration in excess of fair values of the assets and liabilities acquired has been allocated to Goodwill.

The assets and liabilities recognised at fair value as a result of the acquisition as at the acquisition date are as follows:

(₹ in Million)

Particulars	Amount
Non Current Assets	
Property, plant & equipment	204.63
Intangible assets	13.23
Non Current Financial Assets	**217.86**
Current Asset	
Inventories	76.93
Financial Assets	
Trade receivables	9.70
Cash and cash equivalents	27.05
Other current assets	89.53
Total Asset	**421.07**
Non-current liabilities	
Other financial liabilities	
Borrowings	264.58
Current Liabilities	
Financial liabilities	
Trade payables	134.70
Total Liabilities	**399.28**
Net identifiable asset acquired	**21.79**

Calculation of Goodwill

(₹ in Million)

Particulars	Amount
Fair value of consideration (including 70% investment in JV amounting to ₹ 15.25 Million)	105.95
Less: Net identifiable assets	(21.79)
Goodwill on acquisition	**84.16**

From the date of acquisition, Varroc Lighting Systems Electronics Romania SRL Subsidiary (earlier known as Varroc Elba Electronics SRL) has contributed ₹ 189.45 Million of revenue and ₹ 5.81 Million to the profit/ (loss) before tax from continuing operations of the Group for the year ended March 31, 2021. If the combination had taken place at the beginning of the year, contribution to revenue from continuing operations would have been ₹ 200.47 Million and to the profit/ (loss) before tax from continuing operations for the Group would have been ₹ (99.79) Million for the year ended March 31, 2021.

Note 52(a): Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Group in respect of its Indian Subsidiaries for the year ended March 31, 2022:

I Varroc Engineering Limited (March 31, 2022)

1. Inventories:

(₹ in Million)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

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	30th June 2021	3,783.03	3,874.15	(91.11)	(121.36)	28.19	2.05
2	30th Sept 2021	3,743.52	3,847.94	(104.43)	(104.43)	-	0.00
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 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	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)

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	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) 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, 2022

II Varroc Polymers Private Limited (March 31, 2022)

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	30th June 2021	1,119.13	1,155.30	(36.17)	(34.26)	-	(1.90)
2	30th Sept 2021	1,327.25	1,354.76	(27.51)	(30.94)	-	3.44
3	31st Dec 2021	1,188.56	1,201.39	(12.83)	(21.05)	-	8.22
4	31st March 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	30th June 2021	1,803.40	1,753.41	49.99	97.70	-	(47.71)
2	30th Sept 2021	2,130.51	2,108.23	22.28	(126.70)	6.23	148.98
3	31st Dec 2021	746.54	1,058.90	(312.36)	(431.18)	-	118.82
4	31st March 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	30th June 2021	2,330.66	1,901.65	429.01	390.01	189.87	-	(150.87)
2	30th Sept 2021	3,384.03	2,581.64	802.39	687.99	104.39	-	10.02
3	31st Dec 2021	3,355.17	2,741.00	614.17	526.17	89.18	-	(1.18)
4	31st March 2022	3,894.47	3,355.73	538.74	429.27	62.55	-	46.92

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 (March 31, 2022)

1. Inventories:

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Components not considered for the purpose of reporting (Note 1)	Net difference (Note 2)
1	30th June 2021	186.11	186.29	(0.18)	(0.37)	0.19
2	30th Sept 2021	164.68	164.85	(0.17)	(0.36)	0.19
3	31st Dec 2021	157.88	158.02	(0.14)	(0.34)	0.20
4	31st March 2022	160.14	160.57	(0.43)	(0.51)	0.08

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	30th June 2021	299.38	311.68	(12.30)	(12.30)	(0.00)
2	30th Sept 2021	358.55	372.25	(13.70)	(13.70)	(0.00)
3	31st Dec 2021	368.02	381.05	(13.02)	(13.02)	0.00
4	31st March 2022	350.05	367.53	(17.48)	(17.48)	(0.00)

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	30th June 2021	154.84	109.55	45.29	45.26	0.03
2	30th Sept 2021	139.88	94.26	45.61	42.18	3.44
3	31st Dec 2021	147.08	101.30	45.78	44.66	1.12
4	31st March 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, 2022

Note 52(b): Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Group in respect of its Indian Subsidiaries for the year ended March 31, 2021:

I Varroc Engineering Limited (March 31, 2021)

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)	Reconciliation items: Post closure adjustments (Note 2)	Net difference (Note 3)
1	30th June 2020	2,663.50	2,355.19	308.31	189.41	6.26	112.65
2	30th Sept 2020	2,719.71	2,399.25	320.46	323.62	1.48	(4.64)
3	31st Dec 2020	3,390.33	2,767.20	623.13	626.07	-	(2.95)
4	31st March 2021	3,120.98	2,899.40	221.58	226.84	-	(5.26)

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 4)	Reconciliation items: Post closure adjustments	Net difference (Note 5)
1	30th June 2020	2,080.50	1,373.18	707.32	709.17	-	(1.85)
2	30th Sept 2020	3,647.93	3,493.38	154.55	156.09	-	(1.55)
3	31st Dec 2020	3,299.10	2,888.92	410.18	414.00	-	(3.82)
4	31st March 2021	3,628.24	3,219.60	408.64	418.68	-	(10.05)

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Balance as per Financials	Amount as per quarterly Stock Statement submitted to Banks	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 6)	Reconciliation items: Additional Components considered for the purpose of reporting	Reconciliation items: Post closure adjustments	Net difference (Note 7)
1	30th June 2020	3,675.29	1,727.86	1,947.43	1,936.45	-	-	10.97
2	30th Sept 2020	5,458.82	3,562.87	1,895.95	1,896.59	-	-	(0.64)
3	31st Dec 2020	6,212.20	3,427.77	2,784.42	1,828.17	-	-	956.25
4	31st March 2021	5,629.42	4,010.18	1,619.24	1,517.53	-	-	101.71

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock. Also includes impact of merger of Varroc Lighting Systems India Private Limited with the Company which became effective from December 07, 2020 with an appointed date of April 1, 2020.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 The net difference for 30th June 2020 quarter is primarily on account of incorrect adjustments pertaining to provision in stock statements for Quarter 1.

Note 4 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 Also includes impact of merger of Varroc Lighting Systems India Private Limited with the Company which became effective from December 07, 2020 with an appointed date of April 1, 2020.

Note 5 The net difference is on account of incorrect adjustments.

Note 6 Mainly includes inter company creditors and provision for expenses.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

Note 7 The net difference is on account of incorrect adjustments which majorly pertains to:

i) exclusion of acceptances in Quarter 3

ii) While reporting to banks, capital creditor are reduced from overall creditor balance, however the classification between trade creditors and capital creditors was different while finalising the quarterly financial information.

II Varroc Polymers Private Limited (March 31, 2021)

1. Inventories:

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Difference	Reconciliation items		Net difference (Note 2)
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	30th June 2020	1,071.23	954.45	116.78	120.54	-	(3.76)
2	30th Sept 2020	1,124.19	1,303.73	(179.54)	(179.12)	-	(0.42)
3	31st Dec 2020	1,062.02	1,282.36	(220.34)	(213.77)	-	(6.57)
4	31st March 2021	1,157.16	1,197.38	(40.22)	(38.13)	-	(2.09)

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Difference	Reconciliation items		Net difference (Note 2)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 4)	
1	30th June 2020	699.02	801.66	(102.64)	(102.41)	-	(0.23)
2	30th Sept 2020	1,000.11	1,772.51	(772.40)	(772.63)	-	0.23
3	31st Dec 2020	1,518.47	2,094.69	(576.22)	(576.21)	-	(0.00)
4	31st March 2021	2,169.21	3,138.29	(969.08)	(469.34)	(495.33)	(4.40)

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 8)
					Components not considered for the purpose of reporting (Note 5)	Additional Components considered for the purpose of reporting (Note 6)	Post closure adjustments (Note 4)	
1	30th June 2020	1,235.08	927.22	307.86	258.44	-	-	49.43
2	30th Sept 2020	2,336.31	1,794.19	542.12	450.58	(619.95)	-	711.48
3	31st Dec 2020	2,619.72	2,101.84	517.88	333.16	81.35	-	103.36
4	31st March 2021	3,083.67	2,747.29	336.38	249.45	(202.11)	60.69	228.34

Note 1 Includes 'Provision on Inventory' and 'inventory reversals' 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. In quarter 4 in Trade receivables advances were knocked off at the time of closing.

