Varroc Engineering Limited

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www.varroc.com
CIN: L28920MH1988PLC047335

VARROC/SE/INT/2024-25/67

August 28, 2024

To,

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

The Manager – Listing
The Corporate Relation Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001.
BSE Security Code: 541578
[Debt: 975062]

Sub: Corrigendum to the Annual Report for Financial Year 2023-24

Ref: Our Communication dated August 21, 2024 - Notice of the 36th Annual General Meeting of the Company ('AGM') and Annual Report for the Financial Year ended March 31, 2024

This has reference to our communication dated August 21 2024, wherein the Company has submitted its Annual Report for the Financial Year 2023-24, along with the Notice of 36th Annual General Meeting to be held on September 12, 2024.

This is to inform you that an inadvertent typographical error has been identified under Note No. 3.1 (i) to the Consolidated Financial Statements "Capital work in progress as on March 31, 2024" on Page No. 356 of the Annual Report for the Financial Year 2023-24 that has been disseminated to the shareholders and also submitted to the Stock Exchanges. The said correction is detailed in the below table:

(Rs. in Million)

Particulars	Stated Number	Corrected number	Remark
Opening capital work-in-progress	1,209.40	1,209.40	(No Change)
Add: Addition during the year	3,833.54	**2,624.14**	**Computation/Formula Error**
Less: Capitalised during the year	3,070.02	3,070.02	(No Change)
Closing capital work-in-progress	763.52	763.52	(No Change)

We are enclosing herewith the corrected Annual Report after incorporating the aforesaid change and the same is also posted on the website of the Company at www.varroc.com.

We request you to take the aforesaid corrigendum on record.

Thanking you,

For Varroc Engineering Limited

Ajay Kumar Sharma

Digitally signed by Ajay Kumar Sharma
Date: 2024.08.28 17:25:24 +05'30'

Ajay Sharma
Group General Counsel and Company Secretary

Encl: A/a

varroc

Secure the Future.
Safe, Smart,
Sustainable Solutions.

ANNUAL REPORT 2024

Key highlights of FY24

9.6%
Revenue growth

7,000+
Employees

280%
PBT growth (Y-o-Y)

₹ 87 billion
New lifetime orders

100+
Patents

0.64x
Net Debt Equity Ratio

07
Technical Centres

8
Countries

~5.3%
Revenue from EV customers

36
Operating Manufacturing facilities

What's Inside

Secure the Future. Safe, Smart, Sustainable Solutions

Varroc

is future ready and is well positioned to address the technological shift that is happening owing to change in customer preferences, emerging trends and government regulations towards more sustainable mobility worldwide. In this backdrop, we continue to expand our offerings and enhance our R&D investments to address the evolving expectations of our domestic and global clients.

At Varroc, we're driving the future of sustainable mobility through tech-driven R&D. Our growth strategy centers on embedding sustainability into everything we do, emphasizing long-term growth with consideration to environmental and societal factors.

We're committed to minimizing the negative impact on the environment through our products, operations, and supply chain, while ensuring that we continue to work towards employee growth and diversity, community development, and ethical governance for sustained growth.

ETHICAL GOVERNANCE
Implementing ethical practices for sustained company growth.

SUSTAINABLE PRODUCTS
Minimizing environmental impact via eco-friendly product designs and manufacturing methods, following the design for environment approach.

SUSTAINABLE OPERATIONS
Eco-friendly manufacturing, adhering to environmental norms, increasing renewable energy use, and focus on waste recycling.

EMPLOYEE GROWTH & DIVERSITY
Nurturing employee skills, diversity, inclusion, and human rights adherence.

SUSTAINABLE SUPPLY CHAIN
Building a sustainable network of suppliers meeting environmental and social standards.

COMMUNITY DEVELOPMENT
Harnessing our expertise and employee efforts for community betterment.

SAFE

For Varroc, safety has always been at the core of its product development. **With a firm commitment towards road safety, our comprehensive product portfolio spans across mirrors, lights, and cameras, all aimed at ensuring a safer riding experience.** Varroc continues to strive for excellence in the design and development of its products by leveraging cutting-edge technology to create a safer and more secure future on the roads, keeping drivers, passengers, and pedestrians protected, always.

SMART

Varroc leads in smart and connected automotive products. Through advanced technologies & innovative engineering, we offer diverse products that enhance vehicle performance, efficiency, and connectivity. Our commitment goes beyond components, as we excel in developing integrated systems that foster seamless communication & collaboration between various vehicle systems. **By enhancing connectivity between ECUs, telematics units, clusters & other components, Varroc elevates the overall efficiency & functionality of vehicles.**

SUSTAINABLE

At Varroc, sustainability lies at the core of everything we do. **We focus on using sustainable material and processes for manufacturing our range of products. We are also industry leaders in manufacturing EV components.** We continuously assess the environmental and social impact of our products and strive to reduce it. Our manufacturing facilities utilize **renewable energy, practice waste management, and maintain a sustainable supply chain** to uphold responsible business practices. Internally, we implement gender diversity and development programs, while externally, we engage in river restoration, support skill development, promote sports, encourage waste management, build green ecoparks, and more. Through our support for sports initiatives, we aim to **inspire young minds to adopt an active and healthy lifestyle.**

A Global Leader in Automotive Components

Varroc is a prominent player in the global auto component sector, with a proven track record of delivering smarter, connected and sustainable solutions for a diverse spectrum of clients.

Vision

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

Our comprehensive offerings include electrical, electronics, lighting, polymer, metallic, aftermarket and advanced safety solutions. With robust R&D capabilities and strategic technological partnerships, we innovate relentlessly to meet the evolving requirements of safer, greener, smarter and connected vehicles in the automotive sector.

From designing efficient electrical systems, developing advanced safety features, creating visually appealing lighting solutions, or providing high-end aftermarket components, we are committed to delivering top-tier products and services. Our commitment to innovation and excellence has made us a preferred partner for global Original Equipment Manufacturers (OEMs).

Mission

Be the trendsetter in providing mobility solutions that offer the highest value for money

- Extend India Market leader position in 2W mobility, lighting, and driver assistance to the world
- Double profitable growth by 2030 achieved through business excellence
- Be the Partner of Choice for our valued customers through superior customer experience
- Empower and enable all teams committed to speed, excellence, and our values to achieve exceptional success
- Continue to be a trusted Indian family-owned enterprise focused on societal and environmental sustainability.

Values

Our Core values serve as a philosophy and an identity for every employee on the organization.

Sincerity
To speak & act from the heart

Humility
To walk with everyone

Integrity
To do what is right

Passion
To go distance against all odds

Discipline
To make it all happen

A closer look into our global and domestic business operations

India

Polymer

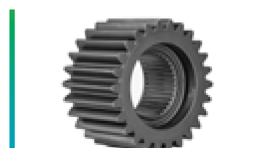
13
Facilities in India

After Market Division

120
thousand sq.ft. warehouse

Electrical-Electronic and Lighting

10
Facilities in India



Metallic

5
Facilities in India

2
Facilities in Italy

Global electronics and lighting

Lighting

2
Manufacturing facilities in China

3
Manufacturing facilities in Italy, Romania, Vietnam

Electronics

1
Manufacturing facility in Romania

Our Journey

Varroc's transformation into a Global Auto-Technology Company

1990
Initiated polymer business in Aurangabad, India, marking the first milestone of the journey

1996
Joint venture in India with Scarpa, Colombo, to manufacture engine valves

2007
Acquired Forging Company, IMES, Italy

2011
Acquired Tri.o.m., Italy for 2 Wheeler Lighting

2012
Acquired Visteon's global PV Lighting business (now VLS)

2014
PE Investments by Omega, TC Holdings and Tata Capital

Acquired 50% in Varroc TYC Corporation (China)

2017
Acquired a 90% stake in auto accessories manufacturer Team Concepts (India)

JV with Dell'orto for Electronic Fuel Injection Technology for 2 Wheeler & 3 Wheeler in India

Technical Collaboration with Heraeus, Germany, for 2 Wheeler Catalytic Converters in India

Established manufacturing of electronics components in Romania

2018
Varroc Engineering Limited listed on the Indian Stock Exchange (NSE & BSE)

2019
Acquired a 74% stake in CarIQ, a leading telematics solution provider

2022
Began localized production of 2 Wheeler & 3 Wheeler EV components in India

Extension of product portfolio to ADAS, Driver Monitoring Systems, and Video Telematics

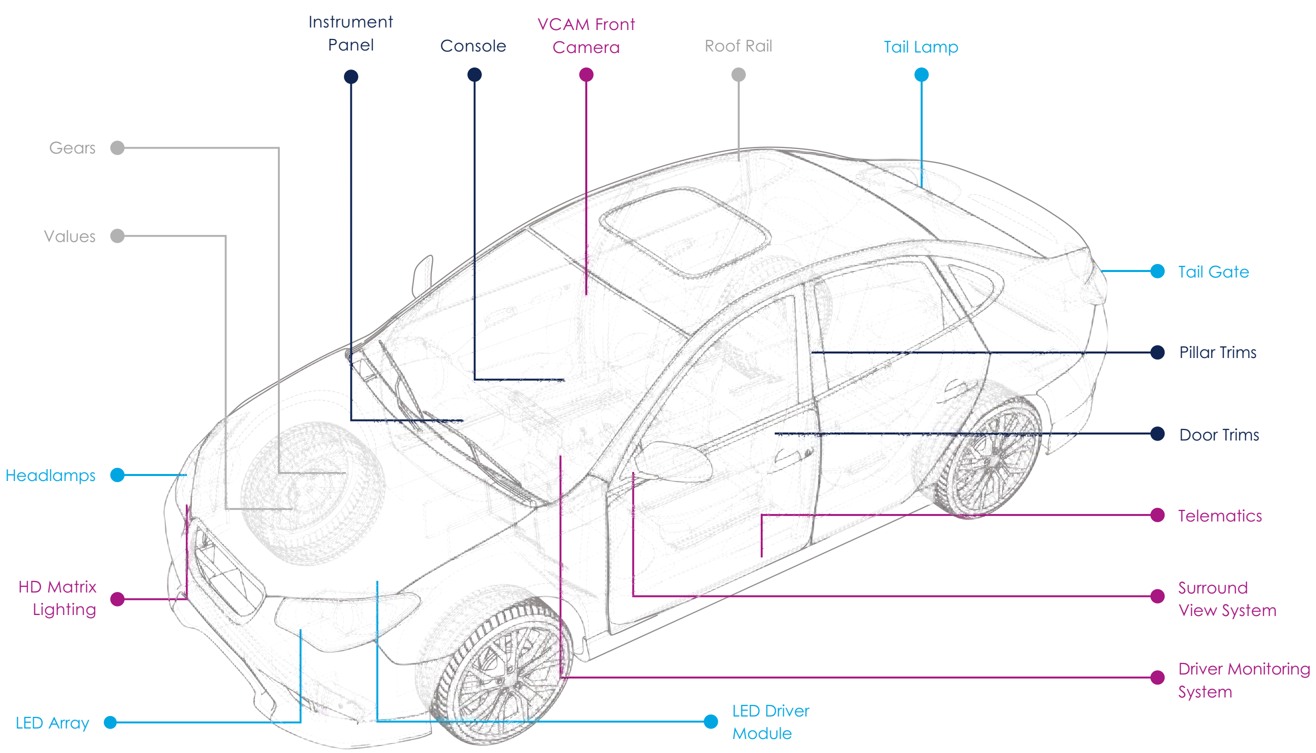
Divested 4W lighting operations in EU and America to Plastic Omnium

