

Varroc Engineering Limited

Regd. & Corp. Office

L-4, MIDC, Industrial Area
Waluj, Aurangabad 431
136, Maharashtra, India

Tel + 91 240 6653700
Fax + 91 240 2564540

email: varroc.info@varroc.com
www.varroc.com
CIN: L28920MH1988PLC047335



VARROC/SE/INT/2022-23/53

August 12, 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.

The Manager – Listing
The Corporate Relation Department,
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400001.

BSE Security Code: 541578

NSE Symbol: VARROC

Sub: Outcome of Board Meeting

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 Friday, August 12, 2022, which commenced at 1:58 p.m. and concluded at 3:35 p.m. has considered and approved the following items.

1. Unaudited Financial Results (Standalone and Consolidated) for the quarter ended on June 30, 2022:

The Unaudited (Standalone and Consolidated) Financial Results of the Company for the quarter ended on June 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 ended on June 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.

2. Appointment of Mr. Dhruv Jain, as an Additional Director (Non-Executive Non-Independent)

The Board of Directors of the Company approved the appointment of Mr. Dhruv Jain, as an Additional Director (Non-Executive Non-Independent) w.e.f. August 12, 2022, to hold office up to the ensuing Annual General Meeting and recommended to the members for their approval, his appointment as a Director (Non-Executive Non-Independent) of the Company, liable to retire by rotation.

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Brief Profile of Mr. Dhruv Jain / Disclosure in terms of pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as Annexure A

3. Change in Group Chief Financial Officer:

The Board of Directors of the Company approved the appointment of Mr. K. Mahendra Kumar as Group Chief Financial Officer of the Company effective from his date of joining in the month of September, 2022 consequent to the resignation of present incumbent Mr. T. R. Srinivasan, who will be relieved from the services from the close of business hours on August 31, 2022.

Disclosure pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 including brief profile of Mr. K. Mahendra Kumar is enclosed as Annexure B to this letter.

4. Annual General Meeting related matters:

[i] Date of Annual General Meeting:

The 34th Annual General Meeting ("AGM") of the Company will be held on Thursday, September 29, 2022 at 11.00 a.m. IST through Video Conferencing / Other Audio-Visual means in accordance with the relevant circulars issued by Ministry of Corporate Affairs and SEBI.

[ii] Dividend

The Board in view of the losses sustained during the year and with a view to conserve resources for expansion of businesses, has not recommended any Final Dividend for the FY 2021-22.

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

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

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

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

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

Thanking you,
Yours faithfully,

For Varroc Engineering Limited

Ajay Sharma
Group General Counsel and Company Secretary

Encl: a/a

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ANNEXURE A

Brief Profile of Mr. Dhruv Jain

Sr. No	Particulars	Details
		Mr. Dhruv Jain
1	Reason for change viz., appointment, resignation, removal, death or otherwise	Appointment as Additional Director of the Company (Non-Executive Non-Independent Director)
2	Date of Appointment / Cessation (as applicable) & terms of Appointment	Date of Appointment – August 12, 2022 to hold office up to the ensuing Annual General Meeting of the Company
3	Brief Profile (in case of Appointment)	Mr. Dhruv Jain is currently Director of Varroc Lighting Systems Electronics S.r.l. He is responsible for the 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.
4	Disclosure of relationships between directors (in case of appointment of a director).	Mr. Dhruv Jain is son of Mr. Tarang Jain, Chairman and Managing Director and brother of Mr. Arjun Jain, Whole Time Director of the Company.
5	Information as required under Circular No. LIST/COMP/14/2018-19 and NSE/CML/2018/02 dated June 20, 2018 issued by the BSE and NSE, respectively.	Mr. Dhruv Jain is not debarred from holding office of a Director by virtue of any SEBI Order or any other such authority.

