

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2022-23/86

November 14, 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-400 051.
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]

Sub: Outcome of Board Meeting & Press Release

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

Dear Sir/Madam,

This is to inform you that the Board of Directors of the Company, at its meeting held today i.e., on Monday, November 14, 2022, which commenced at 2:00 P.M. and concluded at 2:45 P.M. has considered and approved the following items:

1. Unaudited Financial Results (Standalone and Consolidated) for the Quarter and Half Year ended on September 30, 2022:

The Unaudited (Standalone and Consolidated) Financial Results of the Company for the quarter and half year ended on September 30, 2022, were approved.

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

- i. Statements showing the Un-audited Financial Results (Standalone and Consolidated) of the Company for the quarter and half year ended on September 30, 2022; and
- ii. The Limited Review Reports issued by the Statutory Auditors of the Company on the aforesaid Unaudited Financial Results (Standalone and Consolidated).
- iii. Press Release on the Audited Financial results pursuant to Regulation 30 of the Listing Regulations.

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

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

We request you to take this on record and treat the same as compliance with the applicable provisions of the Listing Regulations, as amended.

Thanking you,
Yours faithfully,

For Varroc Engineering Limited

Ajay Sharma
Group General Counsel and Company Secretary

Encl: a/a

Press Release

Varroc Engineering reports second consecutive quarter of improved operational results in Q2 FY23 from Continuing Operations, driven by better margins and stronger growth

- Consolidated Revenue in Q2 FY23 from Continuing Operations increased by 21.2% on YoY basis and came in at ₹18,341 million
- Consolidated EBITDA margins at 9.2% improved by 100 bps YoY as well as QoQ for Continuing Operations
- Operational PBT before JV profit/(loss) for Continuing Operations came in at ₹ 545 million in Q2 FY23 and have grown by 95% YoY and 294% QoQ
- Lifetime New Order wins in India: ₹25.5 billion for H1 FY23, including ₹8.7 billion from EV players

Pune, Nov 14, 2022: Varroc Engineering Ltd. (Varroc), a global tier-I auto components group, today announced its results for the quarter ended Sep 30, 2022. Mr. Tarang Jain, CMD commented,

“In India, automobile production for all the segments in Q2 FY23 grew on YoY basis as well as on QoQ basis. The main reasons are due to the lower base of last year and early festive season. On YoY basis, 2 wheelers production grew by 7.7%, 3W by 24.3%, PV by 38.1% and CV by 36.2%.

In terms of our operations, Happy to inform that we grew revenue from continued operations by 21.2% to Rs.18,399 million on YoY basis. This is the highest ever revenue generated by our entities in the Continued operations in any quarter. We improved our profitability on sequential basis with improvement in EBITDA margin by 100 basis points. This is second consecutive quarter when EBITDA margin has expanded, and it came in at 9.2%. The operational PBT before JV profit for continued operation has also improved sequentially by more than 294% in the quarter and it is Rs. 545 million. The reported PBT of Rs. 307 million was impacted negatively by net mark-to-market forex impact of Rs.242 million mainly on intercompany loans.

We continue to have strong order wins for new business in H1 FY23 across business units enabling our future growth. During H1 FY23, lifetime revenue from new order wins is Rs.25,476 million. Out of this, business wins from 5 prominent EV customers is Rs.8,676 million.

Profitable business wins, improving the contribution margin, focusing on PBT instead of EBITDA margin, sweating of assets, inventory reduction, commercialization of our R&D efforts, control on costs, growing free cash flow, debt reduction and prudent capital allocation remain the focus of the Company.”

Press Release

Summary of Consolidated Financials for Continued Operations

Rs. in Million	Q2 FY23	Q1 FY23	Q2 FY22	H1 FY23	H1 FY22
Revenue*	18341	16352	15135	34693	27145
Adjusted EBITDA [^]	1681	1347	1234	3028	1931
Adjusted EBITDA Margin	9.2%	8.2%	8.2%	8.7%	7.1%
Operational PBT before JV Gain	545	138	279	683	97
Ops.PBT Margin before JV Gain	2.9%	0.7%	1.8%	2.0%	0.5%
Forex Gain (loss)	-242	-97	-45	-339	-44
Share of Profit(loss) from JV	4	-45	12	-41	-14
Reported PBT	307	-4	245	303	39
Reported PAT	-191	-39	-9	-230	-173

* Please note that Revenue includes Govt Incentive of Rs.62 million in Q2 FY23; Rs.69 million in Q1 FY23; Rs. 49 million in Q2 FY22; Rs.131 million in H1 FY23 and Rs. 109 million in H1 FY22.

[^] EBITDA does not include MTM on forex items and calculation is EBITDA = Operating Revenue + Govt. Incentive – Raw Material Cost – Employee Expenses – Other Expenses.

About Varroc Engineering Ltd.

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

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

For further information on Varroc Engineering Limited please visit www.varroc.com

Contact Details

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Press Release

Safe Harbor

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

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

1. We have reviewed the accompanying statement of unaudited standalone financial results of Varroc Engineering Limited (the "Company") for the quarter ended September 30, 2022 and year to date from April 01, 2022 to September 30, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Paul Alvares

Partner

Membership No.: 105754

UDIN: 22105754BCZLYY7583

Place: Pune

Date: November 14, 2022



Statement of unaudited standalone financial results for the quarter and half year ended September 30, 2022