Note 5 Majorly 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) 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, 2022

III Durovalves India Private Limited (March 31, 2021)

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	30th June 2020	153.19	157.36	(4.17)	(4.36)	0.19
2	30th Sept 2020	157.72	161.98	(4.26)	(4.44)	0.18
3	31st Dec 2020	163.79	167.54	(3.75)	(3.91)	0.17
4	31st March 2021	174.01	177.16	(3.14)	(3.58)	0.44

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	30th June 2020	139.74	142.20	(2.46)	(2.46)	0.00
2	30th Sept 2020	245.61	249.89	(4.27)	(4.27)	0.00
3	31st Dec 2020	280.47	283.26	(2.79)	(2.79)	(0.00)
4	31st March 2021	297.28	300.76	(3.48)	(3.47)	(0.01)

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 2)
					Components not considered for the purpose of reporting (Note 4)	Additional Components considered for the purpose of reporting (Note 5)	Post closure (Note 6)	
1	30th June 2020	89.76	49.81	39.95	35.42	1.56	0.08	2.88
2	30th Sept 2020	158.14	112.60	45.54	57.19	0.37	(4.89)	(7.12)
3	31st Dec 2020	181.24	136.19	45.06	59.48	0.24	-	(14.66)
4	31st March 2021	208.09	156.74	51.35	64.12	4.20	(10.44)	(6.53)

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 Mainly Includes intercompany debtors, provision for customer rate increase/decrease. Further, Trade Receivables balance with Ageing of more than 90 days is not considered.

Note 4 Mainly includes inter company creditors and provision for expenses.

Note 5 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 6 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 7 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.

ii) Creditors amount of one of the plants not considered erroneously in stock statements.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

Note 53: Ultimate Beneficiary

In current year 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	393	VarrocCorp 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	VarrocCorp 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 Şirketi
						127	Industria Meccanica E Stampaggio s.p.a., Italy

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 Şirketi	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)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2022

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 54: Evaluation of debt and liquidity position in VLS Business till closure of sale of VLS business

The Group has incurred significant losses in the previous year due to impact of COVID-19 and in the current year primarily due to the impact of semiconductor shortages which impacted and continues to impact the automotive sales volumes of its customers significantly. The reduction in sales volumes and losses have affected the working capital cycle and cash generation from operations of the Group. The total borrowings in VLS business as at March 31, 2022 were ₹ 13,761.99 Million out of which ₹ 4,220.03 Million are required to be repaid by June 30, 2022 for which the management is confident to get a further extension. Further ₹ 1,347.91 Million are to be repaid in the next 12 months from balance sheet date. Further, there are covenant non-compliances which have resulted in non-current borrowings of ₹ 4,890.21 Million in VLS Business becoming repayable on demand at the option of lenders. All external borrowings of VLS business will be repaid out of the sale proceeds on the closing of the VLS business sale transaction which is expected to happen by Q2FY23 and hence the management does not foresee any risk of non-payment/default. Accordingly, the consolidated financial statements as at and for the year ended March 31, 2022 are prepared based on going concern assumption being appropriate for the next 12 months.

Note 55: COVID-19 impact assessment

The Group has considered the possible effects of COVID-19 pandemic including the impact on sales projections for future periods and consequent impacts on the recoverable values of assets including property, plant and equipment, intangible assets, deferred tax assets, etc and impact on liquidity position. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic and arriving at estimates, the Group, as at the date of approval of these financial results, has used internal and external sources of information. The Group has performed analysis on the assumptions used and based on current estimates, expects that the carrying amounts of the assets to be recoverable as at March 31, 2022. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

Note 56: 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 do not have any transactions with companies struck off in respect of its Companies incorporated in India

3. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

4. The Group does not have any 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

Note 57: Other notes

(i) 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 Group 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.

(ii) Pursuant to the recent amendments made to Schedule III to the Companies Act, 2013 which are applicable to the Group for period beginning April 1, 2021, the Group has presented Current maturities of non-current borrowings under Current liabilities – Financial liabilities – Borrowings instead of Current liabilities – Financial liabilities – Other financial liabilities as at March 31, 2022 Further, Security deposits have been presented under Other financial assets instead of Loans. Accordingly, the corresponding figures as at March 31, 2021 have also been regrouped/reclassified as below:

(₹ in Million)

Particulars	As at March 31, 2021
Non-current assets	
Security deposits reclassified from Loans to Other financial assets	170.64
Current assets	
Security deposits reclassified from Loans to Other financial assets	212.67
Current liabilities	
Current maturities of non-current borrowings reclassified from Financial liabilities – Other financial liabilities to Financial liabilities – Borrowings	12,400.65

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 30,2022

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay Kumar Sharma
Company Secretary
(Membership No.: ACS 9127)
Place: Pune

Date: May 30, 2022

FORM AOC-1

STATEMENT CONTAINING SAILENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATES COMPANIES / JOINT VENTURES
[Pursuant to first proviso of Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules,2014]

(A) SUBSIDIARY COMPANIES

(₹ in Million)

Name of Subsidiary Company	Reporting Currency	Amount in	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment (Refer note 2)	Turnover	Profit Before Tax	Provision For Tax (Net of Write back)	Profit after Tax	% Share Holding
Varroc Polymers Private Limited	₹	₹ in Million	-	5.29	5,501.30	11,489.40	5,982.81	6.47	17,510.34	538.36	218.62	319.74	100%
Durovalves India Private Limited	₹	₹ in Million	-	43.21	867.33	1,224.92	314.38	0.03	1,424.49	174.61	57.32	117.29	72.78%
Team Concepts Private Limited (Refer note 3)	₹	₹ in Million	-	-	-	-	-	-	-	-	-	-	0%
CarIQ Technologies Private Limited	₹	₹ in Million	-	0.33	(1.05)	42.42	43.14	-	67.33	9.99	0.10	9.88	74%
VarrocCorp Holding B.V.	€	₹ in Million	84.45	9,965.39	466.87	27,620.84	17,188.59	20,747.03	-	(203.55)	19.62	(223.17)	100%
Varroc Lighting Systems S.R.O.	€	₹ in Million	84.45	1,101.51	7,063.83	36,369.15	28,203.81	2,357.81	43,992.65	(2,991.53)	58.86	(3,050.39)	100%
Varroc Lighting Systems S.de.R.L.de.C.V.	US$	₹ in Million	75.67	1,756.13	151.64	11,473.50	9,565.73	-	13,788.33	442.04	159.18	282.86	100%
Varroc Lighting Systems INC	US$	₹ in Million	75.67	2,286.88	469.47	11,919.11	9,162.76	-	13,535.55	(1,437.13)	(282.97)	(1,154.17)	100%
Varroc Lighting Systems GmBH	€	₹ in Million	84.45	2.11	157.19	281.54	122.24		708.18	87.16	27.89	59.27	100%
Varroc Lighting Systems S.A., Morocco	€	₹ in Million	84.45	5,078.90	(6,157.63)	12,167.30	13,246.03		6,767.36	(3,484.36)	-	(3,484.36)	99.87%
Varroc do Brasil Industria E Commercia LTDA	BRL	₹ in Million	16.10	1,947.64	(1,470.03)	1,369.89	892.28		986.35	(220.81)	-	(220.81)	100%
Varroc Lighting Systems sp. Z o.o.	€	₹ in Million	84.45	5,109.33	(4,526.20)	7,925.91	7,342.79	-	7,679.61	(2,374.28)	-	(2,374.28)	100%
Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi	€	₹ in Million	84.45	195.66	295.67	5,389.54	4,898.22	0.01	3,685.16	(540.29)	(80.62)	(459.67)	100%
Varroc Lighting Systems Bulgaria EOOD	€	₹ in Million	84.45	0.04	(380.77)	289.72	670.45	-	47.91	(168.08)	-	(168.08)	100%
Varroc Japan Co. Ltd	Y	₹ in Million	0.63	0.06	11.02	16.99	5.90	-	23.95	0.81	0.75	0.06	100%
Varroc European Holding B.V.	€	₹ in Million	84.45	1,753.77	(3,726.96)	1,031.58	3,004.76	-	-	(567.66)	-	(567.66)	100%
Industria Meccanica e Stampaggio S.p.A.	€	₹ in Million	84.45	490.04	(468.89)	2,345.36	2,324.22	120.88	2,933.01	(438.35)	1.36	(439.71)	100%
Varroc Lighting Systems Italy S.p.A.	€	₹ in Million	84.45	299.71	745.04	2,782.22	1,737.47	463.87	1,716.61	12.43	(2.22)	14.64	100%
Varroc Lighting Systems Romania S.A	LEU	₹ in Million	17.04	115.53	(19.75)	586.60	490.82	-	628.00	(43.89)	1.88	(45.76)	98.23%
Varroc Lighting Systems Vietnam Co. Ltd.	VND	₹ in Million	0.003312	72.24	554.55	1,073.94	447.15	-	2,194.19	317.14	70.98	246.16	100%
Varroc Lighting Systems Electronics Romania SRL (earlier known as Varroc Elba Electronics SRL)	€	₹ in Million	84.45	208.57	(259.11)	1,627.82	1,678.36	-	896.34	(120.55)	-	(120.55)	100%

Note:

1) Reporting period for Varroc Lighting Systemes S.de.R.L.de.C.V. is January to December. For all other entities, the same is April- March.
2) Investment shown at fair value net of provision, where applicable.
3) Team Concepts Private Limited is merged with Varroc Polymers Private Limited w.e.f. April 01, 2020.