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ANNEXURE B

Details required under SEBI Circular No. CIR/CFD/ CMD/ 4/ 2015 dated 9th September, 2015

Sr. No	Particulars	Details	
		Mr. K. Mahendra Kumar	Mr. T. R. Srinivasan
1	Reason for change viz., appointment, resignation, removal, death or otherwise	Appointment as Group Chief Financial Officer and Key Managerial Personnel	Resignation from the post of Group Chief Financial Officer and Key Managerial Personnel due to personal reasons with effect from the close of business hours on August 31, 2022
2	Date of Appointment / Cessation (as applicable) & terms of Appointment	Date of Joining shall be in the month of September, 2022 as mutually decided between the Company and Mr. K. Mahendra Kumar	Date of cessation – Close of business hours on August 31, 2022
3	Brief Profile (in case of Appointment)	Mr. K Mahendra Kumar is a Commerce Graduate from Vijayawada University, qualified Chartered Accountant from the Institute of Chartered Accountants of India and also a Management Accountant from the Certified Institute of Management Accountants (CIMA), UK. He has over 2 decades of experience in the finance function and highly accomplished career record with large European and American MNCs and Indian Conglomerates having worked in diverse sectors such as chemicals, automotive, information technology, wind energy and elevators and having areas of expertise in M&A, Risk Management, Digital Transformation, Cost Reduction, Long Term Strategies, Debt Reduction, Stakeholder Management, Profitability Improvement etc. His last assignment was as an Executive Vice President and Chief Financial Officer of Tube Investments of India Ltd. He started his career with Southern Petrochemical Industries Corporation Ltd and subsequently, worked with Ford India Private Ltd and Vestas India Ltd and worked as Finance Director (India) at Kone Elevator India Private Ltd., Chennai.	Not Applicable
4	Disclosure of relationships between directors (in case of appointment of a director).	Not Applicable	Not Applicable

Press Release

Varroc Engineering reports improved financial results in Q1 FY23 from Continuing Operations, driven by better margins and stronger growth

- Consolidated Revenue in Q1 FY23 from Continuing Operations increased by 36.3% on YoY basis and came in at ₹16,352 million
- Consolidated EBITDA margins improved by 240 bps YoY for Continuing Operations to 8.2%.
- Operational PBT before JV Results for Continuing Operations turned positive and came in at ₹138.3 million in Q1 FY23 as against negative (₹181.8) million in Q1 FY22
- Lifetime New Order wins in India: ₹14.7 billion for Q1 FY23, including ₹4.8 billion from EV players

Pune, Aug 12, 2022: Varroc Engineering Ltd. (Varroc), a global tier-I auto components group, today announced its results for the quarter ended June 30, 2022. Mr. Tarang Jain, CMD commented,

“Q1 of FY23 has started with stable outlook for Automotive on back of forecast of a normal monsoon. The growth is visible mainly due to low base. Semi-conductor supply continues to impact premium two-wheeler manufacturer whereas passenger vehicle manufacturers are seeing improvement supplies. Geo-political issues have resulted in higher energy cost as well as food inflation which is forcing most of the central bank to hike Interest rate at a pace which has not been seen in last 2 decades. The operating environment for the business remains challenging.

In India, the auto production for all the segments in Q1 FY23 rose on YoY basis due to lower base of last year same quarter. On QoQ basis, we saw 2 wheelers production to grow by 8.4%, as base is turning favourable whereas marginal fall on remaining segment due to cyclicality.

In terms of operations the Revenue from continued operations grew by more than 36.3% to Rs.16,283 million. We continue to improve our profitability on sequential basis as gross margin improved by more than 340 basis point. The EBITDA margin also improved by 210 basis point for continued operations, and it came at 8.2%. The operational PBT before JV for continued operation has become positive in the quarter and it is Rs. 138.3 million. The reported PBT was impacted negatively by Mark to Market on Forex Items of Rs.96.8 million and JV loss of Rs.45 million. Reported PBT is negative of Rs.3.6 million.

We continue to have Strong Order wins for New Business in Q1 FY23 across business units. During Q1 FY23, lifetime revenue from New Order wins is Rs.14,673 million, and out of that, business win from 3 EV customers is Rs.4,837 million.