(Rs. in million)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations	10,887.33	9,192.12	8,881.58	20,079.45	15,541.77	32,918.07
2	Other income (refer note 3)	172.68	152.12	254.31	324.80	349.11	646.14
3	Total Income (1 + 2)	11,060.01	9,344.24	9,135.89	20,404.25	15,890.88	33,564.21
4	Expenses						
	(a) Cost of materials consumed	7,840.85	6,163.85	5,846.18	14,004.70	10,659.10	22,356.90
	(b) Changes in stock of finished goods and work-in-progress	(465.02)	6.97	92.10	(458.05)	(423.97)	(176.70)
	(c) Employee benefits expense	947.19	899.01	880.68	1,846.20	1,687.56	3,304.17
	(d) Finance costs	408.59	336.21	173.78	744.80	299.43	909.76
	(e) Foreign exchange loss (net) (refer note 2)	318.64	238.68	91.47	557.32	95.39	278.15
	(f) Depreciation and amortisation expense	444.25	446.63	440.72	890.88	836.21	1,703.49
	(g) Other expenses	1,539.39	1,346.23	1,206.66	2,885.62	2,265.93	4,741.35
	Total expenses (4)	11,033.89	9,437.58	8,731.59	20,471.47	15,419.65	33,117.12
5	Profit/(loss) before tax (3- 4)	26.12	(93.34)	404.30	(67.22)	471.23	447.09
6	Exceptional items (refer note 4)	13,240.00	-	-	13,240.00	-	-
7	Total Profit/(loss) before tax (5-6)	(13,213.88)	(93.34)	404.30	(13,307.22)	471.23	447.09
8	Tax expense						
	(a) Current tax	138.15	-	72.32	138.15	84.51	79.92
	(b) Short/(excess) provision for tax relating to prior periods	-	-	-	-	(8.82)	(0.11)
	(c) Deferred tax	181.24	(34.55)	84.27	146.69	96.51	107.43
	Total tax expense (8)	319.39	(34.55)	156.59	284.84	172.20	187.24
9	Profit/(loss) for the period (7-8)	(13,533.27)	(58.79)	247.71	(13,592.06)	299.03	259.85
10	Other comprehensive income						
	Items that will not be reclassified to profit or loss in subsequent periods (net of tax)						
	Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	(19.63)
	Other comprehensive income (10)						(19.63)
11	Total comprehensive income for the period (9+10)	(13,533.27)	(58.79)	247.71	(13,592.06)	299.03	240.22
12	Paid-up equity share capital (Face value of the share is Re. 1/- each)	152.79	152.79	152.79	152.79	152.79	152.79
13	Reserves excluding revaluation reserves as per balance sheet of previous accounting year						19,257.06
14	Earnings per share (of Re 1/- each) (not annualised): Basic & diluted	(88.57)	(0.38)	1.62	(88.96)	1.96	1.70

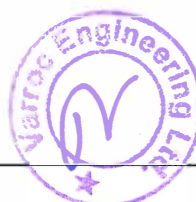




Statement of unaudited standalone assets and liabilities as at September 30, 2022

(Rs. in million)

Sr. No.	Particulars	As at	As at
		September 30, 2022	March 31, 2022
		Unaudited	Audited
	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	9,861.72	9,934.88
	(b) Capital work-in-progress	366.41	549.25
	(c) Investment properties	121.40	124.18
	(d) Intangible assets	568.65	678.63
	(e) Intangible assets under development	107.89	69.42
	(f) Right to use asset	509.37	544.64
	(g) Investments in subsidiaries and joint venture	9,198.60	10,229.43
	(h) Financial assets		
	(i) Investments	0.15	0.15
	(ii) Other financial assets	293.52	251.67
	(i) Income tax assets (net)	130.02	98.22
	(j) Other non-current assets	600.73	439.83
		21,758.46	22,920.30
2	Current assets		
	(a) Inventories	5,008.10	3,616.33
	(b) Financial assets		
	(i) Trade receivables	5,157.81	3,971.87
	(ii) Cash and cash equivalents	569.19	427.55
	(iii) Bank balances other than (ii) above	12.96	2.56
	(iv) Loans	32.01	10,298.77
	(v) Other financial assets	50.78	72.98
	(c) Other current assets	664.04	729.19
	(d) Assets classified as held for sale	8.14	36.37
		11,503.03	19,155.62
	Total Assets (1+2)	33,261.49	42,075.92
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	152.79	152.79
	(b) Other equity	5,664.97	19,257.06
		5,817.76	19,409.85
2	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	3,056.02	2,111.03
	(ii) Lease liabilities	100.97	124.82
	(b) Provisions	139.82	131.76
	(c) Deferred tax liabilities (net)	845.77	706.35
	(d) Other non-current liabilities	273.17	234.91
		4,415.75	3,308.87
3	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	11,562.11	9,515.71
	(ii) Lease liabilities	46.56	59.72
	(iii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	1,627.73	1,219.18
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	7,023.43	5,505.49
	(c) Acceptances	970.61	920.01
	(iv) Other financial liabilities	943.84	1,191.82
	(b) Provisions	152.20	149.18
	(c) Other current liabilities	701.50	796.09
		23,027.98	19,357.20
	Total Equity and Liabilities (1+2+3)	33,261.49	42,075.92





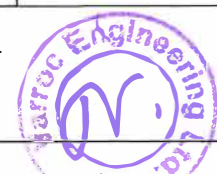
Statement of Unaudited Standalone Cash Flows for the half year ended September 30, 2022

(Rs. in million)