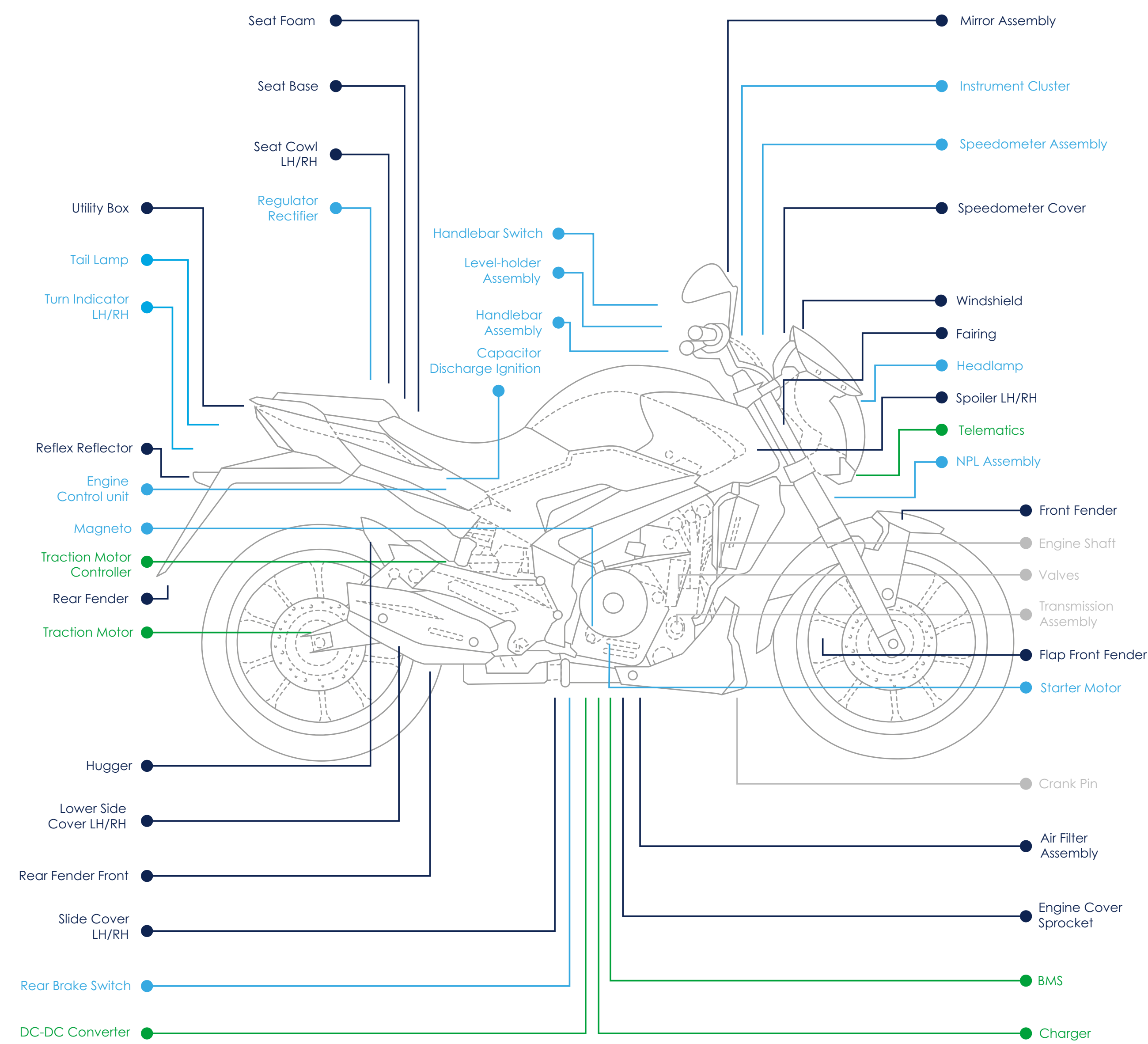
2023
First OEM business for the Driver Monitoring System was awarded

ESG policy has been formulated, and a committee has been formed to oversee

Varroc's Diverse Automotive Product Range

Varroc offers a diverse range of solutions in powertrain, electrical, body parts, and metallic solutions, shaping the future of mobility. Acquiring Varroc Connect (formerly CarIQ), a cloud-connected telematics platform, facilitates predictive analysis through big data. Expanding into safety mobility, it offers the Advanced Driver Assistance System (ADAS), Driver Monitoring System (DMS), and AI-driven video telematics for safer roads.





- Polymer
- Electrical
- Metallic
- EV
- Advanced Electronics

Electrical & Electronics Solutions

Varroc leverages its automotive component design, development, and manufacturing expertise to provide comprehensive solutions to leading OEMs in India. Our design teams prioritize end-user needs, integrating cutting-edge technology and features for maximum value. Supported by world-class facilities, including our specialized electronics PCB unit, we offer end-to-end solutions, positioning us as the preferred Early Development Partner by customizing solutions to meet each customer's unique requirements, we maintain industry-leading quality, cost, and delivery standards. Our diverse range of innovative products aligns with Varroc's vision for greener, safer, and smarter transportation solutions.

ELECTRONIC FUEL INJECTION (EFI)

The Electronic Fuel Injection (EFI) system is a comprehensive solution for BS VI (OBD II-B) -compliant fuel injection control, packed with advanced features to ensure compliance with all regulatory requirements.

INTEGRATED STARTER GENERATOR (ISG)

The Integrated Starter Generator (ISG), combining a starter and alternator, enhances power generation in vehicles, boosting fuel efficiency and emission reduction through hybrid electric propulsion. With high starting torque and versatile speed range capabilities, it offers enhanced performance.

PRODUCT LINES:

- Digital Instrument Cluster
- EFI-ECU
- Handlebar Assembly
- Switches And Sensors
- Starter Motor
- Magnetos
- Injector Driver

TECHNOLOGIES

- TFT/LCD technology
- Electric magnetic field technology
- Plastic insert molding technology
- Casted Aluminum heat sink
- Potting and rubber grommet techniques for sealing
- GPS/GNSS
- Firmware Over The Air
- Edge Algorithms
- BLDC Motor Control

DIGITAL INSTRUMENT CLUSTERS

Our instrument clusters seamlessly blend digital and analog features with an infinity display and sleek design. Bluetooth-enabled for notifications and turn-by-turn navigation, keeping the driver on the right route every time. They declutter essential information such as speed, RPM, odometer, trip meters, range, clock, and fuel gauge in real-time, even under direct sunlight. Varroc's cost-effective, stylish design ensures precision and functionality.

ADVANCE SWITCHES AND THROTTLE POSITION SENSORS

We offer illuminated CAN/LIN based integrated dual output switches designed with functional safety and FUSA Asil-B compliance. Our IP67-compliant, low ampere tactile illuminated switches are tailored specifically for Electric Vehicles, ensuring optimal performance and reliability. Additionally, we offer a range of single and dual output throttle position sensors, including standalone options, to meet diverse automotive needs with precision and efficiency.

EV Solutions

Varroc, an early advocate for EV adoption, specializes in developing tailored technology for Electric Vehicles (EVs). Drawing from our experience in conventional vehicle component design, we understand the intricacies of EV component development. Our EV product lineup includes Traction Motors, Controllers, Chargers, BMS and DC-DC converters, with a focus on lightweight technologies and enhanced system efficiency. By optimizing system efficiency, we enable customers to achieve greater range with excellent performance with smaller battery sizes. Leveraging EV-focused R&D, we integrate unique features like advance control strategies, regenerative braking, and FOC-based control algorithms. With locally designed, developed, & manufactured solutions, fully IoT-enabled machines, and complete vertical integration for electronic manufacturing, we stand at the forefront of EV innovation. Our strength lies in first principles design, virtual prototyping, design verification and validation backed by comprehensive testing capabilities for 2 Wheeler, 3 Wheeler & 4 wheeler EVs including inhouse Motor Dyno and HIL Testing Systems.

TRACTION MOTOR & CONTROLLER

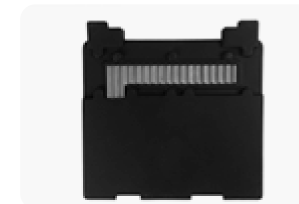
Our Traction Motor and Controller solutions are designed for all EV applications, specifically engineered for the challenging conditions of Indian roads. With an emphasis on lightweight, energy-efficient technology, these systems significantly enhance EV performance and extend driving range, optimizing battery capacity utilization.

DC-DC CONVERTER

Our highly efficient DC-DC Converter is a critical component for electric vehicles, expertly converting high voltage from the main traction battery to power essential 12V systems. It is designed with built-in safety features and can be tailored to meet specific customer requirements, ensuring reliability and safety.

CHARGER

Our innovative EV Charger is both compact and highly efficient, making it the ideal solution for a variety of battery capacities. With built-in safety features and seamless communication with the Battery Management System (BMS), our charger ensures reliable and high-performance operation across the board.



BATTERY MANAGEMENT SYSTEM

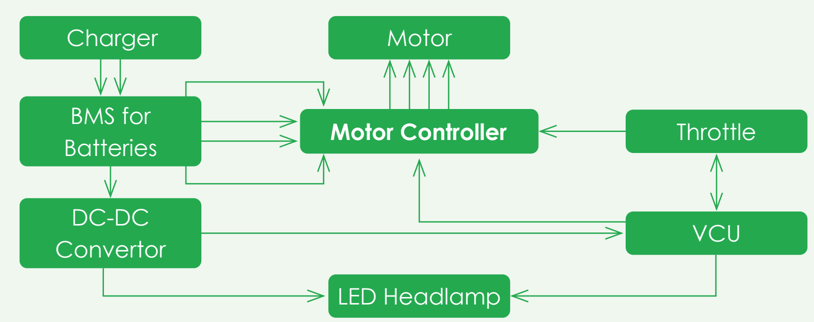
Safety and accuracy are at the heart of our advanced Battery Management System. Designed to ensure safe and efficient battery operations, our BMS enhances range estimation accuracy and provides critical data for vehicle control and performance, instilling confidence in the adoption of electric vehicles and boosting overall reliability.

PRODUCT LINES:

- Traction Motor with Gearbox
- Traction Motor & Controller
- DC-DC Converter
- Hub Motor
- Battery Management System (BMS)
- Charger

SYSTEM SUPPLIER

Our expertise extends to end-to-end system supply for 2 Wheeler engines.



Lighting Solutions

Our operations span diverse markets, focusing on cutting-edge exterior lighting solutions for vehicles worldwide. Specializing in advanced technologies for 2 Wheelers, 3 Wheelers, and 4 Wheelers, we emphasize lightweight designs and unique features. With a global presence in Europe, Vietnam, and China, we offer an extensive range of Headlamps and Rear Lamps, leading in LED, Matrix and Xenon technologies. We prioritize customized solutions, fostering enduring relationships with OEMs across both mainstream and luxury markets.

VARROC LIGHT ENGINES

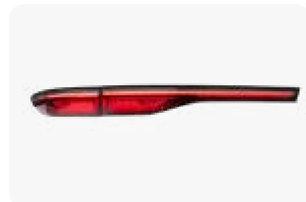
Varroc Light Engines uses advanced materials for better heat management and design flexibility. MLE.1 model has 8-25 controllable LED segments in a single row, powered by a Matrix Controller.

WELCOME FEATURE LAMP

Our Welcome Feature Lamps offer an aesthetic design with signature position functions, providing a uniform glowing effect. LED sequencing uniquely indicates welcome and goodbye gestures through distinct illumination patterns.

VARROC LIGHT CONTROL UNITS

Varroc's Light Control Unit controls ADB functions and adjustable channel outputs, utilising clever levelling algorithms for accurate beam alignment and on-the-fly lighting modifications.



MOIRE EFFECT CROSSED LAMP

Moire Effect Crossed Illumination creates a captivating 3D illusion with colored lines, delivering an immersive, holographic appearance for distinctive tail lamp design.

PRODUCT LINES:

- Headlamp
- Blinker and Indicators
- Fog Lamp
- Bi-functional LED Projector
- LED Driver Module
- Tail Lamp
- Glitter Tail Lamp
- LED Bulbs
- Stop, Reversing and Front Lamp
- ORIGAMI Light Engines

TECHNOLOGIES

- Projector Lens System
- Adaptive Driving Beam
- Camera-based Adaptive Lighting
- Laser Headlamps
- Cornering and Bending Lights - Directional Lighting
- Light Blades with advanced LED Designs
- Integrated heatsink for efficient
- thermal management

Varroc Connect

Varroc Connect Powered by CarIQ is India's pioneering connected vehicle platform:

We empower OEM's, vehicle users and ecosystem participants like BFSI, Telco's, Governments etc with invaluable insights to deliver data driven customer experiences.