Profitable business win, Right capital allocation, sweating of assets, Commercialization of our R&D efforts and Control on cost remains the focus of the Company. Mass production of Traction Motors, Controllers & Telematics shows the capability of the team to industrialize first time right a new product. The R&D team also developed EFI for our esteemed Customer in record time and the production has started from June’22.

Our effort remains to move to 12% EBITDA and ROCE above 20% in medium term. Focus on operating leverage, expansion in gross margin as well as sweating of assets across business will help us in achieving the same.”

Press Release

Summary Consolidated Financials

Rs. In Million	Q1 FY23	Q4 FY22	Q1 FY22
Revenue*	16,352	16,576	12,010
EBITDA	1,347	1009	698
EBITDA Margin	8.2%	6.1%	5.8%
Operational PBT before JV	138.3	-158.8	-181.8
Forex Exchange (Loss)/Gain	-96.8	119.2	1.3
Share of Profit/(loss) from JV	-45.1	-21.2	-25.5
PBT from Continued Operations	-3.6	-60.9	-206.0
PAT from Continued Operations	-38.8	-325.7	-163.6
PAT of Discontinued Operations	-802.7	-2,523.9	-2129.2
Total Profit for the Period	-841.5	-2,849.6	-2,292.8

About Varroc Engineering Ltd.

Varroc Engineering Ltd is a global tier-1 automotive component group, ranked 124th in the 2019 Fortune India 500 list. It was incorporated in 1988. The group designs, manufactures and supplies 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 OEMs directly worldwide. The group revenue was close to ₹ 11,300 crore (USD 1.5 Billion) in FY21. The group employs more than **13,800** employees, has **43** global operating manufacturing facilities, and has **189** 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

Bikash Dugar Head Investor Relations bikash.dugar@varroc.com +91-8104233847	Pallavi Deshmukh Head Marketing and Communications Pallavi.deshmukh@varroc.com +91-9923005424	Suman Das Sarma Vice President - Avian WE sumans@avianwe.com +91 9820051946
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Press Release

Safe Harbor

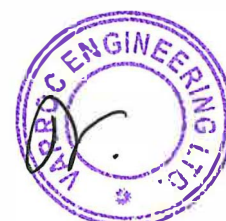
This release contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Varroc Engineering Limited future business developments and economic performance. While these 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.



Statement of unaudited standalone financial results for the quarter ended June 30, 2022

(Rs. in million)

Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
		Unaudited	Audited (Refer Note 2)	Unaudited	Audited
1	Revenue from operations	9,192.12	8,808.22	6,660.19	32,918.07
2	Other income (refer note 4)	152.12	158.10	94.80	646.14
3	Total Income (1 + 2)	9,344.24	8,966.32	6,754.99	33,564.21
4	Expenses				
	(a) Cost of materials consumed	6,163.85	5,902.53	4,812.92	22,356.90
	(b) Changes in stock of finished goods and work-in-progress	6.97	336.42	(516.07)	(176.70)
	(c) Employee benefits expense	899.01	815.39	806.88	3,304.17
	(d) Finance costs	336.21	323.99	125.65	909.76
	(e) Foreign exchange (gain)/loss (net) (refer note 3)	238.68	(92.05)	3.92	230.18
	(f) Depreciation and amortisation expense	446.63	425.90	395.49	1,703.49
	(g) Other expenses	1,346.23	1,203.72	1,059.27	4,789.32
	Total expenses (4)	9,437.58	8,915.90	6,688.06	33,117.12
5	Profit/(loss) before tax (3- 4)	(93.34)	50.42	66.93	447.09
6	Tax expense				
	(a) Current tax	-	7.01	12.19	79.92
	(b) Short/(excess) provision for tax relating to prior periods	-	8.71	(8.82)	(0.11)
	(c) Deferred tax	(34.55)	33.81	12.24	107.43
	Total tax expense (6)	(34.55)	49.53	15.61	187.24
7	Profit/(loss) for the period (5-6)	(58.79)	0.89	51.32	259.85
8	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)	-	(19.63)
	Other comprehensive income (8)	-	(19.63)	-	(19.63)
9	Total comprehensive income for the period (7+8)	(58.79)	(18.74)	51.32	240.22
10	Paid-up equity share capital (Face value of the share is Re.1/- each)	152.79	152.79	152.79	152.79
11	Reserves excluding revaluation reserves as per balance sheet of previous accounting year				19,257.06
12	Earnings per share (of Re 1/- each) (not annualised): Basic & diluted	(0.38)	0.01	0.34	1.70