Sr.No	Particulars	Half year ended September 30, 2022 (Unaudited)		Half year ended September 30, 2021 (Unaudited)	
A	Cash flow from operating activities				
	Profit/(loss) before tax		(13,307.22)		471.23
	Adjustments for:				
	Depreciation and amortization expense	890.88		836.21	
	Provision for doubtful debts / advances	-		2.65	
	Unrealised exchange loss on restatement of intercorporate loan	554.97		98.13	
	Finance cost	744.80		299.43	
	Rent income from investment property	(14.09)		(11.55)	
	Provisions/liabilities no longer required written back	(0.33)		-	
	(Profit)/Loss on sale of property, plant and equipment / intangible assets	(3.03)		1.00	
	Provision for impairment loss	13,240.00		-	
	Increase in surrender value of key man insurance	(8.31)		(7.31)	
	Dividend income	-		(157.24)	
	Interest income	(144.92)		(30.47)	
	Government grant	(108.26)	15,151.71	(89.35)	941.50
	Operating profits before working capital changes		1,844.49		1,412.73
	Adjustments for changes in working capital (increase)/decrease				
	Trade receivables	(1,328.17)		(1,143.11)	
	Trade payables	1,977.09		336.30	
	Inventories	(1,391.77)		(622.54)	
	Other financial assets	(11.34)		(10.08)	
	Other current and non current asset	29.04		280.11	
	Provision	11.08		48.01	
	Other financial liabilities	48.85		47.54	
	Other current and non current liabilities	(83.44)	(748.66)	17.42	(1,046.35)
	Cash generated from operations		1,095.83		366.38
	Income tax paid (net of refund)		(177.11)		(66.97)
	Net cash flow generated from operating activities		918.72		299.41
B	Cash flow from investing activities				
	Dividend received	-		157.24	
	Government grant received	40.35		112.82	
	Proceeds from sale of property, plant and equipment	12.27		2.39	
	Rent received on investment property	14.09		11.55	
	Loan to subsidiaries	(2,212.42)		(7,401.11)	
	Purchase of property, plant and equipment	(720.18)		(1,257.69)	
	Fixed deposits (placed)/ redeemed (net)	(10.40)		4.12	
	Payment for non current investments	(1.00)		-	
	Net cash used in investing activities		(2,877.29)		(8,370.68)
C	Cash flow from financing activities				
	Repayment of long term borrowings	(690.86)		(708.19)	
	Proceeds from long term borrowings	1,600.00		4,026.17	
	Proceeds in short term borrowings (net)	957.44		2,799.54	
	Payment of lease liability	(43.56)		(64.12)	
	Proceeds from Intercorporate deposit from Subsidiaries	2,364.50		-	
	Repayment of Intercorporate deposit from Subsidiaries	(1,230.00)		-	
	Interest paid	(857.31)		(277.94)	
	Net cash flow generated from financing activities		2,100.21		5,775.46
	Net (decrease)/increase in cash and cash equivalents		141.64		(2,295.81)
	Opening cash and cash equivalents		427.55		2,466.29
	Closing cash and cash equivalents		569.19		170.48
	Cash and cash equivalents consists of :				
	Cash in hand		0.01		0.02
	Current accounts / deposit with maturity of less than 3 months		569.18		170.46
			569.19		170.48

Notes:

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



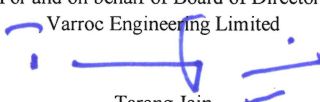


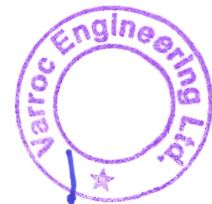
Notes to the Unaudited Standalone Financial Results:

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 14, 2022 and were subjected to review by the Statutory Auditors.
- 2) Foreign exchange loss for the quarter ended September 30, 2022, June 30, 2022 and September 30, 2021, half year ended September 30, 2022 and September 30, 2021 and year ended March 31, 2022 includes amounts of Rs 317.72 million, Rs. 239.60 million, Rs. 98.13 million, Rs 557.32 million, Rs 114.94 million and Rs. 278.15 million respectively in respect of unrealised foreign exchange loss on loans given to overseas subsidiaries.
- 3) Other income for the quarter ended September 30, 2022, June 30, 2022 and September 30 2021, half year ended September 30, 2022 and September 30, 2021 and year ended March 31, 2022 includes Government grant of Rs. 52.56 million, Rs.55.70 million, Rs. 39.29 million, Rs 108.26 million, Rs 89.35 million and Rs. 184.93 million respectively.
- 4) The Board of Directors in its meeting dated April 28, 2022, had approved the divestment of four- wheeler lighting business in the Americas and Europe ('VLS business'). The Company along with its wholly owned subsidiary VarrocCorp Holding B.V. ('VCHBV') entered into a Securities Purchase Agreement ('SPA') with Compagnie Plastic Omnium SE, France ('PO' or 'Buyer') dated April 29, 2022 as amended on October 05, 2022 for the sale of VLS business. The sale transaction was concluded on October 6, 2022 and accordingly the Company has recognised a loss of Rs. 13,240 million for the quarter and period ended September against the equity investments (Rs. 1,235.09 million) and loans/receivables (Rs. 12,004.91 million) as at September 30, 2022 in VCHBV which has been disclosed as "Exceptional item" in these results. The net equity value/sale consideration of Rs. 5,558.42 million (Euro 69.50 million) is subject to closing adjustments which will be finalised with the Buyer by Q3FY23, accordingly the loss recognised as above is based on the best estimate of the final adjustments to the sale consideration expected by the Company.

The carrying amount of investment in VCHBV (net of the loss provided as above) of Rs. 8,164.95 million as at September 30, 2022 is considered fully recoverable based on the underlying investments of VCHBV in other remaining overseas subsidiaries/JVs.
- 5) The total debt as at September 30, 2022 is Rs. 14,618.33 million out of which Rs. 5,810.17 million are due for repayment in the next 12 months from balance sheet date (excluding working capital facilities). Taking into account the expected cash generation from operations as well as the flexibility with the Company to refinance its loans maturing in next 12 months, the management does not foresee any risk of non-payment/default. Accordingly, the results for the quarter and period ended September 30, 2022 are prepared based on going concern assumption being appropriate for the next 12 months.

As at September 30, 2022, the Company has not complied with some of the covenants under loan agreements. Accordingly, non-current loans of Rs. 312.50 million have been reclassified as current. The management does not expect any material impact on the financial statements/cash flows due to the above.
- 6) During the quarter ended September 30, 2021, the Company issued 3,750 Number of Debentures 8% Secured Listed Non-convertible Debentures of Rs. 1 million each aggregating to Rs.3,750 million on a private placement basis. The NCDs have bullet repayment on June 17, 2023 of Rs.1,250 million and on September 17, 2023 of Rs.2,500 million with coupon payments to be made on an annual basis. The proceeds from the issue were utilised for investment in overseas subsidiary for loan repayments and for general corporate purposes.
These debentures are secured by exclusive charge by way of hypothecation on the specific identified movable properties of the Company. The asset cover in respect of the Non-Convertible Debentures as on September 30,2022 is 1.04 times of the total due amount which is less than the requirement of 1.1 times as specified in the Debenture Trust Deed.
- 7) 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.
- 8) Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year classification.