(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/LOSSS FOR THE YEAR		Description of how there is significant influence	Reason why the Associate/joint Venture is not consolidated
		No.	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	31-03-2022	25,000.00	84.45	50%	95.45	20.26	20.26	-	Consolidated as per equity method
Varroc TYC, BVI		-	-	-	-	-	-	NA	Refer note-2
Varroc TYC Auto Lamps Co. Ltd., China	31-12-2021	10,94,59,427.00	1,182.15	50%	3,741.78	(41.94)	(41.94)	-	Consolidated as per equity method
Varroc Dell'Orto Private Limited	31-03-2022	15,25,000.00	15.25	50%	38.72	17.36	17.36	-	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- March.
2) There is no significant operation based on materiality.

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
(DIN: 00027505)
Place: Pune

Gautam Khandelwal
Director
(DIN: 00270717)
Place: Pune

Tharuvai R. Srinivasan
Group CFO
Place: Pune

Ajay Kumar Sharma
Company Secretary
(Membership No: ACS 9127)
Place: Pune

Date: May 30, 2022

NOTICE TO MEMBERS

NOTICE is hereby given that the 34th Annual General Meeting of the Members of Varroc Engineering Limited will be held on **Thursday, September 29, 2022 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, 2022, 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, 2022 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, 2022, 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, 2022, along with report of the Independent Auditors thereon as circulated to the Members, be and are hereby received, considered, approved and adopted."

2. To appoint Mr. Rohit Prakash 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. Rohit Prakash (DIN: 02425849), 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."

SPECIAL BUSINESS:

3. APPROVAL FOR PAYMENT OF REMUNERATION TO MR. ROHIT PRAKASH, 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 Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014 (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, 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 payment of remuneration to Mr. Rohit Prakash, Whole Time Director of the Company for the period of three years commencing from April 29, 2022 up to April 28, 2025 as under:

A. BASIC SALARY

Basic Salary in the scale of ₹5,50,000 to ₹8,50,000 per month, with power to grant annual increment by the Board of Directors as they may deem fit, based on the recommendation of Nomination and Remuneration Committee.

B. ALLOWANCES

(a) House Rent Allowance payable monthly, equivalent to 50% of basic salary;

(b) Other allowances in the scale of ₹8,00,000/- to ₹12,00,000/- per month;

(c) Reimbursement of Leave Travel Expenses ₹10,000/- per month or such other sum as may be provided to Senior Executives of the Company.

C. PERQUISITES

a) 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.

b) Provision of Car with Driver for official as well as personal use.

Notice

c) Contribution towards Provident Fund as per the rules of the Company.

d) Gratuity as per rules of the Company.

e) Payment/Re-imbursement of entertainment expenses incurred in the normal course of business of the Company.

f) Leave with full pay as per the Rules of the Company, un-availed leave can be encashed as per the rules of the Company.

g) Other benefits including Long Term Incentives as may be applicable to senior executives of the company.

D. VARIABLE PAY

Based on the performance evaluation, Mr. Rohit Prakash will be entitled to a variable pay equivalent to 20% of his gross salary payable at the end of the year, as per the rules of the Company.

E. LONG TERM INCENTIVE (LTI) AS PER THE 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. Rohit Prakash shall not exceed Rupees Four 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. Rohit Prakash 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** save and except as aforesaid, all other terms and conditions of appointment approved vide the Special Resolution passed by the Members on August 14, 2020, with respect to the appointment of Mr. Rohit Prakash, as Whole time Director and which are not dealt with in this resolution, shall continue to remain in full force and effect."

"**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 payment of remuneration to Mr. Rohit Prakash as 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 him and/or reallocate his duties and responsibilities, vary/alter/modify or increase the remuneration including salary, allowances, perquisites, etc. as they deem fit provided the overall remuneration payable to him shall not exceed Rupees Four Crores per Financial Year based on the recommendation of the Nomination and Remuneration Committee."

4. APPROVAL FOR RE-APPOINTMENT AND REMUNERATION OF MR. TARANG JAIN AS CHAIRMAN AND MANAGING 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 Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014 (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 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 re-appointment of Mr. Tarang Jain as Chairman and Managing Director of the Company for a period of three years commencing from February 6, 2023 up to February 5, 2026 as under:

Notice

Term of Appointment: 3 years i.e., from February 6, 2023, up to February 5, 2026

Term of Remuneration: 3 years i.e., from February 6, 2023, up to February 5, 2026

Remuneration/Salary:

1. BASIC SALARY

Basic Salary in the scale of ₹26,00,000 to ₹35,00,000 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.

2. ALLOWANCES

Total allowance of ₹17,00,000/- to ₹25,00,000/- payable monthly

3. PERQUISITES

A. Health Insurance Policy for Managing Director, spouse and dependent children, premium whereof shall not exceed ₹15,00,000 per annum and/or reimbursement of medical expenses incurred in India for self, spouse and dependent children, where no cashless facility is available.

B. Payment/re-imbursement of medical expenses if any, incurred abroad for self, spouse and dependent children including hospitalisation, nursing home and surgical charges, air-fare, boarding/lodging for patient and attendant.

C. Payment/Reimbursement of membership fees (including life membership) for three clubs.

D. Payment/Reimbursement of membership fees (including life membership) for three credit cards.

E. Furnishings (soft as well as hard) not exceeding ₹75,00,000/- for each Financial Year as per income tax rules or such other sum as may be prescribed by the Board from time to time.

F. Provision of car with Driver for official as well as personal use.

G. Provisions of telephone, Telefax and other communication facilities at residence for personal and official use.

H. Provision for services of security, labor, gardener, sweeper and such other personnel as may be required for the maintenance and upkeep at his residence subject to a ceiling of one-month basic salary per annum.

I. Contribution towards Provident Fund as per the rules of the Company.

J. Gratuity as per rules of the Company.

K. Payment / Re-imbursement of entertainment expenses incurred in the course of business of the Company.

L. Leave with full pay as per Rules of the Company; un-availed leave shall not be encashed.

M. Other benefits as may be applicable to senior executives of the company.

4. 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.

5. VARIABLE PAY

The variable pay will be decided at the end of the year based on the net profit of the Company and considering the overall permissible statutory limits for managerial remuneration.

6. Long Term Incentive (LTI) as per the policy of the Company

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. Tarang Jain shall not exceed Rupees Fifteen 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. Tarang Jain 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 payment of remuneration to Mr. Tarang Jain as Chairman and Managing 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 him and/or reallocate his duties and responsibilities, vary/alter/modify or increase the remuneration including salary, allowances, perquisites, etc. as they deem fit provided the overall remuneration payable to him shall not exceed Rupees Fifteen crore per Financial Year based on the recommendation of the Nomination and Remuneration Committee."

5. APPROVAL FOR RE-APPOINTMENT AND REMUNERATION OF MR. ARJUN JAIN 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 Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014 (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, 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 re-appointment of Mr. Arjun Jain as a Whole Time Director of the Company for a period of Three years commencing from August 7, 2023 up to August 6, 2026 as under:

Term of Appointment: 3 years i.e., from August 7, 2023 up to August 6, 2026

Term of Remuneration: 3 years i.e., from August 7, 2023 up to August 6, 2026

Remuneration/Salary:

A. BASIC SALARY

Basic Salary in the scale of ₹3,50,000 to 7,00,000 per month, with power to grant annual increment by the Board of Directors as they may deem fit, based on the recommendation of Nomination and Remuneration Committee.

B. ALLOWANCES

a. House Rent Allowance payable monthly, equivalent to 50% of basic salary;

b. Other allowances in the scale of ₹5,75,000 to ₹9,00,000/- per month;

c. Reimbursement of Leave Travel Expenses ₹10,000/- per month or such other sum as may be provided to Senior Executives of the Company.