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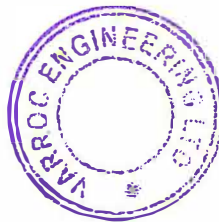
Tel: +91 240 6653 700/6653 699, Fax: +91 240 2564 540

E-mail: investors@varroc.com



Notes to the Unaudited Standalone Financial Results:

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 12, 2022 and were subjected to review by the Statutory Auditors.
- 2) The figures for the quarters ended March 31, 2022 are the derived figures between audited figures in respect of full financial year and the unaudited published year to-date figures upto December 31, 2021, being the date of the third quarter of the financial year, which were subjected to limited review.
- 3) Foreign exchange (gain)/loss for the quarter ended June 30, 2022, March 31, 2022 and year ended March 31, 2022 includes amounts of Rs 239.60 and Rs. (38.28) million and Rs.278.15 million respectively in respect of unrealised foreign exchange (gain)/loss on loans given to overseas subsidiaries.
- 4) Other income for the quarter ended June 30, 2022, June 30, 2021 and March 31, 2021 and year ended March 31, 2022 includes Government grant of Rs. 55.70 million, Rs.50.06 million, Rs. 53.71 million and Rs. 184.93 million respectively.
- 5) The Company has equity investment of Rs.9665.58 million and loan given of Rs. 9503.65 million to its wholly owned subsidiary VarrocCorp Holding BV Netherlands ('VCHBV') as at June 30, 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 June 30, 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 June 30, 2022. The final consideration will get crystallized at the time of transaction closing.
- 6) The Company 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, 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 financial results, 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 June 30, 2022. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these standalone financial results.
- 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: August 12, 2022



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

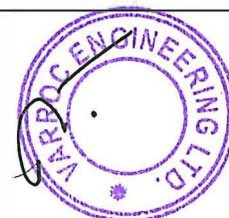
Particulars		Quarter Ended			Year Ended
		June 30, 2022	March 31, 2022	June 30, 2021	March, 31 2022
Debt Equity ratio [refer note (i)]	(No of times)	0.59	0.60	0.34	0.60
Debt service coverage ratio [refer note (ii)]	(No of times)	1.00	1.21	1.34	1.27
Interest service coverage ratio [refer note (iii)]	(No of times)	2.05	2.47	4.68	3.36
Outstanding Redeemable Preference Shares (Qty / Value)		Not Applicable			
Capital Redemption Reserve		Not Applicable			
Debenture Redemption Reserve		Not Applicable			
Net Worth [refer note (iv)]	(Rs. In Millions)	19,351.07	19,409.85	19,220.94	19,409.85
Net profit/(Loss) after tax	(Rs. In Millions)	(58.79)	0.89	51.32	259.85
Earning per share (EPS)					
Basic EPS (Not Annualised)	(Rs)	(0.38)	0.01	0.34	1.70
Diluted EPS (Not Annualised)	(Rs)	(0.38)	0.01	0.34	1.70
Current Ratio [refer note (v)]	(No of times)	0.98	0.99	0.90	0.99
Long Term Debt To Working Capital [refer note (vi)]	(No of times)	1.46	1.41	1.30	1.41
Bad Debts To Account Receivable Ratio [refer note (vii)]**	(No of times)	0.00	(0.00)	0.00	0.00
Current Liability Ratio [refer note (viii)]	(No of times)	0.87	0.85	0.67	0.85
Total Debts To Total Assets [refer note (ix)]	(No of times)	0.27	0.28	0.19	0.28
Debtors Turnover [refer note (x)]*	(No of times)	2.23	2.37	1.90	8.66
Inventory Turnover [refer note (xi)]*	(No of times)	1.61	1.67	1.24	6.58
Operating Margin [refer note (xii)]	(In %)	0.99%	2.46%	1.47%	2.16%
Net Profit Margin [refer note (xiii)]	(In %)	-0.64%	0.01%	0.77%	0.79%