For and on behalf of Board of Directors
Varroc Engineering Limited

Tarang Jain
Chairman and Managing Director



Place: Pune
Date: November 14, 2022



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

Particulars	Quarter Ended			Half Year Ended		Year Ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March, 31 2022	
Debt Equity ratio [refer note (i)]	(No of times)	2.51	0.59	0.58	2.51	0.58	0.60
Debt service coverage ratio [refer note (ii)]	(No of times)	1.18	1.00	1.79	1.09	1.59	1.27
Interest service coverage ratio [refer note (iii)]	(No of times)	2.15	2.05	5.86	2.11	5.37	3.36
Outstanding Redeemable Preference Shares (Qty / Value)	Not Applicable						
Capital Redemption Reserve	Not Applicable						
Debt Redemption Reserve	Not Applicable						
Net Worth [refer note (iv)]	(Rs. In Millions)	5,817.76	19,351.07	19,468.98	5,817.76	19,468.98	19,409.85
Net profit/(Loss) after tax	(Rs. In Millions)	(13,533.27)	(58.79)	247.71	(13,592.06)	299.03	259.85
Earning per share (EPS)							
Basic EPS (Not Annualised)	(Rs)	(88.57)	(0.38)	1.62	(88.96)	1.96	1.70
Diluted EPS (Not Annualised)	(Rs)	(88.57)	(0.38)	1.62	(88.96)	1.96	1.70
Current Ratio [refer note (v)]	(No of times)	0.50	0.98	0.79	0.50	0.79	0.99
Long Term Debt To Working Capital [refer note (vi)]	(No of times)	(1.55)	1.46	(8.98)	(1.55)	(8.98)	1.41
Bad Debts To Account Receivable Ratio [refer note (vii)]**	(No of times)	(0.00)	0.00	0.00	0.00	0.00	0.00
Current Liability Ratio [refer note (viii)]	(No of times)	0.84	0.87	0.61	0.84	0.61	0.85
Total Debts To Total Assets [refer note (ix)]	(No of times)	0.44	0.27	0.28	0.44	0.28	0.28
Debtors Turnover [refer note (x)]*	(No of times)	2.31	2.23	2.18	4.40	3.70	8.66
Inventory Turnover [refer note (xi)]*	(No of times)	1.63	1.61	1.58	3.14	2.98	6.58
Operating Margin [refer note (xii)]	(In %)	2.41%	0.99%	3.65%	1.76%	2.71%	2.16%
Net Profit Margin [refer note (xiii)]	(In %)	-124.30%	-0.64%	2.79%	-67.69%	1.92%	0.79%
Security cover ratio [refer note (xvii)]	(No of times)	1.04	0.98	1.02	1.04	1.02	1.01

Formulae for calculation of ratios are as follows:

(i) Debt Equity Ratio = [Total Debt / Total Equity]

(ii) Debt service coverage ratio = [(Earning before Interest, Tax, Depreciation & amortisation and Exceptional items)/(Interest Expense + Principal repayments of long term loan made during the period)]

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

(iv) Net Worth = [Equity share capital + Other equity]

(v) Current ratio = [Current Assets / Current Liabilities]

(vi) Long term debt to working capital = [Non Current borrowing (including current maturity of long term borrowing) / Working Capital]

(vii) Bad debts to Accounts receivable ratio = [(Bad debts written off +Provision for bad debts charged to profit and loss account) / Average Trade Receivables]

(viii) Current liability ratio = [Current Liability / Total Liability]

(ix) Total debts to Total assets = [Total Debt / Total Assets]

(x) Debtors Turnover = [Revenue from Operations / Average Debtors]

(xi) Inventory Turnover = [(Cost of Material Consumed+Changes in stock of finished goods and work-in-progress) / Average Inventory]

(xii) Operating Margin = [(Earning before Interest, Tax and Exceptional items - Other Income) / Revenue from operation]

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

(xiv) Total Debt = Long Term Borrowings + Short Term Borrowings (includes Current Maturities of Long Term Borrowings)

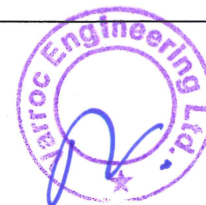
(xv) Total Equity = Equity Share Capital + Other Equity

(xvi) Working Capital = [Total Current Assets - Total Current Liabilities (excluding current maturity of long term borrowing)]

(xvii) Security cover ratio = [(Hypothecation on specific identified movable fixed assets as per debenture trust deed / (NCD principal amount +Interest payable till date))]]

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

** numbers are below 0.01



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

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of Varroc Engineering Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures for the quarter ended September 30, 2022 and year to date from April 01, 2022 to September 30, 2022 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

Subsidiaries

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

Joint Ventures

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



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5. As disclosed in Note 3 to the Statement, the Group has not accounted for its share of the consolidated profit/loss in respect of Varroc TYC Corporation BVI (“China JV”), a joint venture accounted for under the equity method, for the quarter ended September 30, 2022 as the Group is unable to obtain requisite financial information for China JV. For the previous quarter ended June 30, 2022, the share of consolidated loss of Rs 60.05 million accounted in respect of China JV was based on unreviewed financial information. Hence we are unable to determine the impact of Group's share of profit/loss from China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the quarter and six months ended September 30, 2022 and Group's share of net assets of China JV on the investment in China JV as at September 30, 2022.
6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 8 and 9 below, except for the possible effects of our observation in para 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. The accompanying Statement includes the unaudited interim financial results/statements and other financial information, in respect of:
 - 5 subsidiaries, whose unaudited interim financial results/statements (without giving effect of elimination of intra-group transactions) include total assets of Rs 20,949 million as at September 30, 2022, total revenues of Rs 6,191 million and Rs 12,354 million, total net loss after tax of Rs. 97 million and Rs. 94 million, total comprehensive loss of Rs. 97 million and Rs. 94 million, for the quarter ended September 30, 2022 and the period ended on that date respectively, and net cash inflows of Rs. 245 million for the period from April 01, 2022 to September 30, 2022, as considered in the Statement which have been reviewed by their respective independent auditors.