C. PERQUISITES

a. Health Insurance Policy as per the policy of the Company and/or reimbursement of medical expenses incurred in India where no cashless facility is available.

b. Payment/re-imbursement of medical expenses if any, incurred abroad including hospitalisation, nursing home and surgical charges, air-fare, boarding/lodging for patient and attendant.

c. Provision of Car with Driver for official as well as personal use.

d. Contribution towards Provident Fund as per the rules of the Company.

e. Gratuity as per rules of the Company.

f. Payment / Re-imbursement of entertainment expenses incurred in the course of business of the Company.

g. Leave with full pay as per the Rules of the Company; unavailed leave can be encashed as per the rules of the Company.

h. Other benefits as may be applicable to senior executives of the Company.

D. VARIABLE PAY:

Based on the performance evaluation, Mr. Arjun Jain will be entitled to a variable pay equivalent to 20% of his gross salary payable at the end of the year, as per the rules of the Company.

E. LONG TERM INCENTIVE (LTI) as per the 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. Arjun Jain shall not exceed Rupees Four 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. Arjun Jain 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 payment of remuneration to Mr. Arjun Jain as 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 him and/ or reallocate his duties and responsibilities, vary/ alter/modify or increase the remuneration including salary, allowances, perquisites, etc. as they deem fit provided the overall remuneration payable to him shall not exceed Rupees Four crore per Financial Year based on the recommendation of the Nomination and Remuneration Committee."

6. APPROVAL FOR RE-APPOINTMENT OF MR. VINISH KATHURIA AS INDEPENDENT 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** subject to approval of the Shareholders in ensuing Annual General Meeting and pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time 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 re-appointment of Mr. Vinish Kathuria (DIN: 01951771) as an Independent Director of the Company, not be liable to retire by rotation, for a second term of five consecutive years commencing from February 6, 2023 up to February 5, 2028 who currently holds office of Independent Director up to February 5, 2023 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015."

"**RESOLVED FURTHER THAT** any one of the Directors of the Company and / or Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

7. **PAYMENT OF REMUNERATION TO NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS BUT EXCLUDING NOMINEE DIRECTORS) 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 Sections 149(9), 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Schedule V of the Companies Act, 2013 and the rules thereunder (including any statutory modification or amendment(s) thereto or re-enactment thereof for the time being in force), Regulation 17(6)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time, approval of the members of the Company, be and is hereby accorded for the payment of remuneration to the Non-Executive Directors (Including Independent Directors But excluding Nominee Directors) of the Company to be determined by the Board of Directors within the overall maximum limit of 1% (one percent) of the Net Profits of the Company for that Financial Year computed in accordance with the provisions of Section 198 of the Act or such other maximum limit as stated under Schedule V of the Act from time to time in this regard for each Financial Year, for a period of five Financial Years commencing from April 1, 2023 up to and including Financial Year ending on March 31, 2028, in addition to the sitting fees and reimbursement of expenses being paid by the Company for participating in the Board/ Committee Meetings of the Company, PROVIDED HOWEVER THAT the aggregate remuneration paid to all Non-Executive Directors of the Company (including Independent Directors but excluding Nominee Directors) shall not exceed ₹1,50,00,000/- (Rupees One Crore Fifty Lakh only) for or in respect of a Financial Year."

"**RESOLVED FURTHER THAT** the remuneration as set out above shall nevertheless be paid to the Non-Executive Directors of the Company 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 in order to give effect to the aforesaid Resolution 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."

8. **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, 2023 or extended Financial Year as may be decided by the Board, be paid the remuneration of ₹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, 2023.

"**RESOLVED FURTHER THAT** any Director, Group Chief Financial Officer 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."

9. **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 ₹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."

10. **APPOINTMENT OF MR. DHRUV JAIN AS NON-EXECUTIVE 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 149, 152, 160 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013, and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to compliance with such other provisions of law as may be applicable, Mr. Dhruv Jain (DIN: 09710448), who was appointed as an Additional Director of the Company with effect from September 1, 2022 by the Board of Directors of the Company and as recommended by the Nomination and Remuneration Committee and who holds office up to the ensuing Annual General Meeting of the Company in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

"**RESOLVED FURTHER THAT** any Director of the Company and/or Mr. Ajay Sharma, Group General Counsel and Company Secretary of the Company be and are hereby severally authorised to do all the acts, deeds and things as are necessary for the appointment of Mr. Dhruv Jain as Non-Executive Director of the Company, including filing of necessary forms with the regulatory authorities and executing and signing all relevant documents, and to do all acts and to take all such steps as may be necessary and proper or expedient to give effect to these resolutions."

By Order of the Board of Directors
For **Varroc Engineering Limited**

Ajay Sharma
Group General Counsel
and Company Secretary
ACS: 9127

Registered Office
L-4, MIDC Area, Waluj
Aurangabad- 431 136
(Maharashtra)

Place: Pune
Date: August 12, 2022

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 and 2/2022 dated May 5, 2022 (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 and SEBI/HO/CFD/CMD2/CIRP/P/2022/62 dated May 13, 2022 ('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 34th AGM of the Company is being held through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM. Deemed venue for the 34th 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 the Special Business relating to item no 3 to 10 to be transacted at the AGM and the details as required under the Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS- 2) issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this 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 authorised 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/Authorisation etc., authorising its representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/Authorisation 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 2021-22 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 2021-22, 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. 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. Member 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.

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9. 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. 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. Members may note that the VC / OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-served basis. The large Members (i.e., 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-served principle.

12. Members who need assistance before or during the AGM, can contact Ms. Sarita Mote - Assistant 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 **Thursday, September 22, 2022**, on the aforementioned e-mail id shall only be considered and responded to during the AGM.

14. 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 **Thursday, September 22, 2022**. 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., **Thursday, September 22, 2022**, may cast their vote electronically. The voting right of 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 **Thursday, September 22, 2022**.

The remote e-voting period begins on

Commencement of Remote e-voting	9:00 a.m. (IST) on Monday, September 26, 2022
Conclusion of Remote e-voting	5:00 p.m. (IST) on Wednesday, September 28, 2022

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 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 shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020, on "e-voting facility provided by Listed Companies", Individual 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.

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 shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual members holding securities in demat mode with NSDL.	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. 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 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. 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

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Type of shareholders	Login Method
Individual members holding securities in demat mode with CDSL	Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be able to see the e-voting Menu. The Menu will have links of **e-Voting service provider i.e., NSDL.** Click on **NSDL** to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in 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 provided links for the respective ESP i.e., **NSDL** where the e-Voting is in progress.
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 toll free No.: 1800 1020 990 and 1800 22 44 30
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 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and 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 login at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in 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 shareholders other than Individual 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 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.: 1800 1020 990 and 1800 22 44 30 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, 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 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. Thursday, September 22, 2022, 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. 1800 1020 990 and 1800 22 44 30. In case of Individual 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. Thursday, September 22, 2022 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) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

21. The Scrutiniser 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 Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

22. The result declared along with the Scrutiniser'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 - 431136 (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, 2014 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. 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, 2022 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 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. 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 SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.3

APPROVAL FOR PAYMENT OF REMUNERATION TO MR. ROHIT PRAKASH, WHOLE TIME DIRECTOR OF THE COMPANY

The Shareholders of the Company at the Annual General Meeting held on August 14, 2020, approved the appointment of Mr. Rohit Prakash (DIN: 02425849) as Whole Time Director of the Company for a period of five (5) years w.e.f. April 29, 2020, and remuneration payable to him for a period of three (3) years i.e., from April 29, 2020 to April 28, 2023. The approval of the Members pursuant to Section 197(1) of the Companies Act, 2013, as amended from time to time is now required for the remaining tenure of two (2) years i.e., from April 29, 2023, to April 28, 2025. However, in view of unforeseen circumstances of losses or inadequate profits in any Financial Year during his term of appointment as Whole Time Director and as an enabling action, it is proposed to seek approval of the members by way of a Special Resolution in terms of section 197 and Schedule V of the Act read with Rules made thereunder, for payment of remuneration to Mr. Rohit Prakash for the tenure commencing from April 29, 2022, to April 28, 2025.

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013, on the recommendation made by the Nomination and Remuneration Committee of the Company at its meeting held on May 30, 2022, the Board of Directors of the Company at its meeting held on even date has approved the payment of remuneration as detailed above, subject to such other approvals as may be necessary, as minimum remuneration to Mr. Rohit Prakash in the absence or inadequacy of profits in any Financial Year(s) during the tenure i.e. April 29, 2022, to April 28, 2025.

The terms of remuneration of Mr. Rohit Prakash, Whole Time Director 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 1.2.5 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. 3 is annexed hereto as Annexure II.

Mr. Rohit Prakash shall be considered as interested or concerned in the said Resolution.

Except as stated above, none of the other 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.

The Board recommends the **SPECIAL RESOLUTION** set out at Item No. 3 of the Notice for approval of the Members.