Formulae for calculation of ratios are as follows:

- (i) Debt Equity Ratio = [Total Debt / Total Equity]
(ii) Debt service coverage ratio = [(Earning before Interest Tax & Depreciation)/((Interest Expense + Principal repayments of long term loan made during the period))]
(iii) Interest service coverage ratio = [(Earning before Interest and Tax & Depreciation)/(Interest Expense)]
(iv) Net Worth = [Equity share capital + Other equity]
(v) Current ratio = [Current Assets / Current Liabilities]
(vi) Long term debt to working capital = [Non Current borrowing (including current maturity of long term borrowing) / Working Capital]
(vii) Bad debts to Accounts receivable ratio = [(Bad debts written off +Provision for bad debts charged to profit and loss account) / Average Trade Receivables]
(viii) Current liability ratio = [Current Liability / Total Liability]
(ix) Total debts to Total assets = [Total Debt / Total Assets]
(x) Debtors Turnover = [Revenue from Operations / Average Debtors]
(xi) Inventory Turnover = [(Cost of Material Consumed+Changes in stock of finished goods and work-in-progress) / Average Inventory]
(xii) Operating Margin = [(EBIT-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)]

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

** numbers are below 0.01



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

1. We have reviewed the accompanying statement of unaudited standalone financial results of Varroc Engineering Limited (the "Company") for the quarter ended June 30, 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

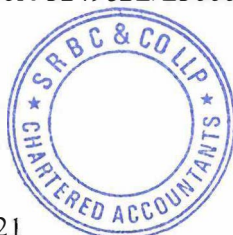
Chartered Accountants

ICAI Firm registration number: 324982E/E300003

**per Paul Alvares**

Partner

Membership No.: 105754



UDIN: 22105754AOVXQQ5021

Place: Pune

Date: August 12, 2022



Statement of unaudited consolidated financial results for the quarter ended June 30, 2022