The independent auditor's reports on interim financial statements/ financial information/ financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.
8. Certain of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.
9. The accompanying Statement includes unaudited interim financial results /statements and other unaudited financial information in respect of:
 - 4 subsidiaries, whose interim financial results/statements and other financial information (without giving effect of elimination of intra-group transactions) reflect total assets of Rs 1,388



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million as at September 30, 2022, and total revenues of Rs 225 million and Rs 405 million, total net loss after tax of Rs. 6 million and Rs. 37 million, total comprehensive loss of Rs. 6 million and Rs. 37 million, for the quarter ended September 30, 2022 and the period ended on that date respectively and net cash inflows of Rs. 1 million for the period from April 01, 2022 to September 30, 2022.

- 3 joint ventures, whose interim financial results/statements includes the Group's share of net profit/(loss) of Rs. 4 million and (Rs. 41 million) and Group's share of total comprehensive income/(loss) of Rs. 4 million and (Rs. 41 million) for the quarter ended September 30, 2022 and for the period ended on that date respectively.

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

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

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Paul Alvarez

Partner

Membership No.: 105754

UDIN: 22105754BCZLZJ8130



Place: Pune

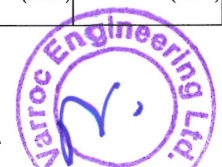
Date: November 14, 2022



Statement of unaudited consolidated financial results for the quarter and half year ended September 30, 2022

(Rs. in Million)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2022 (refer note 2)	June 30, 2022 (refer note 2)	September 30, 2021 (refer note 2)	September 30, 2022 (refer note 2)	September 30, 2021 (refer note 2)	March 31, 2022 (refer note 2)
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Continuing Operations						
1	Revenue from operations	18,279.54	16,282.83	15,086.12	34,562.37	27,036.05	58,442.01
2	Other income (refer note 5 & 6)	186.16	90.57	74.46	276.73	158.80	339.33
3	Total income (1+2)	18,465.70	16,373.40	15,160.58	34,839.10	27,194.85	58,781.34
4	Expenses						
	Cost of materials consumed	12,481.32	10,474.42	10,338.73	22,955.74	18,464.58	39,034.78
	Changes in inventories of work-in-progress and finished goods	(604.10)	23.39	(440.77)	(580.71)	(969.07)	(541.23)
	Employee benefits expense	1,721.69	1,729.21	1,611.17	3,450.90	3,178.85	6,192.64
	Finance costs	487.90	375.83	247.97	863.73	458.89	1,183.52
	Foreign exchange (gain)/loss (net)	242.18	96.77	45.23	338.95	43.93	82.19
	Depreciation and amortisation expenses	772.62	854.09	732.01	1,626.71	1,424.52	3,045.47
	Other expenses	3,061.60	2,778.19	2,392.52	5,839.79	4,539.90	10,080.24
	Total expenses	18,163.21	16,331.90	14,926.86	34,495.11	27,141.60	59,077.61
5	Profit/(loss) before share of profit/(loss) of joint ventures and tax from continuing operations (3-4)	302.49	41.50	233.72	343.99	53.25	(296.27)
6	Share of profit/(loss) of Joint Ventures	4.05	(45.10)	11.51	(41.05)	(14.00)	(4.33)
7	Profit/(loss) before tax from continuing operations (5+6)	306.54	(3.60)	245.23	302.94	39.25	(300.60)
8	Tax expense						
	Current tax	312.03	111.67	131.53	423.70	177.35	347.97
	Short/ (excess) provision in respect of earlier year	-	-	(0.26)	-	(9.08)	2.23
	Deferred tax	185.71	(76.43)	123.04	109.28	43.69	132.05
	Total tax expense	497.74	35.24	254.31	532.98	211.96	482.25
9	Profit/(loss) for the period from continuing operations (7-8)	(191.20)	(38.84)	(9.08)	(230.04)	(172.71)	(782.85)
	Discontinued operations (refer note 2)						
10	Profit/(loss) before tax for the period from discontinued operations	(7,778.22)	(779.01)	(3,095.73)	(8,557.23)	(5,309.24)	(10,348.85)
11	Tax (Income)/expense of discontinued operations	(21.75)	23.66	(132.59)	1.91	(216.94)	(64.43)
12	Profit/ (loss) for the period from discontinued operations (10-11)	(7,756.47)	(802.67)	(2,963.14)	(8,559.14)	(5,092.30)	(10,284.42)
13	Profit/(loss) for the period (9 + 12)	(7,947.67)	(841.51)	(2,972.22)	(8,789.18)	(5,265.01)	(11,067.27)
14	Other comprehensive income from continuing operations						
A	Items to be reclassified to profit or loss in subsequent periods						
	Exchange differences in translating the financial statements of foreign operations	51.05	(66.88)	30.08	(15.83)	4.53	(89.40)
B	Items not to be reclassified to profit or loss in subsequent periods						
	Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	(121.94)
15	Other comprehensive income from discontinued operations						
A	Items to be reclassified to profit or loss in subsequent periods						
	Exchange differences in translating the financial statements of foreign operations	(2,649.48)	304.53	(91.41)	(2,344.95)	395.66	835.40
B	Items not to be reclassified to profit or loss in subsequent periods						
	Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	81.42
16	Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations (14+15)	(2,598.43)	237.65	(61.33)	(2,360.78)	400.19	705.48
17	Total comprehensive income/(loss) for the period (13+16)	(10,546.10)	(603.86)	(3,033.55)	(11,149.96)	(4,864.82)	(10,361.79)
18	Profit/(loss) for the period attributable to:						
	Shareholders of the Company	(7,950.21)	(848.41)	(2,982.79)	(8,798.62)	(5,285.64)	(11,098.79)
	Non-controlling interests	2.54	6.90	10.57	9.44	20.63	31.52
19	Other comprehensive income/(loss) attributable to:						
	Shareholders of the Company	(2,598.43)	237.65	(61.33)	(2,360.78)	400.19	706.86
	Non-controlling interests	-	-	-	-	-	(1.38)
20	Total comprehensive income/(loss) for the period attributable to:						
	Shareholders of the Company	(10,548.64)	(610.76)	(3,044.12)	(11,159.40)	(4,885.45)	(10,391.93)
	Non-controlling interests	2.54	6.90	10.57	9.44	20.63	30.14
21	Paid- up equity share capital (face value of Re.1)	152.79	152.79	152.79	152.79	152.79	152.79
22	Reserves excluding revaluation reserves as per balance sheet	-	-	-	-	-	19,734.42
23	Earnings per equity share attributable to Owners [Nominal value per share: Re. 1 (Previous year : Re. 1)] (not annualised)						
	-for continuing operations						
	Basic and diluted (in Rupees)	(1.27)	(0.30)	(0.13)	(1.57)	(1.27)	(5.33)
	- for discontinued operations						
	Basic and diluted (in Rupees)	(50.77)	(5.25)	(19.39)	(56.02)	(33.32)	(67.31)
	- for continuing and discontinued operations						
	Basic and diluted (in Rupees)	(52.04)	(5.55)	(19.52)	(57.59)	(34.59)	(72.64)