Varroc Connect powered by CarIQ is hybrid cloud ready and can seamlessly integrate with any of the cloud providers including Azure, AWS, Google.

We help deliver great customer experiences through a full stack solution to all the new and aftermarket vehicles.

Varroc Connect Integrated hardware approach of working across the hardware's and providing a seamless solution to all segments of vehicles through our Platform can be a game changer opportunity for OEM to go 100% connected into the market.

Whether a vehicle is OEM fit or After market, CarIQ can take care of the connectivity solution across the models. Varroc Connect Building Blocks:

1. ***Hardware - OBD Dongle, BLE OBD, TCU Lite, Advanced TCU***

OBD:

- Complete After-market solution
- Support CAN messaging
- GSM & GPS integrated
- Self FOTA

BLE OBD:

- BLE and CAN support
- Support TBT, and messaging interface on cluster
- Mobile Phone acts as a conduit for GSM and GPS

TCU Lite:

- Support for GPS and GSM
- 2G and 4G models
- Fall alerts
- Track driver
- International SIM

Advanced TCU:

- Smart Processor
- FOTA and COTA support
- CAN and selective data selection using Platform
- 4G/5G + WIFI + BLE International SIM

2. ***Platform***

- Varroc Connect has an advanced enterprise grade platform with all the required components for many connected vehicle use cases implemented in a modular approach to work over the top of OEMs cloud and doesn't need any rip and replacing of existing platform.
- Varroc Connect brings scalability and data reliability to the table.

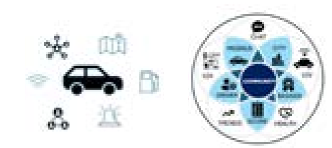
With a unique approach towards machine data and awareness of automotive data, allows the platform to prioritise resources and infrastructure for data compute and storage bringing in speed and data reliability

Platform Key Differentiators:

a. International ready with support for local time zone and currencies
b. Cloud ready across AWS, Azure, and Google Cloud
c. Ready with High Availability and Disaster Recovery
d. Telecom management
e. Subscription manager
f. Truly device agnostic
g. Identity management
h. Secured API engine
i. TCP/IP, HTTP, MQTT support
j. Self and Multi ECU FOTA/COTA
k. Pre integrated with TBT/TFT clusters
l. Insurance companies Audited and verified platform

3. ***Applications***

- Mobile Application, Web application, CarIQ's Mobile based telematics Solution Community and Ecosystem.
- CarIQ supports both Native and Cross Platform Applications



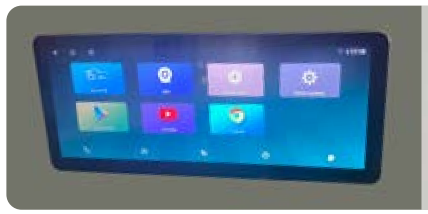
4. ***Ecosystem and Community:***

- CarIQ has multiple levels of ecosystem & community addressing various use cases and aligning to the segmentation of OEMs and cost expectations of users.

4W Electronics Solution

Our 4W Electronics solutions is to cater to two of the mega trends i.e. connected and ADAS. We have the capability to provide technological advanced system solutions. Our solution offer unrestricted access to real-time status updates, vehicle data, location, and advanced analytics whenever you need them. This product offers fleet owners a comprehensive solution, serving as a standard fleet management system that can seamlessly expand as required.

The solution seamlessly integrates with our Video telematics solution. Monitor your fleets in near real-time using a Dual Dash Camera enabled with ADAS and DMS capabilities to attain active safety using a user-friendly cloud portal for fleet management with less effort. Varroc cloud portal provides a centralized hub for fleet managers to monitor their vehicles, access important data, and track driver behavior. Varroc Smart Mobility has developed an intelligent driver coaching system. It analyzes driver behavior and identifies areas for improvement, providing personalized coaching and feedback to each driver.



INTELLIGENT COCKPIT

Varrocs intelligent cockpit offers a high definition touchscreen display with customizable interface.

The Android based system allows to interact with mobile systems like Auto/Carplay or Android auto.

Seamlessly integrating telematics, surround view for enhanced parking assistance and a state-of-the-art driver monitoring system for optimal safety.

This System is designed to transform your driving experience. Stay connected, informed, and secure like never before.

DRIVER MONITORING SYSTEM

Varroc's driver monitoring system is compliant with global standards and upcoming regulations.

- Drivers distraction
- Drivers drowsiness
- Seat belt detection
- Mobile Phone Usage
- Face ID

CABIN MONITORING SYSTEM

The cabin monitoring system extends the regulatory driver monitoring system with high resolution RGBIR camera with features:

- Gestures detection
- Emotion detection
- Object detection

SURROUND VIEW SYSTEM

Surround View Systems employs an array of 4 strategically placed cameras to offer drivers a seamless 360-degree view of their vehicle's surroundings. The feature enhances safety and convenience by eliminating blind spots and providing a perspective during parking and maneuvering. With its advanced image processing technology, drivers can confidently navigate tight spaces with ease.

ADVANCED DRIVER ASSISTANCE SYSTEMS

Unveil the forefront of driving safety with our Advanced Driver Assistance Systems (ADAS) Solution Segment. Progress from Level 0 to Level 2 capabilities, utilizing 1V1R and 1V3R fusion for comprehensive control.

Redefine your driving experience with our ADAS features—a harmonious blend of precision and innovation for a safer, smarter journey.

Varroc ADAS offers more safety with automatic braking, adaptive cruise control, enabling L0 up to L2 vehicle autonomy through Advanced Driver Assistance Systems.

SMART MOBILITY – FLEET MANAGEMENT SOLUTIONS

Varroc Smart Mobility provides a suite of telematics solutions that delivers unrestricted access to real-time status updates, vehicle data, location, and advanced analytics whenever you need them. It seamlessly integrates with Video telematics solution - Vcam.

This integration enhances fleet management capabilities, delivering comprehensive insights and operational efficiency for a connected and streamlined experience. Monitor your fleets in near real time using Vcam - Dual Dash Camera enabled with ADAS and DMS capabilities to attain safer driving.

Empower your fleet with our advanced Fleet Management Platform, delivering real-time fleet visibility and actionable insights from anywhere.

It offers:

- Efficient Fleet Management
- Real-Time Fleet Monitoring
- Vehicle & Driver Management
- Driver scoring & Coaching
- Trip management
- Fleet health - maintenance
- Driver Behavior Alerts
- Collision Risk Prediction
- Video on Demand
- Live video
- Geofencing

Powerful AI Processor

- Ambarella SoC

HD Quality Video

- Clearly captures exterior and interior footage of the vehicle
- 2MP exterior camera
- 2MP interior camera

Wireless and standalone

- WiFi 2.4/5.0GHz
- Bluetooth v5.0
- LTE

More recording hours

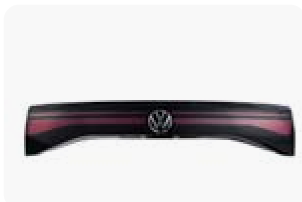
- Record 50-100h of drive time
- Easy to use and adopt
- Easy to use and install, and seamlessly integrates with all other platforms

Polymer Solutions

Varroc's Polymer Business stands as a premier Tier-1 automotive component supplier, serving major OEMs across 2 Wheelers, 3 Wheelers, 4 Wheelers, and commercial vehicles. Our 13 manufacturing plants, centralized Tool Room, and 2 R&D Centres underscore our commitment to innovation, leveraging continual benchmarking, reverse engineering, and patented breakthroughs to meet stringent quality, cost, and delivery demands. With an array of moulding machines ranging from 250 T to 3200 T, supported by captive tool rooms and full-fledged paint shops, we ensure high-quality outcomes for global customers. Our customer-centric approach, coupled with swift new product development cycles and a focus on design-driven technology, solidifies our position as a preferred partner. We're at the forefront of lightweighting initiatives, deploying advanced techniques like 2K molding, , and battery box for EVs.

MIRROR ASSEMBLIES

Through our portfolio of 30+ mirror assembly variants, we offer premium aesthetics, lightweighting and an optimum field of vision.



2K TECHNOLOGY: BASED PRODUCTS

Our products are based on the latest 2K technology, offering high gloss aesthetics and superior functionality.

CONSOLES & INSTRUMENT PANELS

With a focus on superior aesthetics and enhanced driver experience, our construction ensures product durability under daily use.

SEATS & AIR FILTERS

Our range of 60+ seats incorporates the latest globally benchmarked innovations, ensuring superior comfort, durability and styling.

Our range of 16+ air filters offers improved engine life, service life and lower pressure drops through various filter media technologies.

PRODUCT LINES:

PRODUCTS FOR 2 Wheeler

- Seat
- Airfilters
- Mirrors
- Ev Fan and Housing
- Molded and Painted Body Parts

PRODUCTS FOR 4 Wheeler

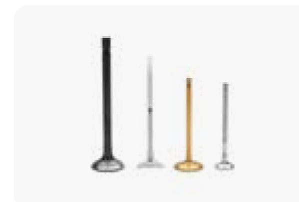
- Console
- Roof Rails
- Door Trim
- Pillar Trims
- Instrument Panel
- Bumpers
- CV Mirrors
- Exterior Claddings
- Plenum Applique
- Tailgate Grip Molding (Rear Center Tail Lamp)

TECHNOLOGIES

- 2K Injection
- Blow moulding
- Stretch Bending (2D & 3D)
- Molded in Color
- Cut and Sew
- Light weighting
- Robotic ultrasonic welding, vibration welding, hot plate welding, high frequency welding
- Blind spot detection mirrors
- Embroidery designs for logos and labels
- Efficient air filtration technologies: Viscos filter media, Pre-filter & dry media
- Smart Seating with hot and cold options

Metallic Solutions

Varroc stands at the forefront of metallic component manufacturing, renowned for its impeccable design and production of high-performance, cost-effective parts. Our eco-conscious approach, including Zero Liquid Discharge (ZLD), distinguishes us in the industry. As a trusted 'Supplier of Choice' for leading OEMs worldwide, our transmission division supplies precision parts for diverse vehicles. Leveraging a joint venture established in 1998 with Scarpa & Colombo, we've solidified our position in valve production, emphasizing enduring partnerships. Supplying 3.0 million transmission assemblies to major 2 Wheeler industries underscores our reliability, while our production capacity of 50 million engine valves meets global demand with 40% export. Pioneering the production of sodiumfilled valves further demonstrates our commitment to innovation and excellence, setting new benchmarks in the industry.

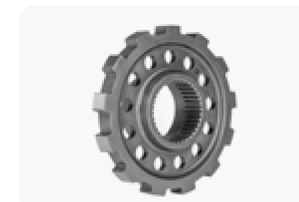


VALVES

Our Valves (sodium, titanium, Bi-metal, hollow stem & hollow head, intake, and exhaust) ensure optimal engine performance, even in high temperatures.

FORGED COMPONENTS

Our hot & cold forging division in Europe and India operates with forging capabilities spanning from 300T to 8000T presses for Crankshafts, Knuckles, Connecting Rods, Cam Shafts and Ring Gears up to 250 kg in weight.



GEARS & SHAFTS

Our gears & shafts, including park Lock, Sun, and Planetary Gears, along with Engine Timing Gears, 2W transmission assemblies, Cam Shafts are robust, durable, and contribute to enhancing the engine's longevity.

METALLIC SOLUTIONS FOR EV

Our EV portfolio prioritizes compact and lightweight design, featuring products like single and double-speed Gearboxes, Planetary Gear train components, and Traction Motor shafts for 2 Wheeler/3 Wheeler vehicles.