ITEM NO.4

APPROVAL FOR RE-APPOINTMENT AND REMUNERATION OF MR. TARANG JAIN AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY

The Shareholders of the Company at the Extra-ordinary General meeting held on February 13, 2018, approved the re-appointment of Mr. Tarang Jain (DIN: 00027505) as Managing Director of the Company for a period of five (5) years from February 6, 2018, to February 5, 2023. Further, he was designated as the Chairman and Managing Director w.e.f. November 10, 2020. Approval of the Members is sought for re-appointment of Mr. Tarang Jain (DIN: 00027505) as Chairman and Managing Director the Company and payment of remuneration to him for the next term of Three (3) years effective from February 6, 2023 up to February 5, 2026.

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013, on the recommendation made by the Nomination and Remuneration Committee of the Company at its meeting held on May 30, 2022, the Board of Directors of the Company at its meeting held on even date has approved the re-appointment of Mr. Tarang Jain as Chairman and Managing Director of the Company, liable to retire by rotation, for a term of Three (3) years from February 6, 2023 to February 5, 2026 and approved the terms and conditions of his appointment, including payment of remuneration, subject to the requisite approval of Members and such other approvals as may be necessary.

The terms of remuneration of Mr. Tarang Jain, Chairman and Managing Director 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 1.2.5 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. 4 is annexed hereto as Annexure II.

The Company has also received notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Chairman and Managing

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Director of the Company. Mr. Tarang Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has provided requisite consent to act as a Chairman and Managing Director of the Company & 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.

Mr. Tarang Jain shall be considered as interested or concerned in the said Resolution. In addition, Mr. Naresh Chandra, Mrs. Suman Jain, Mr. Arjun Jain and Mr. Dhruv Jain, who are holding shares in the Company or are holding beneficial interest in the shares of the Company, shall be considered as interested or concerned in the above resolution as relatives of Mr. Tarang Jain.

Except as stated above, none of the other 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. 4 of the Notice.

Mr. Tarang Jain, being Chairman and Managing Director of the Company, is mainly responsible for the efficient operations and also for the financial performance of the Company. It is essential for the Company to have his continued services and able leadership for future growth of the Company. Hence your Board recommends the **SPECIAL RESOLUTION** set out at Item No. 4 of the Notice for approval of the Members.

ITEM NO.5

APPROVAL FOR RE-APPOINTMENT AND REMUNERATION OF MR. ARJUN JAIN AS WHOLE TIME DIRECTOR OF THE COMPANY OF THE COMPANY

The Shareholders of the Company at the Annual General Meeting held on September 5, 2018, approved the appointment of Mr. Arjun Jain (DIN: 07228175) as Whole Time Director of the Company for a period of five (5) years from August 7, 2018 to August 6, 2023. The approval of the Members is now sought for the re-appointment of Mr. Arjun Jain as Whole Time Director and payment of remuneration to him for the next term of Three (3) years effective from August 7, 2023 to August 6, 2026.

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013, on the recommendation made by the Nomination and Remuneration Committee of the Company at its meeting held on May 30, 2022, the Board of Directors of the Company at its meeting held on even date have approved the re-appointment of Mr. Arjun Jain as Whole Time Director of the Company, liable to retire by rotation, for a term of Three (3) years from August 7, 2023 to August 6, 2026 and approved the terms and conditions of his appointment, including payment of remuneration, subject to the requisite approval of Members and such other approvals as may be necessary.

The terms of remuneration of Mr. Arjun Jain, Whole Time Director 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 1.2.5 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. 5 is annexed hereto as Annexure II.

The Company has also received 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. Arjun Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has provided requisite consent to act as a Whole Time Director of the Company & 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.

Mr. Arjun Jain shall be considered as interested or concerned in the said Resolution. In addition, Mr. Naresh Chandra, Mrs. Suman Jain, Mr. Tarang Jain and Mr. Dhruv Jain, who are holding shares in the Company or are holding beneficial interest in the shares of the Company, shall be considered as interested or concerned in the above Resolution as relatives of Mr. Arjun Jain.

Except as stated above, none of the other 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. 5 of the Notice.

The Board considers that his vast knowledge and varied experience will be of great value to the Company and his continued association would be of immense benefit to the Company. Hence your Board recommends the **SPECIAL RESOLUTION** set out at Item No. 5 of the Notice for approval of the Members.

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ITEM NO.6

APPROVAL FOR RE-APPOINTMENT OF MR. VINISH KATHURIA AS INDEPENDENT DIRECTOR OF THE COMPANY

In line with the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 including the Rules made thereunder ('the Act'), Mr. Vinish Kathuria, Independent Director of the Company was appointed at the Extra-ordinary General meeting held on February 13, 2018 to hold office for Five (5) consecutive years commencing from February 6, 2018 up to February 5, 2023. Section 149(11) of the Act provides that Independent Director shall not hold office for more than two consecutive terms.

The Board of Directors of the Company and the Nomination and Remuneration Committee have evaluated the performance of the Independent Directors and on the basis of the said evaluations have concluded that the Independent Directors fulfil their responsibilities towards the Company in a professional and ethical manner, actively participate in discussions during the Board and Committee meetings and act objectively and constructively while bringing an independent opinion during deliberations at the said meetings.

The Board of Directors, on the recommendation of Nomination and Remuneration Committee at its meeting held on May 30, 2022, has recommended the re-appointment of Mr. Vinish Kathuria (DIN: 01951771) as Independent Director, not liable to retire by rotation, for another term of five (5) years i.e., from February 6, 2023 up to February 5, 2028, subject to approval of the Members.

It is now proposed that Mr. Vinish Kathuria, Independent Director of the Company be appointed for a second term of Five (5) consecutive years, commencing from February 6, 2023 up to February 5, 2028.

The Company has also received declarations from the above Director that he meets with the criteria of independence as prescribed both under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). In the opinion of the Board, he also fulfils the conditions for his re-appointment as Independent Director as specified in the Act and the Listing Regulations. He is independent of the management. Further, he is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his respective consent to act as a Director. He has 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. And that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

The Company has also received notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Independent Director of the Company.

Details of the Director as required to be provided pursuant to Regulation 36(3) of the Listing Regulations and SS – 2 (Secretarial Standards on General Meetings) are provided as an Annexure I to this Notice. A copy of the draft letter for appointment of the Independent Director setting out the terms and conditions of his appointment will be available for inspection by the Members. 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 Board acknowledges Mr. Vinish Kathuria is stalwart in his area of operation and leader par-excellence. He brings to the table rich and varied expertise including financial, scientific and technological expertise and unmatched business acumen. The re-appointment of Mr. Vinish Kathuria will therefore be in the best interest of the Company.

Save and except Mr. Vinish Kathuria and their 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 resolutions set out at Item No. 6 of the Notice.

The Board recommends the **SPECIAL RESOLUTION** set out at Item No. 6 of the Notice for approval of the Members.

ITEM NO.7

PAYMENT OF REMUNERATION TO NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS BUT EXCLUDING NOMINEE DIRECTORS) OF THE COMPANY

The Company had taken approval of the members, from time to time, for payment of profit related commission / remuneration of a sum not exceeding in aggregate one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 ("the Act") to Non-Executive Directors (NEDs) of the Company. The members of the Company at their Annual General Meeting held on August 25, 2021 have

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already passed necessary resolution for payment of commission / remuneration to NEDs in case of profits for a period of five years w.e.f. April 1, 2022. However, approval of the members is being sought for payment of agreed remuneration to NEDs in case of loss or inadequate profits in any Financial Year, subject to compliance of Schedule V of the Act.

The members of the Company have appointed Non-executive Directors on the Board whose experience and expertise in the field of business, management and Corporate affairs is of immense help to the Board. The involvement of Non-Executive Directors (Including Independent Directors But excluding Nominee Directors) of the Company has increased over the years, and they contribute significantly to the growth of the Company as well as sound corporate governance practices by bringing with them professional expertise, rich and wide experience. The Board of Directors are of the opinion that in order to remunerate the Non- Executive Directors of the Company for the responsibilities entrusted upon them under the law, particularly under the Act and Listing Regulations, the current trends and commensurate with the time devoted and the contribution made by them, commission / remuneration be paid to the Non-Executive Directors (Including Independent Directors But excluding Nominee Directors) of the Company. The Company believes in the philosophy to remunerate adequately the NEDs for giving their time to the Company and their inputs in the strategic decisions of the Company. As the Company is in the growth trajectory, the Company may or may not have adequate profits or may incur loss. As an enabling action, it is proposed to take approval of members by way of a Special Resolution in terms of section 197 and Schedule V of the Act read with Rules made thereunder, for payment of remuneration to the NEDs

The Board of Directors at its meeting held on August 12, 2022 has recommended the payment of remuneration to NEDs (including Independent Directors but excluding Nominee Directors) of the Company not exceeding 1% of the Net Profits of the Company in terms of Section 197 of the Act, computed in accordance with the provisions of Section 198 of the Act or such other percentage as may be specified from time to time and up to a maximum limit of ₹1.5 Crore, in aggregate, for a period of five (5) years commencing from April 1, 2023 up to and including the Financial Year ending on March 31, 2028. The Board of Directors will determine each year, the specific amount to be paid as remuneration to the NEDs, in case of inadequate profit or loss.