Varroc Engineering Limited

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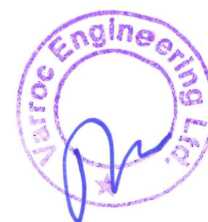
E-mail : investors@varroc.com



Statement of unaudited consolidated Assets and Liabilities as at September 30, 2022

(Rs. in Million)

Sr. No.	Particulars	As at September 30, 2022 (refer note 2)	As at March 31, 2022 (refer note 2)
		Unaudited	Audited
A.	ASSETS		
I	Non-current assets		
	(a) Property, plant and equipment	17,214.27	17,653.55
	(b) Capital work-in-progress	839.00	1,124.13
	(c) Investment properties	-	123.92
	(d) Goodwill	460.51	464.93
	(e) Other Intangible assets	733.94	914.49
	(f) Right-of-use assets	1,161.25	1,301.46
	(g) Intangible assets under development	228.04	273.99
	(h) Investments accounted for using the equity method	3,650.55	3,875.95
	(i) Financial assets		
	(i) Investments	0.20	0.20
	(ii) Other financial assets	380.27	337.18
	(j) Income tax assets (net)	137.46	119.81
	(k) Deferred tax assets (net)	57.37	89.67
	(l) Other non-current assets	822.36	591.53
	Total non-current assets	25,685.22	26,870.81
II	Current assets		
	(a) Inventories	7,614.60	6,155.91
	(b) Financial assets		
	(i) Trade receivables	7,856.05	5,175.33
	(ii) Cash and cash equivalents	1,854.09	1,156.48
	(iii) Bank balances other than (ii) above	66.12	21.34
	(iv) Loans	2.87	2.15
	(v) Other financial assets	56.54	79.11
	(c) Other current assets	1,723.65	1,691.26
	Total current assets	19,173.92	14,281.58
III	Assets classified as held for sale (refer note 2)	67,697.10	68,827.67
	Total Assets (I+II+III)	112,556.24	109,980.06

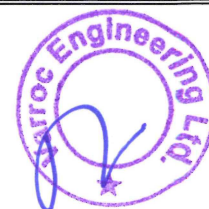




Statement of unaudited consolidated Assets and Liabilities as at September 30, 2022

(Rs. in Million)

Sr. No.	Particulars	As at September 30, 2022 (refer note 2)	As at March 31, 2022 (refer note 2)
		Unaudited	Audited
B.	EQUITY AND LIABILITIES		
I	Equity		
	(a) Equity share capital	152.79	152.79
	(b) Other equity	8,575.87	19,734.42
	Equity attributable to owners	8,728.66	19,887.21
	Non-controlling interests	261.70	253.11
	Total equity	8,990.36	20,140.32
II	Liabilities		
(1)	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	4,888.14	2,500.22
	(ia) Lease liabilities	479.65	559.44
	(ii) Other financial liabilities	71.70	78.83
	(b) Provisions	303.58	293.47
	(c) Deferred tax liabilities (net)	1,340.83	1,265.74
	(d) Other non current liabilities	403.91	373.39
	Total non-current liabilities	7,487.81	5,071.09
(2)	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	12,732.14	13,034.08
	(ia) Lease Liabilities	149.49	157.99
	(ii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	1,971.11	1,583.82
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	12,474.49	10,575.97
	(c) Acceptances	1,427.70	1,182.45
	(iii) Other financial liabilities	1,466.73	1,870.44
	(b) Provisions	189.61	186.34
	(c) Current tax liabilities (net)	106.92	33.08
	(d) Other current liabilities	1,690.95	1,666.10
	Total current liabilities	32,209.14	30,290.27
III	Liabilities directly associated with the assets classified as held for sale (refer note 2)	63,868.93	54,478.38
IV	Total Equity and Liabilities (I+II+III)	112,556.24	109,980.06





Unaudited Consolidated Statement of Cash Flows for the period ended September 30, 2022

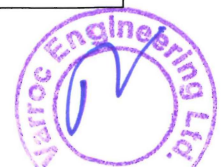
(Rs. in Million)