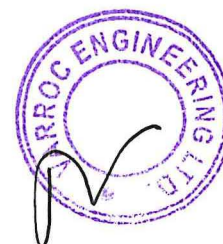
Sr. No.	Particulars	(Rs. in Million)			
		Quarter ended		Year ended	
		June 30, 2022 (refer note 2)	March 31, 2022 (refer note 2 and 3)	June 30, 2021 (refer note 2)	March 31, 2022 (refer note 2)
		Unaudited	Audited	Unaudited	Audited
	Continuing Operations				
1	Revenue from operations	16,282.83	16,519.87	11,949.93	58,442.01
2	Other income (refer note 4)	90.57	95.59	84.34	339.33
3	Total income (1+2)	16,373.40	16,615.46	12,034.27	58,781.34
4	Expenses				
	Cost of materials consumed	10,474.42	10,727.51	8,125.85	39,034.78
	Changes in inventories of work-in-progress and finished goods	23.39	491.29	(528.30)	(541.23)
	Employee benefits expense	1,729.21	1,448.64	1,567.68	6,192.64
	Finance costs	375.83	370.83	210.92	1,183.52
	Foreign exchange (gain)/loss (net)	96.77	(119.16)	(1.30)	82.19
	Depreciation and amortisation expenses	854.09	835.82	692.51	3,045.47
	Other expenses	2,778.19	2,900.21	2,147.38	10,080.24
	Total expenses	16,331.90	16,655.14	12,214.74	59,077.61
5	Profit/(loss) before share of profit/(loss) of joint ventures and tax from continuing operations (3-4)	41.50	(39.68)	(180.47)	(296.27)
6	Share of profit/(loss) of Joint Ventures	(45.10)	(21.20)	(25.51)	(4.33)
7	Profit/(loss) before tax from continuing operations (5+6)	(3.60)	(60.88)	(205.98)	(300.60)
8	Tax expense				
	Current tax	111.67	142.43	45.82	347.97
	Short/ (excess) provision in respect of earlier year	-	11.31	(8.82)	2.23
	Deferred tax	(76.43)	111.05	(79.35)	132.05
	Total tax expense	35.24	264.79	(42.35)	482.25
9	Profit/(loss) for the period from continuing operations (7-8)	(38.84)	(325.67)	(163.63)	(782.85)
	Discontinued operations (refer note 2)				
10	Profit/(loss) before tax for the period from discontinued operations	(779.01)	(2,492.92)	(2,213.51)	(10,348.85)
11	Tax (Income)/expense of discontinued operations	23.66	30.98	(84.35)	(64.43)
12	Profit/(loss) for the period from discontinued operations (10-11)	(802.67)	(2,523.90)	(2,129.16)	(10,284.42)
13	Profit/(loss) for the period (9 + 12)	(841.51)	(2,849.57)	(2,292.79)	(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	(66.88)	10.93	(25.54)	(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)	-	(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	304.53	275.48	487.06	835.40
B	Items not to be reclassified to profit or loss in subsequent periods				
	Remeasurement of defined benefit obligation (net of tax)	-	81.42	-	81.42
16	Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations (14+15)	237.65	245.89	461.52	705.48
17	Total comprehensive income/(loss) for the period (13+16)	(603.86)	(2,603.68)	(1,831.27)	(10,361.79)
18	Profit/(loss) for the period attributable to:				
	Shareholders of the Company	(848.41)	(2,853.22)	(2,302.85)	(11,098.79)
	Non-controlling interests	6.90	3.65	10.06	31.52
19	Other comprehensive income/(loss) attributable to:				
	Shareholders of the Company	237.65	247.27	461.52	706.86
	Non-controlling interests	-	(1.38)	-	(1.38)
20	Total comprehensive income/(loss) for the period attributable to:				
	Shareholders of the Company	(610.76)	(2,605.95)	(1,841.33)	(10,391.93)
	Non-controlling interests	6.90	2.27	10.06	30.14
21	Paid-up equity share capital (face value of Re.1)	152.79	152.79	152.79	152.79
22	Reserves excluding revaluation reserves as per balance sheet	-	-	-	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)	(0.30)	(2.16)	(1.13)	(5.33)
	- for discontinued operations				
	Basic and diluted (in Rupees)	(5.25)	(16.52)	(13.94)	(67.31)
	- for continuing and discontinued operations				
	Basic and diluted (in Rupees)	(5.55)	(18.68)	(15.07)	(72.64)