The above remuneration shall be in addition to the sitting fees and reimbursement of expenses being paid by the Company for participating in the Board/ Committee Meetings of the Company. Details of the Director as required to be provided pursuant to Regulation 36(3) of the Listing Regulations and SS – 2 (Secretarial Standards on General Meetings) are provided as an Annexure I to this Notice. 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. 7 is annexed hereto as Annexure II. The Non-Executive Director(s)/ Independent Director(s) appointed hereafter will be similarly entitled for the aforementioned profit related commission/ remuneration.

Except Mr. Gautam Khandelwal, Mr. Marc Szulewicz, Mrs. Vijaya Sampath, Mr. Vinish Kathuria, Mr. Dhruv Jain and their relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

The Board recommends the **SPECIAL RESOLUTION** set out at Item No. 7 of the Notice for approval of the Members.

ITEM NO.8

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 2022-23, at a remuneration of ₹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. 8 of the Notice.

The Board of Directors recommends **ORDINARY RESOLUTION** as set out at item No.8 of the Notice, for ratification of the Cost Auditors' remuneration by the Members of the Company.

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ITEM NO.9

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 ₹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 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 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 at Item No. 9 of the Notice, for approval of the Members.

ITEM NO.10

APPOINTMENT OF MR. DHRUV JAIN AS NON-EXECUTIVE DIRECTOR OF THE COMPANY

Mr. Dhruv Jain (DIN: 0009710448), on the recommendation of the Nomination and Remuneration Committee was appointed as an Additional Director with effect from September 1, 2022 by the Board of Directors. As per Section 161 of the Companies Act, 2013 ("the Act"), Mr. Dhruv Jain holds office up to the date of ensuing Annual General Meeting. The Company is in receipt of requisite notice in writing in terms of Section 160 of the Act proposing the candidature of Mr. Dhruv Jain to be appointed as Non-Executive Director at the ensuing Annual General Meeting liable to retire by rotation. Mr. Dhruv Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and consented to the proposed appointment 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. He possesses the requisite knowledge, experience and skills for the position of Director.

The Board of Directors on recommendation of Nomination and Remuneration Committee and subject to approval of members in the ensuing Annual General Meeting has accorded its consent to appoint Mr. Dhruv Jain as a Non-Executive Director, liable to retire by rotation.

Details pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 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. 10 is annexed hereto as Annexure II.

Mr. Dhruv Jain shall be considered as interested or concerned in the said Resolution. In addition, Mr. Naresh Chandra, Mrs. Suman Jain, Mr. Tarang Jain and Mr. Arjun Jain, who are holding shares in the Company or are holding beneficial interest in the shares of the Company, shall be considered as interested or concerned in the above Resolution as relatives of Mr. Dhruv Jain.

Except as stated above, none of the other 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. 10 of the Notice.

The Board considers that his vast knowledge and varied experience will be of great value to the Company and his continued association would be of immense benefit to the Company. Hence your Board recommends the **SPECIAL RESOLUTION** set out at Item No. 10 of the Notice for approval of the Members.

By Order of the Board of Directors
For **Varroc Engineering Limited**

Ajay Sharma
Group General Counsel and
Company Secretary
ACS: 9127

Place: Pune
Date: August 12, 2022

ANNEXURE I

RELEVANT DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT/ FIXATION/ VARIATION IN REMUNERATION 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. Arjun Jain	Mr. Rohit Prakash	Mr. Vinish Kathuria	Mr. Gautam Khandelwal	Mr. Marc Szulewicz	Mrs. Vijaya Sampath	Mr. Dhruv Jain
Designation	Chairman and Managing Director	Whole Time Director	Whole Time Director	Independent Director	Independent Director	Independent Director	Independent Director	Non-Executive Director
Age	60 years	32 years	54 years	51 years	60 years	75 years	69 years	27 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 33 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. Arjun Jain holds Bachelor's degree in arts from Vassar College, New York. Mr. Arjun Jain joined the Company on October 1, 2013, as the General Manager - business excellence division. He was previously associated with Bain and Company India Private Limited. He has been on the Board of the Company since August 2018.	Mr. Rohit Prakash has completed his Graduation from Punjab University and holds an MBA in Marketing from University of Pune. He has overall 30 years of experience. He has worked with major four & two-wheeler manufacturers in the country and carries extensive experience in planning & executing projects for new plant set ups, handling the initial start-up operations developing new business opportunities and building organisational capabilities. His expertise lies in Business turnarounds, Strategic management, M&A, Building high performing teams and operations excellence. Leading and transforming diverse businesses into progressive organisations by developing and integrating all functions, is an area in which he has done extensive work. His analytical ability coupled with hands- on approach and excellent management skills will drive sustainable and profitable relationships with all our stakeholders.	Mr. Vinish Kathuria holds a bachelor's degree in Chemical Engineering from Indian Institute of Technology, Delhi and a master's degree in Science from Case Western Reserve University, Cleveland, Ohio. He also holds a Master's degree in Business Administration from the Duke University's Fuqua School of Business, North Carolina. He is the co-founder and president of Rank Software Inc. He has previously been associated with Ericsson India Private Limited, HT Mobile Solutions Limited, Indian Angel Network Services Private Limited and has served on the boards of Phonon Solutions Private Limited and Rank Software Inc. He has been on the Board of the Company since February 2018.	Mr. Gautam Khandelwal, holds a bachelor's degree in Economics from the University of Mumbai. He is having vast business experience across various industries. He had served as a Director of Punjab National Bank (Second largest Nationalised Bank in India) appointed by the Government of India as a Nominee Director. He has been associated with Nagpur Power and Industries Limited since 1996. He is currently the Executive Chairman of Nagpur Power & Industries Limited and the Non-executive Chairman of Informed Technologies India Limited, BSE listed companies, Chairman of the Motwane Manufacturing Company Private Limited, a R&D Company. He has been on Varroc Board since 2011.	Mr. Marc Szulewicz holds an engineering degree from the Ecole Nationale Supérieure des Arts et Métiers, Paris. He has previously worked at Valeo as general manager in charge of Climate Control and served as executive vice president in-charge of plastic activities at Crown Cork & Seal Europe. Later, he was also the CEO of the Auto Exterior division at Plastic Omnium. He has been on Varroc Board since July 2017.	Mrs. Vijaya Sampath holds a bachelor's degree in English Literature from Madras University and in law from Mysore University. She is registered as an Advocate with the Bar Council of Delhi. She is also a Fellow Member of the Institute of Company Secretaries of India. She attended the Advanced Management program at Harvard Business School, USA and a program on Managing Strategic Alliances conducted by Wharton School, University of Pennsylvania, USA. Previously, she has been associated with Lakshmikumaran & Sridharan Attorneys as a senior partner, with J Sagar Associates as a Corporate Partner and with the Bharti Airtel Limited as Group General Counsel and Company Secretary. She is an Independent Director on the Boards of listed and unlisted public companies. She joined the Varroc Board in July 2017.	Mr. Dhruv Jain is currently Director of Varroc Lighting Systems Electronics Romania S.r.l. He is responsible for leading the Business Performance of the Electronics business unit ("EBU") of Varroc Lighting Systems. He also leads the ADAS and lighting electronics strategy for the EBU. Mr. Dhruv Jain holds a bachelor's degree in Economics from the University of Chicago.
Terms and Conditions for appointment	The proposed appointment is for the period of 3 years and valid till February 5, 2026.	The proposed appointment is for the period of 3 years and valid till August 6, 2026.	The appointment is for the period of 5 years and valid till April 28, 2025	The proposed appointment is for the period of 5 years and valid till February 5, 2028.	The appointment is for the period of 5 years and valid till July 19, 2025	The appointment is for the period of 5 years and valid till July 19, 2025	The appointment is for the period of 5 years and valid till July 19, 2025	The appointment is as Non-Executive Director, liable to retire by rotation
Date of first appointment to Board	11/05/1988	07/08/2018	29/04/2020	06/02/2018	24/03/2011	20/07/2017	20/07/2017	01/09/2022
Shareholding in the Company as on March 31, 2022	6,07,29,800 Equity Shares	5000	Nil	Nil	Nil	Nil	703	5000
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 Promoter of the Company	Mr. Arjun Jain is son of Mr. Tarang Jain, Chairman & Managing Director and brother of Mr. Dhruv Jain, Non-Executive Director.	None	None	None	None	None	Mr. Dhurv Jain is son of Mr. Tarang Jain, Chairman and Managing Director and brother of Mr. Arjun Jain, Whole Time Director
Number of Board meetings attended	Attended 6 out of 6 Board Meeting held during FY 2021-22	Attended 6 out of 6 Board Meeting held during FY 2021-22	Attended 5 out of 6 Board Meeting held during FY 2021-22	Attended 6 out of 6 Board Meeting held during FY 2021-22	Attended 6 out of 6 Board Meeting held during FY 2021-22	Attended 6 out of 6 Board Meeting held during FY 2021-22	Attended 6 out of 6 Board Meeting held during FY 2021-22	N.A.
Directorship of other Companies as on August 12, 2022*	1. Varroc Engineering Limited 2. 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. Varroc Dell'Orto Pvt. Ltd. 3. CarIQ Technologies Pvt. Ltd.	1. Varroc Engineering Limited 2. Durovalves India Private Limited 3. VL Lighting Solutions Pvt. Ltd.	1. Varroc Engineering Limited 2. Varroc Polymers Pvt. Ltd 3. Durovalves India Private Limited 4. CarIQ Technologies Pvt. Ltd.	1. Varroc Engineering Limited 2. Nagpur Power and Industries Limited 3. Informed Technologies India Limited	1. Varroc Engineering Limited 2. Varroc Polymers Private Limited	1. Varroc Engineering Limited 2. Ingersoll Rand (India) Limited 3. Safari Industries (India) Limited 4. Intellect Arena Design Limited 5. Craftsman Automation Limited 6. L&T-MHI Power Boilers Private Limited 7. L&T-MHI Power Turbine Generators Private Limited 8. Nabha Power Limited 9. GVS Envicon Technologies Private Limited 10. VA Tech Wabag Limited	Nil