Sr. No.	Particulars	For the period ended September 30, 2022		For the period ended September 30, 2021	
		(Unaudited)		(Unaudited)	
A	Cash flow from operating activities				
	Profit/(loss) before tax from continuing operations		302.94		39.25
	Profit/(loss) before tax from discontinued operations		(8,557.23)		(5,309.24)
	Adjustments for :				
	Depreciation and amortization expense	1,626.71		4,565.81	
	Net loss/(gain) on disposal of property, plant and equipment	(76.37)		0.68	
	Provision for doubtful debts and advances	210.66		89.99	
	Finance costs	1,398.38		826.10	
	Loss on sale of VLS business	5,709.12		-	
	Gain on sale of current investments	-		(1.19)	
	Share in (profit)/loss of Joint Venture accounted for using the equity method	41.05		14.00	
	Liabilities no longer required written back	(8.55)		-	
	Increase in surrender value of keyman insurance policy	(8.31)		(7.31)	
	Government grants	(144.65)		(143.10)	
	Unrealised exchange loss	1,075.96		-	
	Interest income	(5.52)		(10.19)	5,334.79
	Operating profits before working capital changes		1,564.20		64.80
	Adjustments for changes in:				
	Inventories	(1,581.37)		(2,863.26)	
	Trade receivables	(2,099.28)		387.25	
	Other assets	611.19		218.79	
	Trade payables	864.60		(659.33)	
	Other liabilities and provisions	6,148.08		1,188.02	
			3,943.21		(1,728.53)
	Cash generated from / (used in) operations		5,507.41		(1,663.73)
	Taxes paid (net of refund received)		(628.21)		(257.50)
	Net cash flow generated from / (used in) operating activities		4,879.20		(1,921.23)
B	Cash flow from investing activities				
	Dividend received	-		199.68	
	Interest received	6.19		11.28	
	Government grant received during the period	70.27		426.68	
	(Purchase)/proceeds from sale of current investments (net)	-		1.19	
	Proceeds from sale of property, plant and equipment	276.60		-	
	Purchase of property, plant and equipment	(4,233.29)		(3,755.63)	
	Costs incurred on intangible assets	(560.11)		(1,163.68)	
	Fixed deposits (with maturity of more than 3 months) redeemed/(Purchased) (net)	(44.78)		69.78	
	Net cash used in investing activities		(4,485.12)		(4,210.70)
C	Cash flow from financing activities				
	Proceeds from long term borrowings	3,668.58		4,742.10	
	Repayment of long term borrowing	(3,349.88)		(3,341.78)	
	Repayment of lease liability	(210.99)		(331.42)	
	Repayment of interest on lease liability	(204.77)		(101.47)	
	Funding support from customers (short term)	432.16		971.08	
	Proceeds/(repayments) of short term borrowings (net)	1,275.65		960.69	
	Interest paid	(1,328.60)		(778.72)	
	Net cash flow from / (used in) financing activities		282.15		2,120.48
	Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)		676.23		(4,011.45)
	Opening cash and cash equivalents		2,801.92		7,414.35
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		(98.98)		89.24
	Total		2,702.94		7,503.59
	Closing cash and cash equivalents		3,379.17		3,492.14

Sr. No.	Particulars	As at September 30, 2022		As at September 30, 2021	
		(Rs. in Million)		(Rs. in Million)	
	Cash and cash equivalents consists of:				
A	Cash and cash equivalent- discontinued operations		1,525.08		834.64
B	Cash and cash equivalent- continuing operations:				
i.	Cash in hand		0.12		0.20
ii.	Bank balances				
	- Current accounts		1,853.97		2,654.30
	- Deposits with maturity of less than three months		-		3.00
			3,379.17		3,492.14

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.

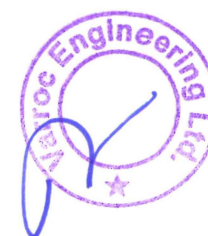




Unaudited Consolidated Segment wise Revenue, Results, Assets and Liabilities

(Rs. in Million)

Particulars	Quarter ended			Half year ended		Year ended
	September 30, 2022 (refer note 2)	June 30, 2022 (refer note 2)	September 30, 2021 (refer note 2)	September 30, 2022 (refer note 2)	September 30, 2021 (refer note 2)	March 31, 2022 (refer note 2)
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1) Segment Revenue						
(i) Automotive	17,743.10	15,541.69	14,496.62	33,284.79	25,711.74	55,509.00
(ii) Others	536.44	741.14	589.50	1,277.58	1,324.31	2,933.01
Total Segment Revenue from continuing operations	18,279.54	16,282.83	15,086.12	34,562.37	27,036.05	58,442.01
Segment revenue from discontinued operations (automotive segment) (refer note 2)	19,091.90	19,452.97	15,239.46	38,544.87	32,705.52	68,899.04
Revenue from continuing and discontinued operations	37,371.44	35,735.80	30,325.58	73,107.24	59,741.57	127,341.05
2) Segment Results						
(i) Automotive	740.44	329.51	523.88	1,069.95	543.29	1,079.65
(ii) Others	(13.09)	15.85	(97.09)	2.76	(150.29)	(417.60)
Total segment results from continuing operations	727.35	345.36	426.79	1,072.71	393.00	662.05
Profit / (loss) of discontinued operations (automotive segment) (refer note 2)	(7,476.82)	(560.92)	(2,915.34)	(8,037.74)	(4,976.98)	(9,626.76)
Add/ (Less):						
(a) Finance Cost	(796.85)	(601.54)	(440.31)	(1,398.39)	(826.10)	(1,905.61)
(b) Net unallocated (expenditure) / income	74.64	34.49	78.36	109.13	140.09	220.87
Profit/(loss) before tax	(7,471.68)	(782.61)	(2,850.50)	(8,254.29)	(5,269.99)	(10,649.45)
3) Segment Assets						
(i) Automotive	37,905.69	34,435.32	102,552.31	37,905.69	102,552.31	33,886.39
(ii) Others	2,233.61	2,323.83	2,427.85	2,233.61	2,427.85	2,458.67
Total segment assets of continuing operations	40,139.30	36,759.15	104,980.16	40,139.30	104,980.16	36,345.06
Add: Segment assets of discontinued operations (automotive segment) (refer note 2)	65,041.87	68,765.46	-	65,041.87	-	66,417.12
Add: Unallocated	7,375.07	7,304.44	6,924.96	7,375.07	6,924.96	7,217.88
Total assets	112,556.24	112,829.05	111,905.12	112,556.24	111,905.12	109,980.06
4) Segment Liabilities						
(i) Automotive	19,157.79	17,559.29	49,347.32	19,157.79	49,347.32	16,734.68
(ii) Others	879.01	1,128.35	918.70	879.01	918.70	1,081.07
Total segment liabilities of continuing operations	20,036.80	18,687.64	50,266.02	20,036.80	50,266.02	17,815.75
Add: Segment liabilities of discontinued operations (automotive segment) (refer note 2)	50,512.82	41,679.52	-	50,512.82	-	40,304.38
Add: Unallocated	33,016.26	32,925.43	36,001.88	33,016.26	36,001.88	31,719.61
Total liabilities	103,565.88	93,292.59	86,267.90	103,565.88	86,267.90	89,839.74