Unaudited Consolidated Segment wise Revenue, Results, Assets and Liabilities

Particulars	Quarter ended		(Rs. in Million)	
	June 30, 2022 (refer note 2)	March 31, 2022 (refer note 2)	June 30, 2021 (refer note 2)	Year ended March 31, 2022 (refer note 2)
	Unaudited	Audited	Unaudited	Audited
1) Segment Revenue				
(i) Automotive	15,541.69	15,621.66	11,215.12	55,509.00
(ii) Others	741.14	898.21	734.81	2,933.01
Total Segment Revenue from continuing operations	16,282.83	16,519.87	11,949.93	58,442.01
Segment revenue from discontinued operations (automotive segment) (refer note 2)	19,452.97	19,730.10	17,466.06	68,899.04
Revenue from continuing and discontinued operations	35,735.80	36,249.97	29,415.99	127,341.05
2) Segment Results				
(i) Automotive	329.51	403.45	19.41	1,079.65
(ii) Others	15.85	(132.31)	(53.20)	(417.60)
Total segment results from continuing operations	345.36	271.14	(33.79)	662.05
Segment results of discontinued operations				
Profit / (loss) of discontinued operations (automotive segment) (refer note 2)	(560.92)	(2,303.14)	(2,061.64)	(9,626.76)
Add/ (Less):				
(a) Finance Cost	(601.54)	(560.61)	(385.79)	(1,905.61)
(b) Net unallocated (expenditure) / income	34.49	38.82	61.73	220.87
Profit/(loss) before tax	(782.61)	(2,553.79)	(2,419.49)	(10,649.45)
3) Segment Assets				
(i) Automotive	34,435.32	33,886.39	102,241.13	33,886.39
(ii) Others	2,323.83	2,458.67	2,551.65	2,458.67
Total segment assets of continuing operations	36,759.15	36,345.06	104,792.78	36,345.06
Add: Segment assets of discontinued operations (automotive segment) (refer note 2)	68,765.46	66,417.12	-	66,417.12
Add: Unallocated	7,304.44	7,217.88	7,242.14	7,217.88
Total assets	112,829.05	109,980.06	112,034.92	109,980.06
4) Segment Liabilities				
(i) Automotive	17,559.29	16,734.68	49,284.22	16,734.68
(ii) Others	1,128.35	1,081.07	987.54	1,081.07
Total segment liabilities of continuing operations	18,687.64	17,815.75	50,271.76	17,815.75
Add: Segment liabilities of discontinued operations (automotive segment) (refer note 2)	41,679.52	40,304.38	-	40,304.38
Add: Unallocated	32,925.43	31,719.61	33,033.53	31,719.61
Total liabilities	93,292.59	89,839.74	83,305.29	89,839.74





Notes :

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 12, 2022 and were subjected to review by the Statutory Auditors.
- 2 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 Varroc Corp Holdings B.V. entered into Securities Purchase Agreement ('SPA') 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, previous period/year figures for statement of profit and loss in the consolidated financial results 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 results.
- i. Details of income and expenses attributable to discontinued operations are as follows:

Particulars	Quarter ended			Year ended
	June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
Revenue from operations	19,452.97	19,730.10	17,466.06	68,899.04
Other income	72.70	39.05	78.09	196.10
Total income	19,525.67	19,769.15	17,544.15	69,095.14
Expenses				
Cost of materials consumed	12,932.83	14,060.41	13,028.35	48,744.38
Changes in inventories of work-in-progress and finished goods	409.44	(113.47)	(733.19)	48.84
Employee benefits expense	3,408.68	2,953.37	3,194.99	12,087.80
Finance costs	225.71	189.78	174.87	722.09
Foreign exchange loss (net)	378.01	148.64	126.31	555.61
Depreciation and amortisation expenses (refer note ii(b))	-	1,802.21	1,499.58	6,693.18
Other expenses	2,950.01	3,221.13	2,466.75	10,592.09
Total expenses	20,304.68	22,262.07	19,757.66	79,443.99
Profit/(loss) before tax	(779.01)	(2,492.92)	(2,213.51)	(10,348.85)
Tax expense	23.66	30.98	(84.35)	(64.43)
Profit/(loss) for the period	(802.67)	(2,523.90)	(2,129.16)	(10,284.42)

- ii. Other notes pertaining to discontinued operations
 - a The Group received notices from a third-party auto component supplier for certain alleged patent infringements in respect of some of the products supplied by overseas subsidiaries of the Group in the European region. Till date, the Group has received Court Orders confirming infringement by the Group in four cases; in one case Court has ordered preliminary injunction, whereas for one other case, court hearing is not yet completed. 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 these results for the quarter ended June 30, 2022. Under the SPA signed with PO, the Group has provided indemnity to PO in respect of this matter. The auditors in their review report have drawn Emphasis of Matter in relation to this matter.
 - b The management has assessed that VLS business satisfies the criteria for classification as discontinued operation as at March 31, 2022. Accordingly the VLS business has not depreciated or amortised any non-current assets for the period ended June 30, 2022 in accordance with Ind AS 105 - "Non-current Assets Held for Sale and Discontinued Operations".
- 3 The figures for the quarter ended March 31, 2022 are the derived figures between audited figures in respect of full financial year upto March 31, 2022 and the unaudited published year to-date figures upto December 31, 2021, being the date of end of the third quarter of the previous financial year which were subjected to limited review.
- 4 Other income forming part of continuing operations for the quarter ended June 30, 2022 includes income from government grant of Rs. 69.39 million (Quarter ended March 31, 2022 : Rs. 56.55 million, quarter ended June 30, 2021 : Rs. 60.38 million and for the year ended March 31, 2022 : Rs. 215.98 million).