Name of the Director	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Rohit Prakash	Mr. Vinish Kathuria	Mr. Gautam Khandelwal	Mr. Marc Szulewicz	Mrs. Vijaya Sampath	Mr. Dhruv Jain
Membership/ Chairmanship of Committees of other Boards as on August 12, 2022#	Member of Audit Committee: 1. Varroc Engineering Limited 2. Durovalves India Private Limited	Member of Stakeholders Relationship Committee: 1. Varroc Engineering Limited	Nil	Member of Audit Committee and Stakeholders Relationship Committee: 1. Varroc Engineering Limited	**I. Audit Committee:** 1. Varroc Engineering Limited (C) 2. Nagpur Power and Industries Limited 3. Informed Technologies India Limited 4. Durovalves India Private Limited (C) 5. Varroc Polymers Private Limited (C) **II. Stakeholder Relationship Committee:** 1. Varroc Engineering Limited (C) 2. Nagpur Power and Industries Limited 3. Informed Technologies India Limited	**I. Audit Committee:** 1. Varroc Engineering Limited	**I. Audit Committee:** 1. Varroc Engineering Limited 2. Intellect Design Arena Limited 3. Ingersoll-Rand India Limited 4. Craftsman Automation Limited 5. Nabha Power Limited 6. VA Tech Wabag Limited	Nil
Remuneration proposed to be paid	As provided in the Resolution	As provided in the Resolution	As provided in the Resolution	As provided in the Resolution	As provided in the Resolution	As provided in the Resolution	As provided in the Resolution	As provided in the Resolution
Last drawn remuneration	During the Financial Year 2021-22, Mr. Tarang Jain has received a remuneration of ₹52.27 Million from the Company	During the Financial Year 2021-22, Mr. Arjun Jain has received a remuneration of ₹20.87Millionfrom the Company	During the Financial Year 2021-22, Mr. Rohit Prakash has received a remuneration of ₹27.35 Million from the Company	For the Financial Year 2021-22, Mr. Vinish Kathuria has received a commission of ₹1.00 Million from the Company	For the Financial Year 2021-22, Mr. Gautam Khandelwal has received a commission of ₹1.00 Million from the Company	For the Financial Year 2021-22, Mr. Marc Szulewicz has received a commission of ₹1.00 Million from the Company	For the Financial Year 2021-22, Mrs. Vijaya Sampath has received a commission of ₹1.00 Million from the Company	N.A.

* 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 commencement of commercial production:** Not applicable, as the Company is an existing Company.

(3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable

(4) **Financial performance based on given indicators:**

Amount in Crores

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
Total Income	3,356.42	2,673.19	2,571.70
Total Expenditure (Incl. Finance Cost, Exch. Variance, Depreciation and Tax)	3,311.71	2,536.04	2,444.14
Profit/ (Loss) before tax*	44.70	137.15	127.56
Profit/(Loss) After tax	25.98	92.16	103.87
Earning Per Share (EPS) (In ₹)	1.70	6.82	7.70

*Excludes exceptional items.

(Figures have been regrouped/recast wherever necessary)

(5) **Foreign investments or collaborators, if any:** Till date holding companies have made foreign investment of approximately ₹1,096.61 Crores in the Share Capital of overseas subsidiaries. The Company is also having technical collaboration for manufacturing some of its products.

II. INFORMATION ABOUT THE APPOINTEES AND NON – EXECUTIVE INDEPENDENT DIRECTORS

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Rohit Prakash	Mr. Vinish Kathuria	Mr. Gautam Khandelwal	Mr. Marc Szulewicz	Mrs. Vijaya Sampath	Mr. Dhruv Jain
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 33 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. Arjun Jain holds Bachelor's degree in arts from Vassar College, New York. Mr. Arjun Jain joined the Company on October 1, 2013, as the General Manager - business excellence division. He was previously associated with Bain and Company India Private Limited. He has been on the Board of the Company since August 2018.	Mr. Rohit Prakash has completed his Graduation from Punjab University and holds an MBA in Marketing from University of Pune. He has overall 30 years of experience. He has worked with major four & two-wheeler manufacturers in the country and carries extensive experience in planning & executing projects for new plant set ups, handling the initial start-up operations developing new business opportunities and building organisational capabilities. His expertise lies in Business turnarounds, Strategic management, M&A, Building high performing teams and operations excellence. Leading and transforming diverse businesses into progressive organisations by developing and integrating all functions, is an area in which he has done extensive work. His analytical ability coupled with hands- on approach and excellent management skills will drive sustainable and profitable relationships with all our stakeholders.	Mr. Vinish Kathuria holds a bachelor's degree in Chemical Engineering from Indian Institute of Technology, Delhi and a master's degree in Science from Case Western Reserve University, Cleveland, Ohio. He also holds a Master's degree in Business Administration from the Duke University's Fuqua School of Business, North Carolina. He is the co-founder and president of Rank Software Inc. He has previously been associated with Ericsson India Private Limited, HT Mobile Solutions Limited, Indian Angel Network Services Private Limited and has served on the boards of Phonon Solutions Private Limited and Rank Software Inc. He has been on the Board of the Company since February 2018.	Mr. Gautam Khandelwal, holds a bachelor's degree in Economics from the University of Mumbai. He is having vast business experience across various industries. He had served as a Director of Punjab National Bank (Second largest Nationalised Bank in India) appointed by the Government of India as a Nominee Director. He has been associated with Nagpur Power and Industries Limited since 1996. He is currently the Executive Chairman of Nagpur Power & Industries Limited and the Non-executive Chairman of Informed Technologies India Limited, BSE listed companies, Chairman of the Motwane Manufacturing Company Private Limited, a R&D Company. He has been on the Company's Board since 2011.	Mr. Marc Szulewicz holds an engineering degree from the Ecole Nationale Supérieure des Arts et Métiers, Paris. He has previously worked at Valeo as general manager in charge of Climate Control and served as executive vice president in-charge of plastic activities at Crown Cork & Seal Europe. Later, he was also the CEO of the Auto Exterior division at Plastic Omnium. He has been on the Company's Board since July 2017.	Mrs. Vijaya Sampath holds a bachelor's degree in English Literature from Madras University and in law from Mysore University. She is registered as an Advocate with the Bar Council of Delhi. She is also a Fellow Member of the Institute of Company Secretaries of India. She attended the Advanced Management program at Harvard Business School, USA and a program on Managing Strategic Alliances conducted by Wharton School, University of Pennsylvania, USA. Previously, she has been associated with Lakshmikumaran & Sridharan Attorneys as a senior partner, with J Sagar Associates as a Corporate Partner and with the Bharti Airtel Limited as Group General Counsel and Company Secretary. She is an Independent Director on the Boards of listed and unlisted public companies. She joined the Board in July 2017.	Mr. Dhruv Jain is currently Director of Varroc Lighting Systems Electronics Romania S.r.l. He is responsible for leading the Business Performance of the Electronics business unit ("EBU") of Varroc Lighting Systems. He also leads the ADAS and lighting electronics strategy for the EBU. Mr. Dhruv Jain holds a bachelor's degree in Economics from the University of Chicago.
Past remuneration	For the Financial Year 2021-22, Mr. Tarang Jain has received a remuneration of ₹52.27 Million from the Company	For the Financial Year 2021-22, Mr. Arjun Jain has received a remuneration of ₹20.87 Million from the Company	For the Financial Year 2021-22, Mr. Rohit Prakash has received a remuneration of ₹27.35 Million from the Company	For the Financial Year 2021-22, Mr. Vinish Kathuria has received a commission of ₹1.00 Million from the Company	For the Financial Year 2021-22, Mr. Gautam Khandelwal has received a commission of ₹1.00 Million from the Company	For the Financial Year 2021-22, Mr. Marc Szulewicz has received a commission of ₹1.00 Million from the Company	For the Financial Year 2021-22, Mrs. Vijaya Sampath has received a commission of ₹1.00 Million from the Company	N.A.