Notes :

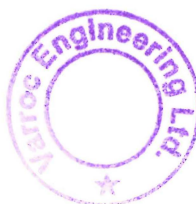
- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 14, 2022 and were subjected to review by the Statutory Auditors.
- The Board of Directors in its meeting dated April 28, 2022, had approved the divestment of four-wheeler lighting business of the Group in the Americas and Europe ('VLS business'). The Company along with its wholly owned subsidiary VarrocCorp Holding B.V. entered into a Securities Purchase Agreement ('SPA') with Compagnie Plastic Omnium SE, France ('PO' or 'Buyer') dated April 29, 2022 as amended on October 05, 2022 for the sale of VLS business. The enterprise value initially agreed was Euro 600 million which was reduced to Euro 520 million on account of weakened financial outlook for the businesses in North America/Europe and buyer's concern about the future profitability of VLS business due to recessionary concerns. The sale transaction was concluded on October 6, 2022 at a net equity value of Rs. 5,558.42 million (Euro 69.50 million) subject to closing adjustments which will be finalised with the buyer by Q3FY23. Out of this, Rs. 2,237.76 million (Euro 28 million) forms part of escrow account which will be released based on satisfaction of the conditions under the SPA over periods from 3 months upto 3 years. The SPA also provides for certain earn-outs in respect of specified events occurring within 12 months from the closing date. As a result, the Group has recognised a loss of Rs. 5,709.12 million for the quarter and period ended September 30, 2022 against the net assets of VLS business as on that date. Since the sale consideration is subject to closing adjustments which are being finalised with the buyer per the provisions of the SPA, the loss recognised as above is based on the best estimate of the final adjustments to sale consideration expected by the Group. The management assessed that VLS business satisfies the criteria prescribed under Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" for classification as discontinued operation as at September 30, 2022. Accordingly, previous period/year figures for statement of profit and loss in the consolidated financial results have been re-presented accordingly. The income and expenses of continuing operations include transactions with discontinued operation, which does not have impact on "Profit / (loss) for the period from continuing and discontinued operations" as disclosed in Consolidated financial results.
The Group was defending certain alleged patent infringements by Valeo Vision SAS in German courts in respect of some of the products supplied by erstwhile overseas subsidiaries of the Group in the European region. In endeavour to close the sale of VLS business, the Group entered into a settlement agreement with Valeo Vision SAS on October 05, 2022 for out of court settlement of all pending cases with Valeo Vision SAS on payment of Rs. 4,075.92 million (Euro 51 million). The loss on discontinued operations as disclosed in the financial results includes the settlement amount as above.

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


Particulars	Quarter ended			Half year ended		Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Total income	19,133.95	19,525.67	15,255.34	38,659.62	32,799.49	69,095.14
Total expenses	26,912.17	20,304.68	18,351.07	47,216.85	38,108.73	79,443.99
Profit/(loss) before tax	(7,778.22)	(779.01)	(3,095.73)	(8,557.23)	(5,309.24)	(10,348.85)
Tax expense	(21.75)	23.66	(132.59)	1.91	(216.94)	(64.43)
Profit/(loss) for the period*	(7,756.47)	(802.67)	(2,963.14)	(8,559.14)	(5,092.30)	(10,284.42)

* Profit/ (loss) for the quarter and six months period ended September 30, 2022 includes loss recognised on discontinued operations as explained above.

- The Group has not accounted for its share of the consolidated profit/loss in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method for the quarter ended September 30, 2022. The Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding operation of the JV, pending which the Group is unable to obtain requisite financial and other information from China JV. The carrying value of the investment in China JV as at September 30, 2022 is Rs 3,517.60 million. For the previous quarter ended June 30, 2022, the share of consolidated loss of Rs 60.05 million accounted in respect of China JV was based on management certified accounts which were not subjected to review. The auditors in their review report have included a qualification in respect of this matter.
- The total debt at Group level has reduced from Rs. 29,296.29 million as at March 31, 2022 to Rs. 14,982.92 million as at September 30, 2022 (excluding term loan in a subsidiary - VarrocCorp Holding BV, Netherlands of Euro 33 million which has been paid post September 30, 2022) mainly because of the sale of VLS business. Loans amounting to Rs. 6,627.58 million are due in the next 12 months from balance sheet date. Taking into account the expected cash generation in India business as well as the capacity of the Group to refinance its loans maturing in next 12 months, the management does not foresee any risk of non-payment/default. Accordingly, the results for the quarter and period ended September 30, 2022 are prepared based on going concern assumption being appropriate for the next 12 months.
- Other income forming part of continuing operations for the quarter and six months period ended September 30, 2022 includes income from government grant of Rs. 61.51 million and Rs. 130.90 million respectively (quarter ended June 30, 2022 : Rs. 69.39 million, quarter ended September 30, 2021 : Rs. 49.05 million and for the year ended March 31, 2022 : Rs. 215.98 million).
- During the quarter ended September 30, 2022, one of the Group Company has sold land pertaining to one of its plant located at Patherdi, Rajasthan. Other income for the quarter and six months period ended September 30, 2022 includes Rs. 102.60 million towards profit on sale of such plant.
- 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.
- As at September 30, 2022, the Group has not complied with some of the covenants under loan agreements. Accordingly, non-current loans of Rs. 312.50 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.
- 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/loss from joint venture is considered under unallocated assets and profit/loss respectively.
- Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year's classification.



For and on behalf of Board of Directors
Varroc Engineering Limited


Tarang Jain
Chairman and Managing Director