- 5 The Group's investment in Varroc TYC Corporation BVI ('VTYC' or 'China JV'), a joint venture accounted for under the equity method, which is carried at Rs. 3,636 million as at June 30, 2022, and the Group's share of VTYC's net loss of Rs. 60.71 million which is included in the Group's income for the period then ended are based on management certified accounts and were not subjected to review. The auditors in their review report have included a qualification in respect of this matter.
- 6 The Group has incurred significant losses in the current period as well as previous year due to impact of COVID-19 and 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 Group had certain term loans and working capital facilities from banks (forming part of the discontinued operations) maturing by end of June 2022 of Euro 56.07 million (Rs. 4,622.78 million) in an overseas subsidiary for which the Group has availed extension till end of November 2022. There are further current borrowings of Euro 109.72 million (Rs. 9,046.41 million) in VLS Group outstanding as at June 30, 2022. Further the Group has certain term loans from banks (forming part of continuing operations) maturing during September 2022 of Euro 30.00 million (Rs. 2,473.50 million) in an overseas subsidiary for which the Group has applied for extension. All external borrowings of VLS business will get transferred to the Buyer for which as provided under the SPA on closing of the VLS business sale transaction which is expected to happen by Q2FY23. Repayment of term loans forming part of continuing operations will be made out of remaining proceeds after closing of VLS business sale transaction. Hence the management does not foresee any risk of non-payment/default. Accordingly, the results for the quarter ended June 30, 2022 are prepared based on going concern assumption being appropriate for the next 12 months.
- 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 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.
- 8 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 for period ended June 30, 2022. The impact of COVID-19 on the Group's financial results may differ from that estimated as at the date of approval of these consolidated financial results.
- 9 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.
- 10 Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year's classification.

Place : Pune
Date : August 12, 2022



For and on behalf of Board of Directors
Varroc Engineering Limited

Tarang Jain
Chairman and Managing Director

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

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of Varroc Engineering Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures for the quarter ended June 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 Private 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



Joint Ventures

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

5. As disclosed in Note 5 to the Statement, the financial results and other financial information for the quarter ended June 30, 2022 in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial results, is unreviewed. Hence we are unable to determine the possible impact of Group's share of loss from China JV on the consolidated loss before tax, loss after tax, total comprehensive income and earnings per share for the current quarter.
6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 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. We draw attention to Note 2(ii)(a) of the accompanying consolidated financial results which describes the litigations relating to alleged patent infringements. As informed, VLS Group has received Court orders confirming infringement in four cases; in one case Court has ordered preliminary injunction, whereas for one other case, Court hearings are not yet completed. 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 results.

Our conclusion is not modified in respect of this matter.

8. The accompanying Statement includes the unaudited interim financial results/statements and other financial information, in respect of five subsidiaries, whose unaudited interim financial results/statements (without giving effect of elimination of intra-group transactions) include total revenues of Rs 6,162 million, total net profit after tax of Rs. 4 million, total comprehensive income of Rs. 4 million, for the quarter ended June 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.

9. 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



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

- 6 subsidiaries, whose interim financial results/statements and other financial information (without giving effect of elimination of intra-group transactions) reflect total revenues of Rs 180 million, total net loss after tax of Rs. 47 million, total comprehensive loss of Rs. 47 million, for the quarter ended June 30, 2022.
- 3 joint ventures, whose interim financial results/statements includes the Group's share of net loss of Rs. 45 million and Group's share of total comprehensive loss of Rs 45 million for the quarter ended June 30, 2022.

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

Our conclusion on the Statement in respect of matters stated in para 8, 9 and 10 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

Paul Alvares

Partner

Membership No.: 105754

UDIN: 22105754AOVXUV1230

Pune

August 12, 2022