PRODUCT LINES:

- Transmission Assemblies
- Crank Shaft & Connecting Rods
- Traction Motor Gearbox
- Engine Valves
- Connecting Rods
- Knuckles
- Engine Gears & Shafts
- Flanges
- Crank & Cam Shafts

TECHNOLOGIES

- Gear Grinding with Bias Control
- Liquid & Gas Nitiriding
- Laser Welding
- Sub Zero & MnPh coating

Fortifying Presence across Multiple Geographies

EUROPE

Romania

Poland

Italy

Germany

ASIA

India

China

Vietnam

Japan

SEGMENTS

2-WHEELER

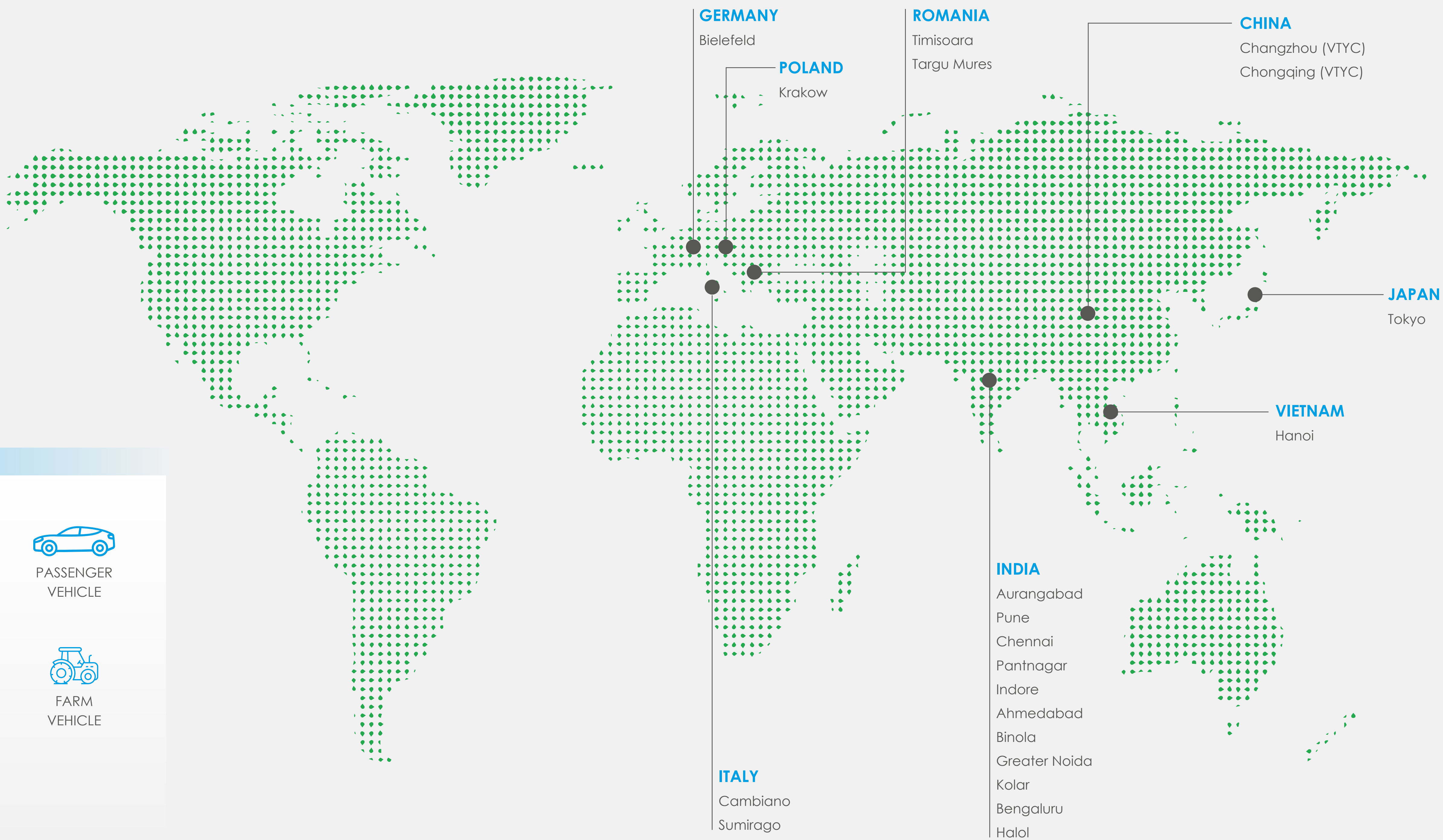
3-WHEELER

PASSENGER VEHICLE

COMMERCIAL VEHICLE

OFF HIGHWAY VEHICLE

FARM VEHICLE



Operational Excellence

Our operational excellence is a combination of our manufacturing capabilities, supply chain efficiency and integration of advanced technology. Our state-of-the-art facilities and strategic partnerships ensure precision and quality in every product. Embracing innovation, we maintain leadership by delivering superior solutions and optimising operational efficiencies.

Manufacturing Capabilities

Success Stories in Operational Excellence:

"At Varroc, our commitment to manufacturing excellence is ingrained in our strategic initiatives and unwavering adherence to stringent industry standards. We have pioneered a range of initiatives to enhance operational efficiency, including the Varroc Operational Excellence model, fostering continuous improvement, and a culture of innovation through Layered Kaizen Competitions at plant and group levels. Our integrated management system ensures stringent adherence to Production & Material Flow , Equipment , Quality , People development & Safety Excellence standards across all manufacturing plants. By leveraging Lean manufacturing principles, TPM (Total Productive Maintenance), TOC (Theory of Constraints) approach and advanced automation, we optimize efficiency and minimize waste throughout our processes. Our success stories abound, from heightened customer satisfaction scores to the integration of renewable energy sources like Solar Power, reflecting our dedication to sustainability. Embracing IoT-enabled digital solutions, we have streamlined production, optimize maintenance, manage product lifecycles, improve quality, and foster knowledge management, while integrating cutting-edge technologies like robotics and machine learning. Varroc remains at the forefront, driving operational excellence and setting industry benchmarks."

OUR COMMITMENT TO QUALITY, SAFETY & ENVIRONMENT IS REFLECTED IN CERTIFICATIONS ACROSS ALL MANUFACTURING PLANTS

Supply Chain Management

In our supply chain operations, we have implemented established and streamlined processes along with a structured release strategy for sourcing.

We align our LTS suppliers with our specific Standard Operating Requirements (SOR) to ensure consistency and reliability in our supply chain. We maximize our significant spend to enhance cost management strategies, aiming to achieve cost standardization across our operations

Integrated Supplier Quality Management

01 Potential Supplier Assessment (PSA)

Standardize & robust system for supplier onboarding across business unit in line with Varroc's expectation & strategic alignment

02 Component Development

Defining common processes for component development that provides a methodical path to bridge between supplier and Varroc

03 Proactive Risk Management

Improves ability to avoid or manage both existing and emerging risks & identify where and what safeguards are needed

04 Manufacturing Process Enhancement

Establishing world class manufacturing process mechanism by most effective ways to increase quality, operational efficiency & robustness in manufacturing process

05 Centralized controls for supplier

Identification & improvement of various quality & system improvement activities at supplier's end those are contributing to operational as well as quality sustenance

06 Performance Management

Determining the performance whether our supplier's execution as per expectation & upgradation plan

07 Change Management

Establishing & drives the successful adoption and usage of any type of process or engineering change

08 Customer Specific Drives

Implementation of all specific Tier 2 improvement initiatives driven by customers

Smart Solutions for a Safer Tomorrow

We are strategically positioning ourselves in the technology sector with a focus on advancing future technology products. At the core of our strategy is a value-driven approach, where we aim to deliver solutions that not only meet market demands but also create substantial value for our stakeholders.

By diverting major investments into high-margin opportunities that offer the potential for monopoly, we ensure sustainable and high growth for our business. Through technology advancement we have developed products that bring unique competitiveness to the market, while ensuring scalability to meet growing demands. Through these initiatives, we aim to enhance stakeholder value by delivering cutting-edge solutions that address evolving industry needs.

Technology for Two Wheelers

Safety
LED Headlamps, Mirrors

Sustainability
Electronic Fuel Injection for ICE vehicles and BS6 catalytic converters

Electrification & Efficiency
Traction motor and controller, Power assist ISG, and e- Drivetrain energy management systems

Personalization
Signature Lighting, Foam in Place seating

Connectivity & Digitalization
Connected Displays, TFT and sensor Interfaces, FOTA in Telematics (Varroc Connect)

Technology development driven by latest mega trends that enable safer, smarter, connected and sustainable mobility

Technology for Four Wheelers

Safety
ADAS, Driver Monitoring Systems, Surround View Systems, LED Headlamps & LCUs, Adaptive Front Lighting Systems, Mirrors

Personalization
Signature Lighting, Interior Systems, In-Cabin Sensing, Interior Mood Lighting, Center Consoles

Connectivity & Digitization
FOTA in Telematics, Video Telematics, AI powered sensor interfaces, AUTOSAR compliant modules, Advanced Infotainment System

Technology Development driven by latest mega trends of Safety, Personalization, Connectivity and Digitization

Tools for in-house Design

Design Software

creo	Solid Modeling
GerbTool	PCB MCAD
AUTODESK Service Provider Select	AutoCAD 2011 2D Drafting
cadence	APCB Design, Circuit Simulation
ANSYS	AutoCAD 2011 2D Drafting
MATLAB	Algorithm development & Code generation

Simulation Software

Pro/ENGINEER WILDFIRE 4.0	Pro-E Mechanica FEA
MATLAB	System Simulation
	Magnetic Circuit Simulation (Motor / Magneto)
	Autodesk Nastran
ANSYS	Electromagnetic FEA
Motor Design Limited	Motor-CAD

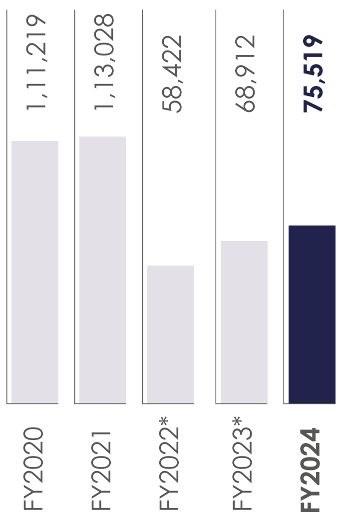
Rapid Prototyping Tool

National Instruments LabVIEW	Algorithm development & Code generation

Financial Highlights

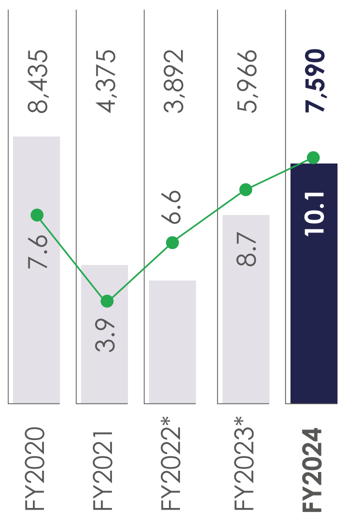
Revenue

(₹ in million)



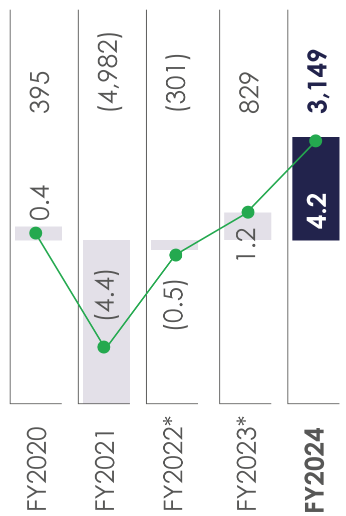
EBITDA and EBITDA margin

(₹ in million) (in %)



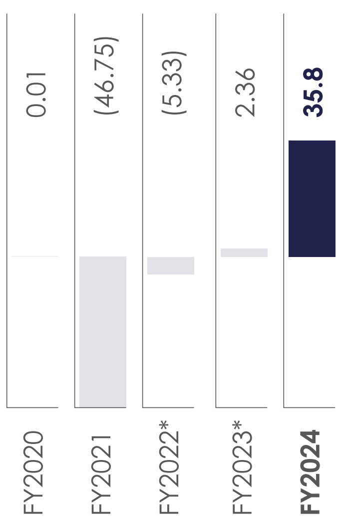
PBT and PBT margin

(₹ in million) (in %)