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Rohit Prakash	Mr. Vinish Kathuria	Mr. Gautam Khandelwal	Mr. Marc Szulewicz	Mrs. Vijaya Sampath	Mr. Dhruv Jain
Recognition or awards	The Company has received many awards and recognitions from 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. Arjun Jain is the Whole Time Director and Business Head of the Electrical – Electronics division of the Company. His qualification, outstanding experience and excellent management skills are most suitable for the responsibilities shouldered by him.	Mr. Rohit Prakash is the Whole Time Director and Business Head of the Metallic Division of the Company. His qualification, outstanding experience and excellent management skills are most suitable for the responsibilities shouldered by him.	As above	As above	As above	As above	As above

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Rohit Prakash	Mr. Vinish Kathuria	Mr. Gautam Khandelwal	Mr. Marc Szulewicz	Mrs. Vijaya Sampath	Mr. Dhruv Jain
Remuneration proposed	As mentioned in the Resolution	As mentioned in the Resolution	As mentioned in the Resolution	As mentioned in the Resolution	As mentioned in the Resolution	As mentioned in the Resolution	As mentioned in the Resolution	As mentioned in the Resolution
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel 15 [or other director], if any	Mr. Tarang Jain is promoter of the Company and holds along with his relatives 75% of Paid-up Equity Capital of the Company.	Mr. Arjun Jain belongs to the promoter group holds along with his relatives 75% of Paid-up Equity Capital of the Company.	None	None	None	None	None	Mr. Dhruv Jain belongs to the promoter group holds along with his relatives 75% of Paid-up Equity Capital of the Company.
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration offered to Mr. Tarang Jain is at par with the industry norms considering the industry, size of the Company, profile of the position and person. The proposed remuneration is in line with remuneration paid by other automobile Companies to their Whole-Time Directors/ Managing Directors/ Promoters.	The remuneration offered to Mr. Arjun Jain is at par with the industry norms considering the industry, size of the Company, profile of the position and person. The proposed remuneration is in line with remuneration paid by other automobile Companies to their Whole-Time Directors and Promoters.	The remuneration offered to Mr. Rohit Prakash is at par with the industry norms considering the industry, size of the Company, profile of the position and person. The proposed remuneration is in line with remuneration paid by other automobile Companies to their Whole Time Directors and Promoters.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits: Till now the Company is having consistent profit track record. During the Financial Year ended March 31, 2022, the Company made Profit after Tax of ₹44.70 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 the 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 all the managerial persons are given in the respective Resolutions.
2. Additional information is given in the respective sections forming part of this Annual report.

By Order of the Board of Directors
For **Varroc Engineering Limited**

Ajay Sharma
Group General Counsel
and Company Secretary
ACS: 9127

Place: Pune
Date: August 12, 2022

Manufacturing facilities

India Business

VEL PN
Products: Electrical, Polymer, Metallic
Plot No. 20, Sector – 9, IIE, Pantnagar, Tehsil Kichcha, Dist. Udham Singh Nagar – 263 153

VEL - I
Products: Electrical & Lighting
Plot No. E – 4, MIDC Industrial Area, Waluj, Aurangabad – 431 136

VEL - II
Products: Electrical
Plot No. K – 101 & 102, MIDC Industrial Area, Waluj, Aurangabad – 431 136

VEL-III
Products: Electrical
Plot No. B – 24 / 25, MIDC Chakan, Tal. Khed. Dist. Pune – 410 501

VEL - IV
Products: Electrical
Plot No. M – 140 / 141, MIDC Industrial Area, Waluj, Aurangabad – 431 136

VEL - VI
Products: Electrical
Gut No. 390, At Post. Takve Dist. Pune - 412 106

VEL - Exhaust & Lighting
Products: Electrical & Lighting
B-14, MIDC Area Chakan, Tal. Khed, Dist. Pune – 410 501

VEL - CN
Products: Electrical
Survey No. 128-1B/129-1B Ezhichur, Tal. Sriperumbudur, Dist. Kanchipuram, Tamil Nadu – 603 204

VEL - Chennai
Products: Lighting
S. No. 44/2, 44/4, 43, 42/15, 45/1P, 481/1P. Sriperumbudur, Taluka, Pondur, A Village, Kanchipuram – 602105 Chennai, Tamilnadu

VEL - Halol
Products: Electrical
Plot No. 103/4 Maswad, GIDC Expansion Estate, Halol-II, Dist. Panchmahal, Gujarat – 389 350

VEL - V
Products: Metallic
Plot No. L – 6/2, MIDC Industrial Area, Waluj, Aurangabad – 431 136

VEL - VII
Products: Metallic
Plot No. L – 4, MIDC Industrial Area, Waluj, Aurangabad – 431 136

VEL - VIII
Products: Metallic
Plot No. M – 191/3, MIDC Industrial Area, Waluj, Aurangabad – 431 136

DIPL
Products: Valves
Plot No. F – 57 / 58, MIDC Industrial Area, Waluj, Aurangabad – 431 136

VPPL - I
Products: Polymer
Gut No. 390, Takve BK, Tal. Maval, Dist, Pune – 412 106

VPPL - II
Products: Polymer
E-88, MIDC Industrial Area, Ranjangaon, Tsl. Shirur, Dist Pune – 412 220

VPPL - III
Products: Polymer
Plot No. M – 165/167, MIDC Industrial Area, Waluj, Aurangabad – 431 136

VPPL - IV
Products: Polymer
Gut No. 99, Village Pharola, Tq. Paithan, Dist. Aurangabad – 431 136

VPPL - TR
Products: Polymer
Plot No. M – 138/139, MIDC Industrial Area, Waluj, Aurangabad – 431 136

VPPL – GJ
Products: Polymer
Survey No: 154/1,154/3,155/2, Karsanpura, TQ, Mandal Dist, Ahmedabad – 382 140

VPPL - BG
Products: Polymer
Plot No. 271 & 272(P), Narasapura Industrial Area, Kolar District, Karnataka – 563 133

VPPL-TCPL
Products: Polymer
Plot No. 136 / B, Harohalli Industrial Area, Tal. Kanakapura, Dist. Ramanagara – 562 112

VPPL – IN
Products: Polymer
Plot No. 601-A&B Sector-III, Industrial Area, Pithampur, Dist. Dhar – 454 775

VPPL – GN
Products: Polymer
Plot No. 35A Uduog Vihar, Greater Noida, Dist – Gautam Budh Nagar, 201 306

VPPL – BN
Products: Polymer
58^{th} Milestone, Near Mittal Orchide Resorts, NH8, Binola, Gurgaon – 122 413

VPPL - CK
Products: Polymer
C-III, Phase-II, MIDC Chakan, Village Bhamboli, Taluka Khed, Dist. Pune – 410 501

VPPL - Chennai
Products: Ploymer
Survey No. 128-1B & 129-1B, Ezhichur Village, Sriperambudur taluk, Kancheepuram Dist. 603 204

Varroc Lighting Systems

- Timisoara, Romania
- Sorocaba, Brazil
- Cambiano (TO), Italy
- TG-Mures, Romania
- Hanoi, Vietnam

Varroc Lighting Systems - China JV

- Chongqing, China
- Changzhou, China

Other Business

- Sumirago, Italy
- Vignola, Italy

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

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