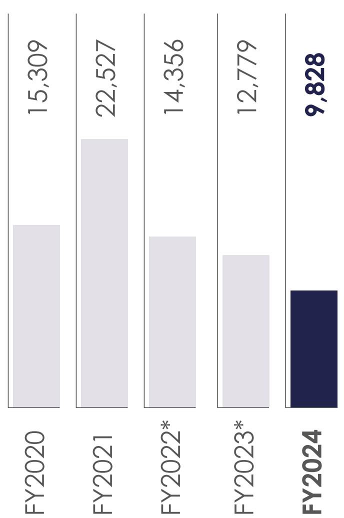
EPS

(in ₹)



Net Debt

(₹ in million)



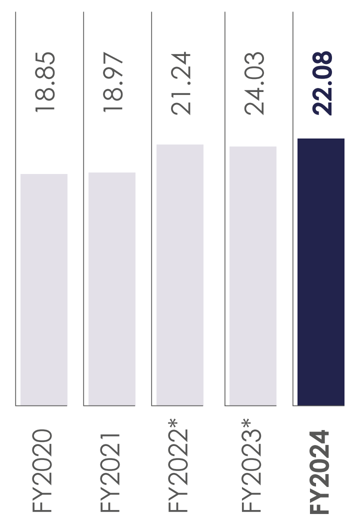
Net Worth

(₹ in million)

Non Financial Highlight

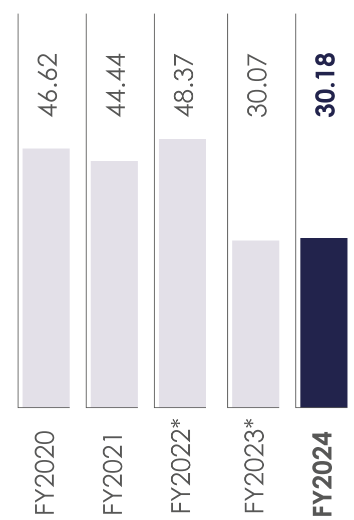
Power Generated through RE**

(in MW)



CSR Expenditure**

(₹ in million)



EBITDA excludes the loss/gain from the FX movement and includes incentives from government

PBT and PBT margin include share of profit/(loss) from Joint Ventures

* On October 6, 2022, Varroc has divested its 4W Lighting Business in Europe & America. Numbers in the above charts/ graphs for FY 2021-22 and consecutive years pertain to continuing operations only.

** These number are only for the operations in India.

Message from the Chairman and Managing Director

> We remain committed to our strategic priorities of innovation, operational excellence, and sustainability. Our focus on sustainability has led to further strengthening our initiative towards ESG, underscoring our responsibility towards environmental stewardship.

Tarang Jain
Chairman and Managing Director

Dear Shareholders and Stakeholders,

It is with great pleasure and gratitude that I address you through our annual report for FY 2024. Over the past year, we have navigated through a landscape of unprecedented change and uncertainty. Yet, through it all, our resilience and commitment have been unwavering. In this annual report, as I review our financial performance and strategic initiatives, I do so with a sense of optimism and determination. Our successes is a testament to the dedication of our team, the strength of our partnerships, and the trust of our shareholders.

Throughout the FY 2024, we have navigated through various market conditions like recession fear in developed economies and geo-political wars in various regions. Our commitment to innovation, quality, and sustainability has been unwavering, driving our growth and securing the future. Discipline in capital allocation is helping us emerge stronger and more resilient than ever.

The automotive industry is undergoing rapid transformation driven by technological advancements, changing consumer preferences, and regulatory developments. Our company has viewed these as opportunities and has continued to thrive, adapting swiftly to the evolving market demands and leveraging opportunities for growth. The Company is in forefront to make the vehicles safer and thus developing products with connected features and innovative solutions. Automotive lighting technology for four-wheelers as well as two-wheelers has evolved significantly over the years to meet safety, regulatory, and technological advancements. Our LED lighting solutions are not only more energy-efficient, durable, and technologically advanced but it also improve visibility, safety and contribute to reducing the environmental impact of vehicles through lower energy consumption. Our product offering for electric vehicle is to make the entire ecosystem more sustainable. The shift towards electric vehicles (EV's) represents a significant opportunity. At Varroc we actively respond to this trend by developing innovative solutions tailored to the unique requirements of electric mobility. Our expertise in power electronics, connected solutions & LED lighting. position us a key enabler in the transition towards a greener future for all vehicles. Thus, we continue to put our energy, wisdom and capital towards our Vision - "Create safe, smart and sustainable future mobility solutions for everyone"

I am pleased to report that Varroc Engineering Limited has delivered improved financial results this year.

> Throughout the FY 2024, we have navigated through various market conditions like recession fear in developed economies and geo-political wars in various regions. Our commitment to innovation, quality, and sustainability has been unwavering, driving our growth and securing the future.

Our revenue has grown by 9.6%, reaching ₹ 75,519 million, reflecting the success of our strategic initiatives of becoming a system supplier and increasing our content per vehicle. Our Profit Before Tax margin improved to 4.2% in FY24 as compare to 1.2% in FY23. Our ROCE have improved to 20.3% and leverage ratio have fallen to 0.64 in FY 2024. This improvement has also been validated by external rating agency and they have upgraded the rating of the Company by one notch to AA- for long term and our short term rating is at the top notch which is A1+. Our endeavour remains to continue this journey of improvement in coming years also.

Speaking more on the operational performance in different geographies, our India operations continued to deliver strong performance with growth of over 14.1% whereas our overseas business was impacted due to significant degrowth in 2W automotive sales and heavy concentration in under performing certain overseas markets. We are taking several initiatives to grow our overseas business. We are working with various customers on additional revenue opportunities. We are also driving cost reduction efforts in these markets to improve margins. The margin improvement efforts through backward integration initiatives like SMT lines are already in place. With these actions, we expect to see revival of overseas business in the next couple of years.

We remain committed to our strategic priorities of innovation, operational excellence, and sustainability. Our focus on sustainability has led to further strengthening our initiative towards ESG, underscoring our responsibility towards environmental stewardship. This year, we undertook a comprehensive materiality analysis to pinpoint the issues most significant to our stakeholders and businesses. This process involved thorough assessments and interactions with our stakeholders, bringing to light critical areas such as energy efficiency, carbon footprint reduction, water conservation, and social responsibility. We aim to align our operational processes and decision-making with the identified material

I am pleased to report that Varroc engineering limited has delivered improved financial results this year. Our revenue has grown by 9.6%, reaching ₹ 75,519 million, reflecting the success of our strategic initiatives of becoming system supplier and increasing the content.

issues to drive long term value and resilience.

In FY2024, we also got ourself certified by TISAX and received certificate from ISO 27001:2022. These certifications shows that Company has systematic approach to managing sensitive information and is well equipped to handle confidentiality, integrity, and availability of its information as well as of its stakeholders.

At Varroc Engineering Limited, customer satisfaction is at the heart of everything we do. We have continued to strengthen our relationships with existing customers while expanding our customer base globally. Our ability to deliver high-quality products and superior service has enabled us to maintain strong partnerships and drive long-term value for all stakeholders. We are further strengthening our offering and capability in EV powertrain, functional system supplier in polymer, connected including ADAS products and LED lighting.

Looking ahead, while the global economic environment remains uncertain, we are confident in our ability to capitalize on opportunities. We will continue to innovate by further strengthening our engineering capabilities streamline our operations through further cost reductions and working capital optimization. Our endeavour will remain to expand our presence through focused products to drive sustainable growth and deliver value to our shareholders.

In today's competitive landscape, where technology evolves rapidly and markets shift unpredictably, it's our people who remain our most resilient asset. Their resilience isn't measured solely by their ability to adapt to change but by their capacity to innovate, collaborate, and lead with integrity. As Chairman, I take pride in our unwavering commitment to our workforce. We strive not only to attract top talent but to empower and inspire them to achieve their fullest potential. Our success isn't just measured in profits and market share but in the meaningful relationships we build, the positive impact we create, and the legacy we leave behind. We continue to boost employee engagement and foster a thriving workplace. These efforts led to the company getting certified as a "Great Place to Work" in Sep'23.

I would like to extend my heartfelt thanks to our employees for their hard work and dedication. Their commitment and passion are the driving force behind our success. I also express my gratitude to our customers, partners, and shareholders for their continued support and trust in Varroc Engineering Limited.

In conclusion, I am proud of what we have achieved this year and excited about the future prospects of our Company. Together, we will continue to build on our strengths, uphold our values, and create value for all stakeholders.

Thank you for your confidence in Varroc Engineering Limited.

Sincerely,

Tarang Jain
Chairman and Managing Director

Message from the Group Chief Financial Officer

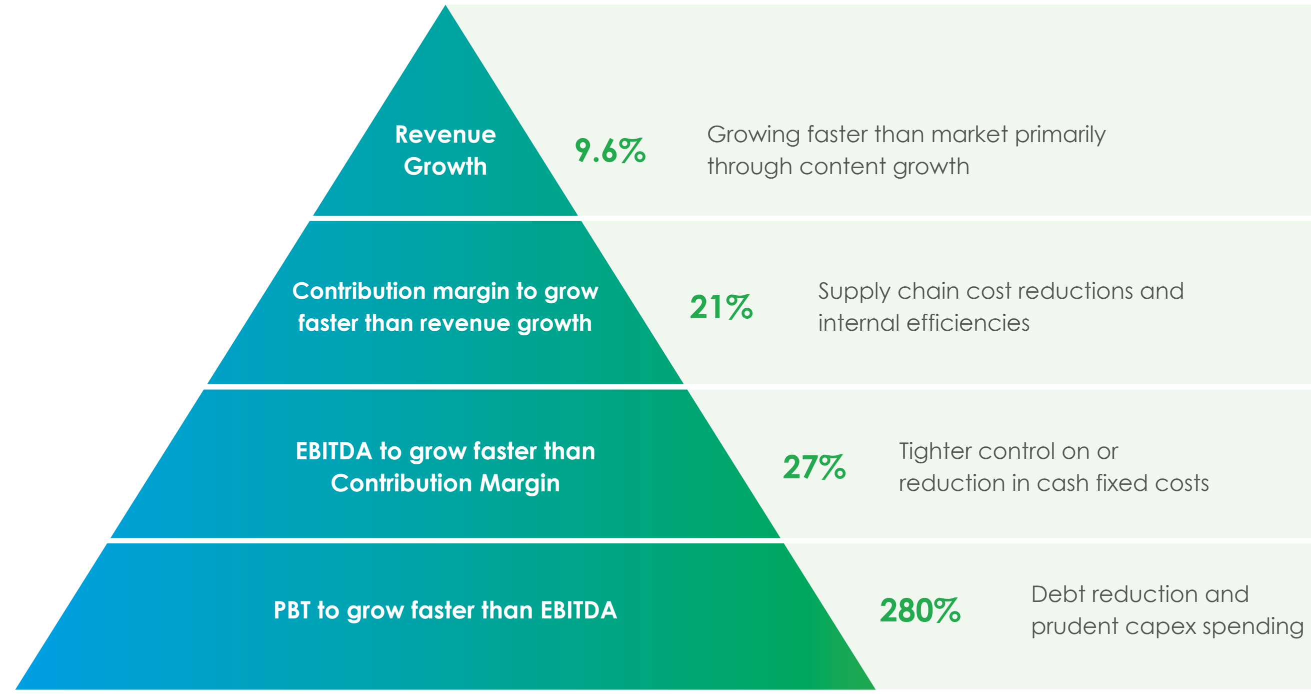
K. Mahendra Kumar
Group Chief Financial Officer

Dear Shareholders,

Last year, I shared about how we are planning to create value for our shareholders over the long-term through a combination of revenue growth and operational improvements. Though these are still the early years of this transition, we are happy to inform you that we have made good progress in this journey during FY 2023-24.

During the fiscal year 2023-24, our ongoing operations registered a revenue of ₹ 75,519 million with a growth of 9.6% as compared to the previous year. Our EBITDA surged to ₹ 7,590 million (or 10.1%) from ₹ 5,966 million (or 8.7%) in FY 2022-23 and PAT was at ₹ 5,530 million in comparison to ₹ 388 million in FY 2022-23. In addition to the improved profitability, the PAT was also helped by recognition of potential tax benefit on impairment of loans and advances, suffered due to divestment done in FY 23.

As indicated last year, our approach to make operating leverage work at multiple levels of income statement has largely been successful and resulted in PBT growth of 280% for a growth of 9.6% in revenue for the year 23-24.



Our Company had to face several headwinds during the year and not everything went in our favour. Though India business could register a strong growth of 14.1%, the overseas businesses started witnessing a negative growth starting from H2 of FY 24, due to adverse business environment in ASEAN and European markets as well as high customer concentration. As a result, we are expecting to see a significant negative y-o-y growth in H1 of FY 25 due to this high base effect.

We also had to incur substantial legal costs of approx. ₹ 340 million to defend our case in the arbitration proceedings in relation to our JV in China. In addition, we also took a conservative position and impaired our receivables of ₹ 160 million from a reputed EV OEM, considering their weak financial condition, even though we continue to explore legal options to recover the same. During the year, we also recognized and provided for inventory losses, caused by process indiscipline at multiple locations in India and overseas.

Here is what we are planning to do going forward.

Revenue Growth

In India business, we intend to grow faster than the industry growth in 2w, 3w & PV segments. This will be largely driven by higher content on EVs. Our powertrain product range on EVs is getting more traction from various Indian and overseas customers . We have intensified our sales activity in the overseas businesses by recruiting dedicated and experienced sales teams. We are also exploring non-auto opportunities for our electronics businesses in Romania and forging business in IMES, Italy. However the recovery is expected to happen gradually during the next 1 to 2 years, due to the time gap between winning the orders and start of production (SOP).

Margin Improvement

In addition to the margin expansion from operating leverage, we are also

> We continue to work with intensity on various actions to drive revenue growth and margin improvements so that operating leverage works at each level to make our bottom-line grow much faster than the topline through the multiplier effect.

pleased to inform you that our cost reduction initiatives are expected to yield results from H2 of FY 25. The phase-1 of renewable energy initiative will help us in saving more than ₹ 200 million per annum, besides helping the environment. We have recently initiated a cost reduction project - 'Project Optima' - with help from external experts, to identify opportunities in indirect costs. The full year benefit of these initiatives is likely to be realized from FY 25-26.

We would like to honestly admit that we have a lot more to do in improving fixed cost discipline. Some of the fixed cost challenges we faced in FY 24 like arbitration costs, receivable write-off are expected to be significantly less in the coming years. We also keep exploring opportunities for any Government incentives including PLI incentives for our businesses in the coming quarters and years. We are also getting better in timely realization of pricing opportunities to cover impacts of inflation. We are also strengthening our operational controls and processes across our multiple plants and this should improve consistency in our results in the coming quarters and years.

We continue to work with intensity on various actions to drive revenue growth and margin improvements so that operating leverage works at each level to make our bottom-line grow much faster than the topline through the multiplier effect.

Prudent Capital Deployment

As indicted earlier, our surplus capacity levels enable us to ensure that our capex spending in the near-term is going to be significantly less than the depreciation charge. However, we may have to make some strategic investments in land acquisition for long-term growth. We are also working on various opportunities to reduce our net working capital levels further. The new revenue opportunities are scanned with a stringent IRR requirement of at least 25%.

Strong Free Cash Flow Generation

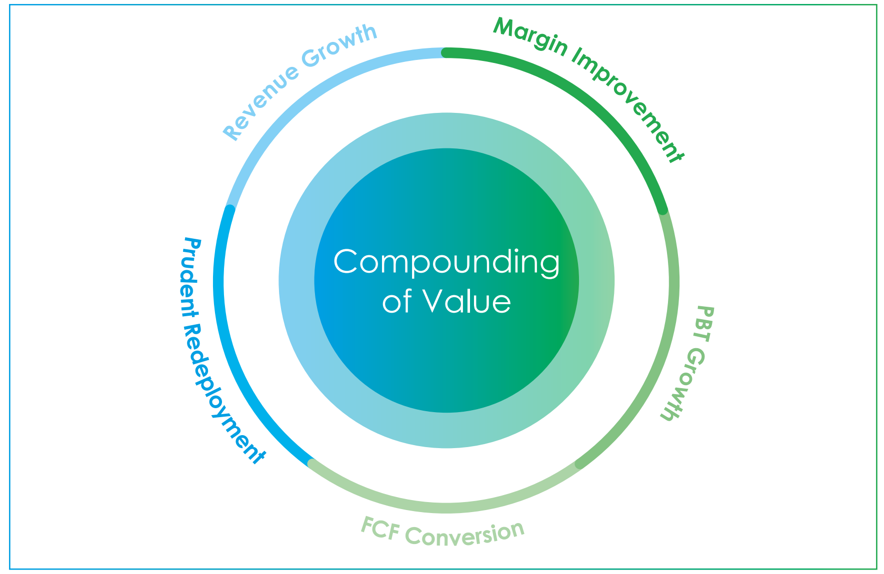
With net debt levels below 1.3x of consolidated EBITDA and Net debt-equity at 0.64, our balance sheet is in a much stronger position now. Our aim is to reduce it significantly below 1x of EBITDA in the coming years with the help of strong FCF generation. Whenever debt reduction becomes difficult due to prepayment penalties, we will reduce discounting levels of our receivables so that our cash is deployed effectively and productively.

These actions will ensure continuity in strong FCF generation in future. Our aim is to grow FCF margin (i.e., FCF/Sales ratio) in line with PBT margin (PBT/Sales) in the coming years. It is a well-known thumb rule that the intrinsic value of shares generally grows in tandem with the sum of revenue growth rate and FCF margin (or FCF yield). Our aim is to deliver strong revenue growth driven primarily by increased content per vehicle and a healthy FCF margin which should enable us to deliver consistent compounding of value for our shareholders.

We have been able to attract and retain quality human resources at various levels in the organization.

We are also making efforts to train our internal resources and get them ready for internal growth opportunities.

We are also working on development of 'investment thesis' for tapping any inorganic opportunities in the coming years.



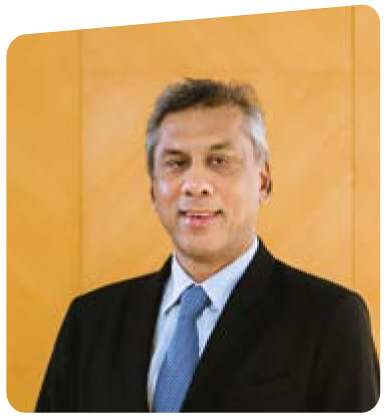
In summary, our journey to create a long-term compounding story for the investors is progressing in the right direction. I am cautiously optimistic and excited about the future as we have several opportunities and challenges. The execution of our aforesaid strategy may not be very visible prominently every quarter. We are likely to see some ups and downs in the coming quarters until we implement all the actions and strengthen processes. But we are clear about the path we need to take for the medium and long-term.

In closing, I would like to thank all the internal and external stakeholders for their confidence in us and look forward to their continued support. I also extend my appreciation to our Varroc team members for their dedication and efforts.

Best regards,

K. Mahendra Kumar
Group Chief Financial Officer

Board of Directors

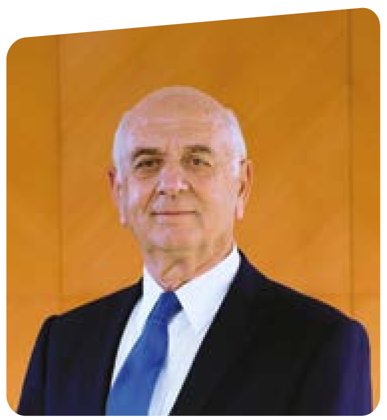


Tarang Jain
Chairman & Managing Director
35+
C C M M C

Gautam Khandelwal
Independent Director
37+
C C C M M

Vinish Kathuria
Independent Director
27+
M M M

Tarun Tyagi
Whole-time Director
30+



Marc Szulewicz
Independent Director
52+
M

Vijaya Sampath
Independent Director
42+
C M M

Arjun Jain
Director & Chief Executive Officer - Business Division-I
12+
M M M M M

Dhruv Jain
Director and Chief Executive Officer - Business Division-II
5+

Years of experience

(C) Chairperson
(M) Member

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

Board Snapshot

50%
Independent Directors

32+ years
Average Experience of Board of directors

12.5%
Women Directors

Risk Management

RISK	DESCRIPTION	MITIGATION
MARKET RISK	The demand for the Company's products could be impacted by modifications to the automobile industry, consumer preferences or monetary conditions.	We focus on enhancing opportunities of customer engagement based on new and emerging technologies in order to ensure visibility on way forward. To enhance tool development competencies, we benchmark with industry competitions. To address the need to understand technological advancements by visiting international conferences/exhibitions. TO CONSTITUTE A PROCESS FOR BENCHMARKING COMPETITION PRODUCTS AND PRODUCTS AVAILABLE INTERNATIONALLY AND MOST IMPORTANTLY DEFINE VARROC PROPOSED PROCESSES.
SUPPLY CHAIN RISK	Supply chain risks include exposures, threats, and vulnerabilities associated with the products and services traversing the supply chain. Risk associated with single source and sourcing from abroad.	To reduce dependence on single source from cost efficiency perspective on one hand we focus on adopting a multi-sourcing strategy for maintaining uninterrupted continuity of operations on the others. TO ENHANCE DEVELOPMENT OF LOCAL ALTERNATIVES FOR CURRENTLY IMPORTED MATERIALS
FINANCIAL RISK	Economic volatility, inflation, rising interest rates and the liquidity crisis have all had a negative impact on the Company's financial assets.	We focus on improving cash flows and financial performance including: - - Focused reduction in debt levels, improvement in working capital by enhancing vendor credit period, - IMPROVING CUSTOMER REALIZATION AND REDUCTION IN INVENTORIES
INFORMATION TECHNOLOGY RISK	As technology becomes more and more essential to our business, it is crucial to utilise it properly for better productivity.	We focus on optimum utilization of ERP SAP systems in order to facilitate information needs for business decision-making. To increase collaboration manufacturing Excellence and IT services in order to progress on IOT and other relevant automation technologies. DATA COLLECTION AND REPORTING TO BE DONE THROUGH IOT TO FACILITATE MORE RELIABLE INFORMATION FOR ANALYSIS AND FURTHER ACTIONS

RISK	DESCRIPTION	MITIGATION
CYBER AND DATA SECURITY RISK	Cyber threats can have an impact on the Company's operations by causing confidential information to be lost and harming its reputation.	We strengthen IT security landscape for addressing threats of cyber-attacks. We focus on enhancing awareness of employees across the organization on topics related to IT security, usage, restrictions, etc. To reduce vulnerability led by inappropriate user behavior exposing the organization to the threat of cyber-attacks.
HUMAN RESOURCE RISK	We focus on devising a plan for attraction and retention of talent, by improving existing PMS system. Assess reasons for attrition in critical positions and take adequate measures to address the same. Defining clear career paths for high potential employees. Improve Diversity Hiring Implement Systems to cover the entire employee life cycle management process for better controls and monitoring process	To consider devising a plan for attraction and retention of talent, by improving existing PMS system. Assess reasons for attrition in critical positions and take adequate measures to address the same. Defining clear career paths for high potential employees. Improve Diversity Hiring. Implement Systems to cover the entire employee life cycle management process for better controls and monitoring process. To identify competent staff and define a road-map to facilitate development of required talents to take up a wider range of responsibilities. To develop policies for succession from internal competent staff.
REGULATORY COMPLIANCE	The government is continually modifying its policies as a result of the shifting market conditions, which could have an impact on the internal policies of the organisation.	We have a robust Compliance Management System (CMS) covering all existing/new statutes applicable to the Company. Ensure strict adherence through periodic reviews of compliances reported in CMS.
ESG RISK	Tightening regulatory requirements as well as requests from customers seeking to manage their scope 3 emissions. Further considerations around Varroc's reputation related to our mission to create sustainable mobility.	In process of expanding on ESG framework, which further involved the hire of dedicated ESG leads and external consultancy resources to develop long term strategy. ESG KPIs included in select leadership positions to drive change.

Reaching New Value Horizons

What we depend on

Finance

₹ 15,262 million
Net worth

0.64x
Net Debt Equity ratio

Manufacturing

36
Manufacturing facilities

Innovation

07
Technical centres

People

7000+
Employees

Environment

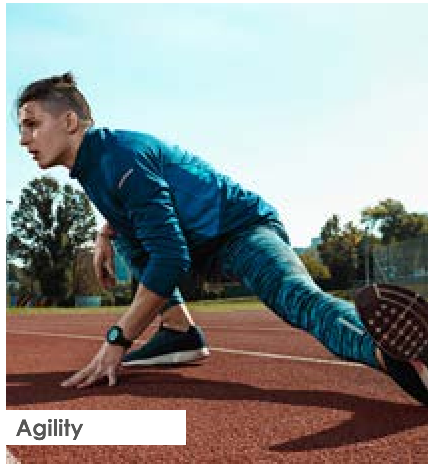
211.38 MW
Energy consumed

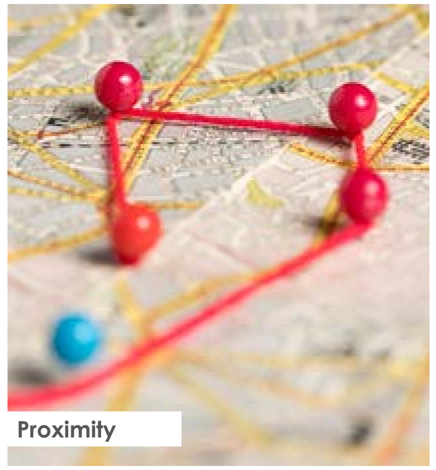
Social

₹ 30.18 million
CSR expenditure

What we do

Unlocking Value


Agility


Proximity


Digitization


Innovation


Business Development & Key Account Management structure

Our product segments


Lightning


Polymer


Electrical and electronics


Metallic

Stakeholder engagement

Customers
Employees
Communities
Stakeholders

Accomplishments

Accomplishments	Impact
₹ 75,519 million Revenue ₹ 7,590 million EBITDA	By investing in R&D and manufacturing facilities, we enhance our product portfolio, technical expertise, and global presence.
India Ratings & Research assigned **IND A+** with stable outlook	Equipped with world-class machinery, our state-of-the-art integrated manufacturing facilities ensure the production of advanced quality products.
100+ Patents filed	We prioritize and invest in next-generation research and development programs, emphasising technology innovation and engineering excellence to deliver competitive solutions that meet the evolving needs of our current and future customers.
18.84% Women employees	Our team comprises highly skilled professionals with extensive industry experience.
22.08 MW Renewable energy generated	Our state-of-the-art integrated manufacturing facilities optimize energy consumption through efficient technologies, ensuring sustainable production practices while maintaining high-quality standards.
390+ Students enrolled in the Varroc academy	We benefit from strong partnerships with regulators and automobile authorities in all our markets, as well as successful collaborations with industry partners, which support us in achieving our growth objectives.

Across the world

several countries are pursuing zero emission targets, resulting in greener, safer and lighter vehicles. The demand for zero-emission vehicles is being fuelled by renewable energy sources, government policies, subsidies and tax rebates.

Our Roadmap

Consolidating Run Rate Business

Objective: Optimize resource allocation and maximize profitability.

Rationale:

- Low margins in existing business segments.
- High effort required for stagnant growth.
- Increased competition impacting market share.
- Reduced stakeholder value due to limited growth potential.

Focus on Functional Products

Objective: Become a leader in functional product development and manufacturing, achieving sustainable growth and profitability.

Rationale:

- Higher margins compared to run-rate business.
- Sustainable growth potential in high-volume functional product segments.
- Improved competitiveness through advanced BTP products.
- Increased scalability for efficient production.
- Differentiation through innovative functional and decorative components.
- Enhanced stakeholder value through increased profitability and growth.

Roadmap for Advanced Technologies

Objective: Secure a leading position in high-growth, future-proof technology markets.

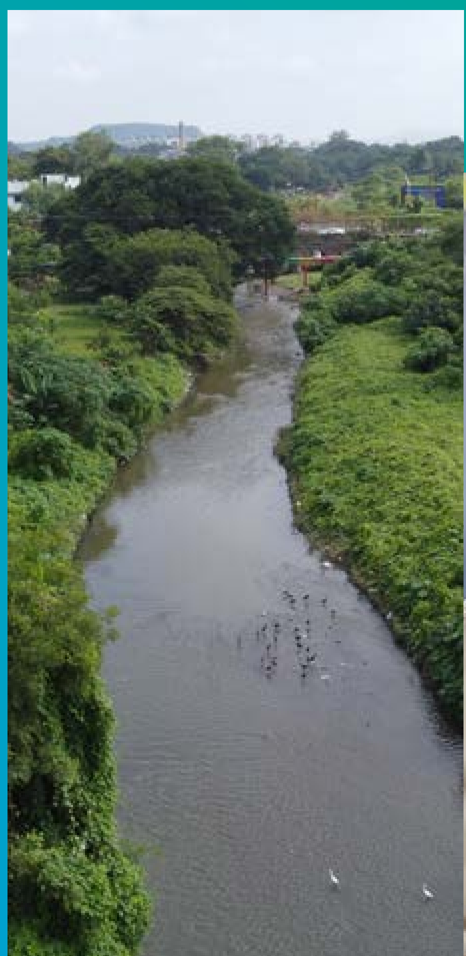
Rationale:

- High margins and potential for market monopoly in advanced technology sectors.
- Sustainable and high growth potential compared to traditional segments.
- Unique competitiveness through cutting-edge technology adoption.
- Higher scalability for rapid market expansion.
- Significant stakeholder value creation through increased profitability and long-term growth prospects.

At Varroc,

our aim is to co-create value for all our stakeholders through innovative research, engineering and manufacturing of sustainable products for the mobility sector through operations that are environment friendly and align with our corporate vision to 'Create safe, smart, and sustainable future mobility solutions for everyone'. We also focus on bringing meaningful positive change in society by empowering our communities and safeguarding the interests of our stakeholders through a strong governance framework.

Abridged Sustainability Report



About the Section

GRI 2-1, 2-2, 2-3, 2-4

At Varroc, we firmly believe that sustainability is integral to our growth strategy. Our commitment to sustainability is designed for the long term, aiming for growth that benefits both the environment and society. For the first time, we are including an Environmental, Social, and Governance (ESG) section in our annual report. This section provides detailed insights into our performance across various dimensions, including environmental stewardship, social accountability, and governance practices. We have undertaken several initiatives and are proud to present our performance, in preparation to keep improving for the future. By highlighting our efforts and achievements in these areas, we aim to demonstrate our dedication to responsible business practices. We are committed to continually advancing our ESG initiatives, fostering a culture of transparency, and engaging with our stakeholders to drive positive change. Moving forward, we will work diligently to enhance our impact, ensuring that our growth continues to benefit all stakeholders and contributes to a more sustainable and equitable future.

Reporting Scope

This is the abridged version of our Sustainability Report, highlighting key material issues and impacts. It has been prepared with reference to the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals (UNSDGs). Our complete Sustainability Report aligned with GRI standards is available on the sustainability section of our website.

Reporting Boundary

The data provided in this section primarily pertains to all of Varroc's offices and plants in India. It encompasses data and activities from our operations for the fiscal year ending FY 2023-24.

Forward-looking Statement

This section and other periodic written and oral statements from our management include projections and anticipated results based on current plans and assumptions. Our ESG section provides forward-looking information that allows investors to understand our prospects and make informed decisions.

Contact Details and Feedback

Share your feedback or queries regarding this report with:

Anoop Sharma

Email id: Anoop.sharma@varroc.com

Our Materiality Approach and Stakeholder Engagement

GRI 2-29, 3-1, 3-2, 3-3

Varroc is committed to ensuring open and inclusive dialogue and mutual understanding with its stakeholders during all phases of our business operations. Our relationships with stakeholders are based on trust and mutual respect, and continue to enhance value for our shareholders, customers, employees, and the communities we serve. Our unwavering dedication to sound corporate governance reflects our drive not just to meet industry benchmarks, but to exceed them, becoming leaders by setting a benchmark of excellence in the global corporate landscape.

At Varroc, conducting a materiality assessment is integral to our strategic approach as it enables us to identify the sustainability issues that are most crucial for our business and stakeholders. The assessment involves a comprehensive process to ensure key ESG risks and opportunities are identified. The results from the assessment have provided insight on the impact of material issues on our business operations which in turn helped shape our ESG strategy.

Process to Conduct Materiality Assessment

Identify Stakeholders

Identified 23 participants from 15 internal stakeholder groups.

Compile a list of material issues

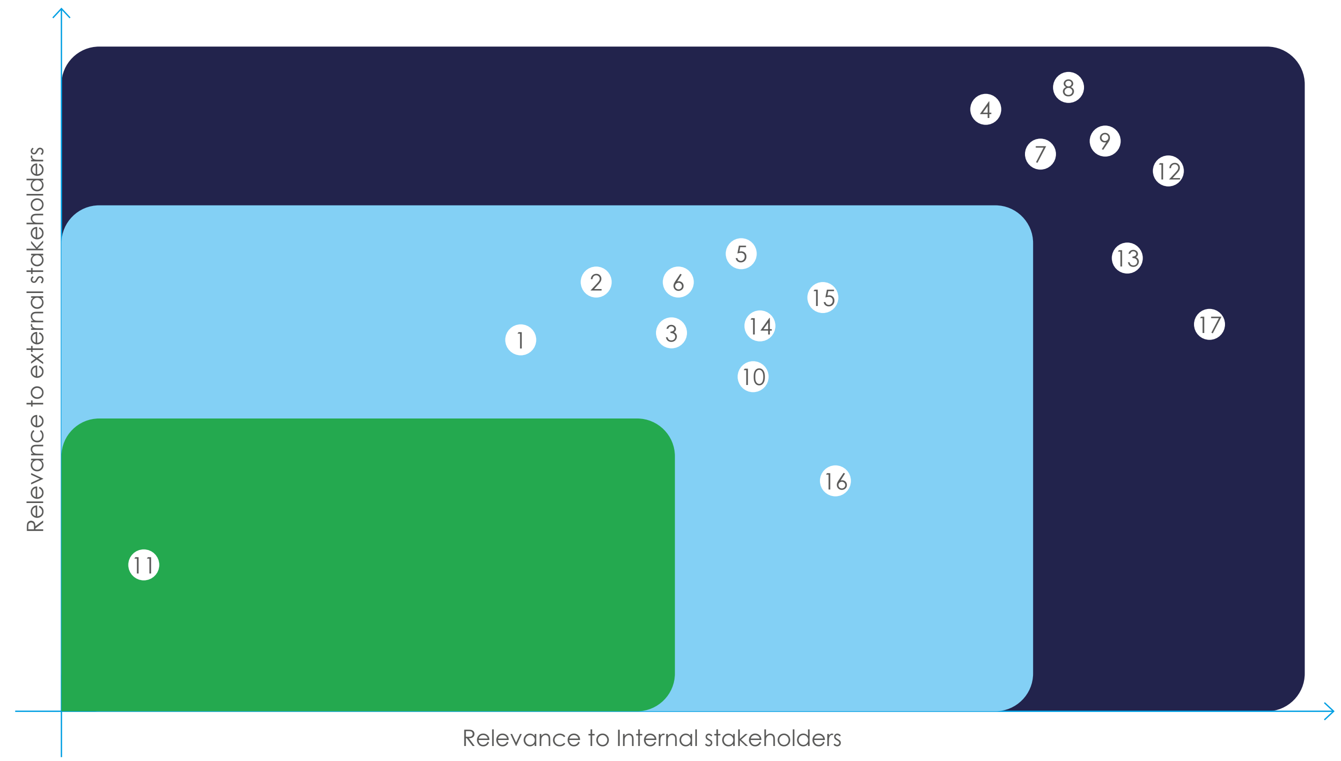
Referenced industry specific issues, global sustainability standards for auto components industry (SASB, MSCI) and internal risk assessment to identify 17 material topics.

Meet with Stakeholders

Stakeholders responded to questions on the business impact of each material issue and other unidentified stakeholder expectations

Analyze material issues

Analysed insights from stakeholders and prioritised material topics into high – medium – low impact categories.



Environment Social Governance

Identified Material Issues:

Medium to low priority *"Learn & Prepare"*	High to medium priority *"Manage & Monitor"*	Critical *"Act Now"*
11 Employee Volunteering and CSR	1 Energy and Greenhouse Gas (GHG) Emissions	4 Sustainable Supply Chain
	2 Waste Management	7 Diversity, Equity and Inclusion
	3 Sustainable Products	8 Employee Health and Safety
	5 Climate Change Regulations, EV	9 Employee Attrition
	6 Training and Development	12 Ethics and Transparency
	10 Labour Management and Human Rights	13 Regulatory Compliance
	14 Data Protection & IPR	17 Financial Risk
	15 New Technology and Adoption	
	16 Competitive Edge	

Our Sustainability Priorities

At Varroc, our vision for sustainability is to collaboratively create value for our stakeholders by pioneering eco-friendly products for the automobile sector. Committed to environmentally responsible operations, we aim to 'Create safe, smart, and sustainable future mobility solutions for everyone.' As the automotive sector moves towards electrification, we see substantial opportunities to innovate and to drive significant change in our mission. Integrating sustainability into our operations is fundamental to our growth strategy, addressing local, national, and global contexts. Our efforts to prioritise the environment, product end-users, employees, supply chain, and communities, are grounded in globally recognised sustainable development principles.

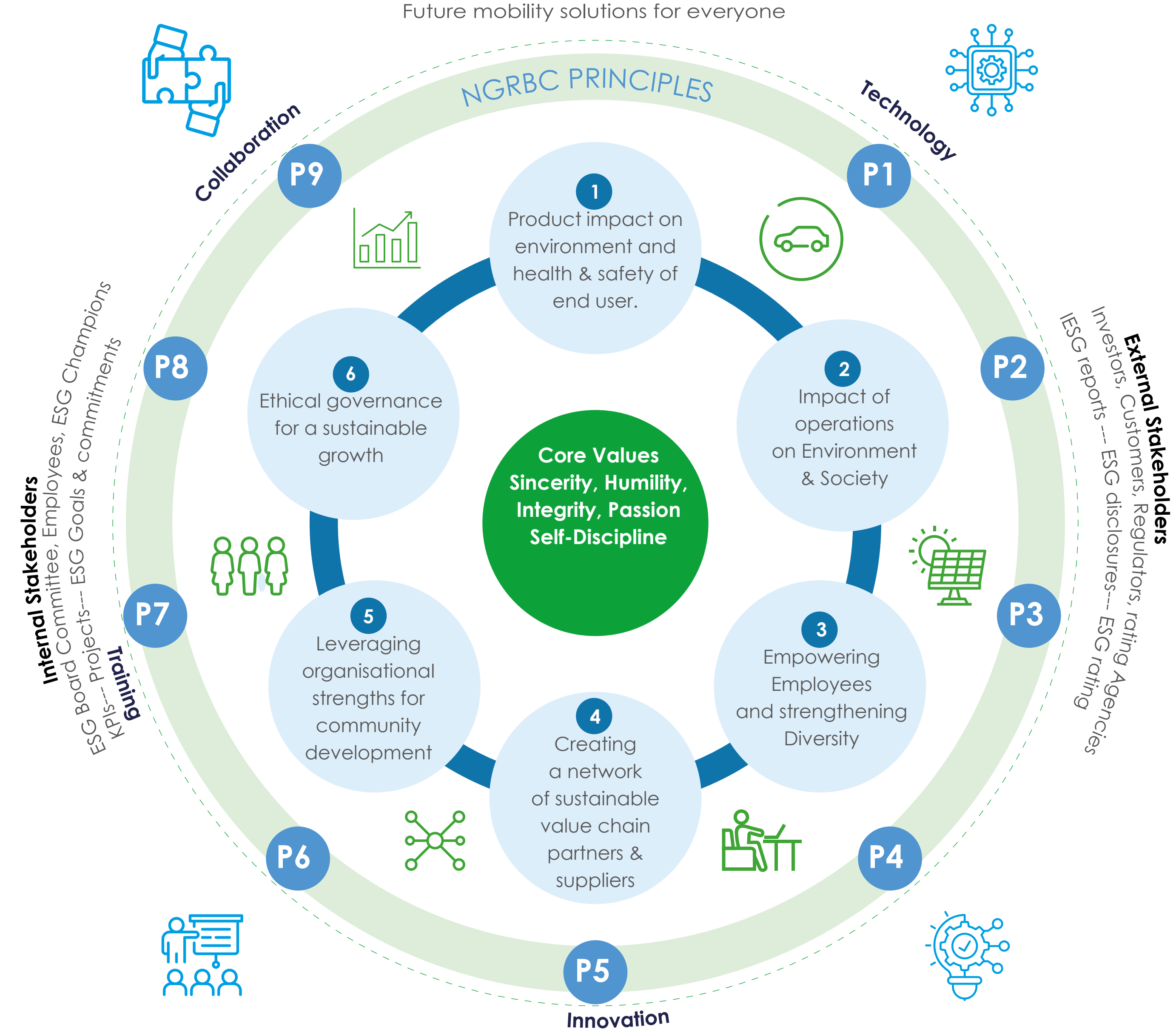
ESG Strategy Framework

Varroc's ESG strategy is built on five core values: Sincerity, Humility, Integrity, Passion, and Self-discipline (SHIPS). The strategy is organised into six ESG pillars and is guided by nine principles, in line with the National Guidelines for Responsible Business Conduct (NGRBC).

We adhere to four global standards and frameworks to benchmark and report our ESG performance: the Securities and Exchange Board of India (SEBI), Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (UNSDGs), and the Sustainability Accounting Standards Board (SASB). By integrating these frameworks, we ensure transparency, accountability, and continuous improvement in our sustainability journey. For it, we leverage four enabling factors: technology, innovation, trainings, and collaborations.

VISION

Create safe, smart, and sustainable
Future mobility solutions for everyone



Sustainable Product

- Product impact on the environment
- User safety through life cycle and end-of-life assessments.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Sustainable Operations

- Environmental impact
- GHG emissions
- Waste recycling
- Solar energy usage
- Zero Liquid Discharge (ZLD)

7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION

Diversity, Equity and Inclusion

- Enhancing employee capabilities
- Promoting diversity and inclusion
- Ensuring health and safety
- Complying with human rights

4 QUALITY EDUCATION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

Sustainable Supply Chain

- Building a sustainable value chain with responsible sourcing practices

3 GOOD HEALTH AND WELL-BEING
10 REDUCED INEQUALITIES
13 CLIMATE ACTION

Community Development

- Utilising organisational strengths for community development and CSR projects.

4 QUALITY EDUCATION
5 GENDER EQUALITY

Sustainable Growth and Governance

- Ethical governance practices

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Corporate Governance

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-16, 2-17, 2-18, 2-19, 2-20, 2-27, 2-28, 205-1, 205-2, 205-3, 415-1

Governance Structure

Varroc has established a robust multi-level governance structure to oversee and manage our ESG initiatives. Overseen by the Board of Directors, the ESG Steering Committee is made of our Key Management Personnel. This is supported by three ESG Operational Councils focused on Environment, Social, and Governance aspects, respectively. The ESG Deployment Cell ensures operational excellence in executing ESG policies across corporate functions, business units, manufacturing plants, community development partners, and supply chain partners. With senior leadership making up the core membership of all these layers, our sustainability goals and commitments start from the very top.

- **Board of Directors**
  - **ESG Steering Committee of the Board**
    - ESG Operational Council **- Environment**
    - ESG Operational Council **- Social**
    - ESG Operational Council **- Governance**

Policy Framework

Policies play a crucial role as frameworks in guiding our ESG efforts by establishing clear standards and expectations across the decision-making and implementation process of our sustainable practices throughout our operations, including with our value chain partners. The policies are approved by the Board before publication which helps align our activities with our sustainability goals, promotes accountability, and enhances transparency.

Environment

- ESG Policy covering goals, framework, stakeholders, and governance

Social

- Diversity, Equity & Inclusion Policy
- CSR Policy

Governance

- Environmental Occupational Health and Safety Policy
- Code of Conduct for Directors & Senior Management
- Human Rights Policy
- Anti-bribery & Anti-Corruption Policy
- Code of Conduct for Insider Trading
- Material Subsidiary Policy
- Policy on Preservation of Information and Archival of Documents Varroc Group
- Policy for Board Diversity Appointment, Remuneration-Traing and Evaluation of Directors and Employees-VEL & VPL
- Enterprise Risk Management
- Whistle Blower Policy
- Policy on Related Party Transactions
- Policy on Prevention of Sexual Harassment
- Dividend Distribution Policy
- Code of Fair Disclosure of Unpublished Price Sensitive Information
- Policy for Determination of Materiality Threshold
- Code of Ethics
- Data Protection & Privacy Policy
- Sustainable Supply Chain & Procurement Policy
- Grievances Redressal Policy
- Supplier Code of Conduct

We have disclosed our policies on our website for easy access: Policy link

Whistle Blower Policy

Our Whistle Blower Policy aims to guarantee that everyone connected with Varroc—be it employees, directors, or third-party stakeholders like vendors, suppliers, contractors, dealers, and other external entities—has a secure channel to report any unethical behaviour, suspected fraud, or breaches of our company's code of conduct and ethics policy. The complete policy can be found in this link: Whistle Blower Policy

Anti-Corruption Policy

We uphold a zero-tolerance policy towards bribery and corruption, ensuring strict compliance with global regulations. Stakeholders, including all employees, contractors, and affiliates, must adhere to the Anti-Bribery and Anti-Corruption (ABAC) Policy or the strictest applicable laws. This policy, aligned with our Code of Conduct, outlines responsibilities and offers guidance on preventing corruption in all dealings. We conduct regular risk assessments for corruption which is how we have maintained zero cases of corruption. Additionally, we provide regular training on anti-corruption measures, reinforcing our commitment to integrity and professionalism in all business operations. We do not support or affiliate with any political party, and no stakeholder may make political contributions on behalf of Varroc without Board approval or use their Varroc affiliation for political activities. Anti-Corruption Policy

Code of Practices and Procedures

Our Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information reflects our commitment to integrity. This code offers a clear framework of procedures and practical guidelines to guide our actions and decisions. Our primary objective is to ensure consistent, transparent, and timely public disclosure of information. Adhering to these principles builds trust with our stakeholders and ensures a level playing field for all investors. Code of Practices and Procedures.

Grievance Redressal Mechanism

We have established a Whistle-Blower Policy and a Grievance Redressal Policy, allowing every individual to voice concerns or grievances through a structured process. Our Internal Committee (IC) meetings are conducted quarterly, and it maintains a detailed register of all incidents. Additionally, we hold "Monthly Vartalap" sessions for our line workers to raise concerns directly with plant heads. We have developed policies for each stakeholder groups to have a defined process in place. Communities can raise their concerns through the Corporate Social Responsibility Committee, investors can raise their queries through the Compliance Officer, we have stakeholder relationship committees for all shareholders, employees, customers, value chain partners to raise grievances either through points of contact, or through our whistleblower policy. Our commitment is to continually enhance our grievance redressal mechanism, ensuring all stakeholders feel included in the company's progress.

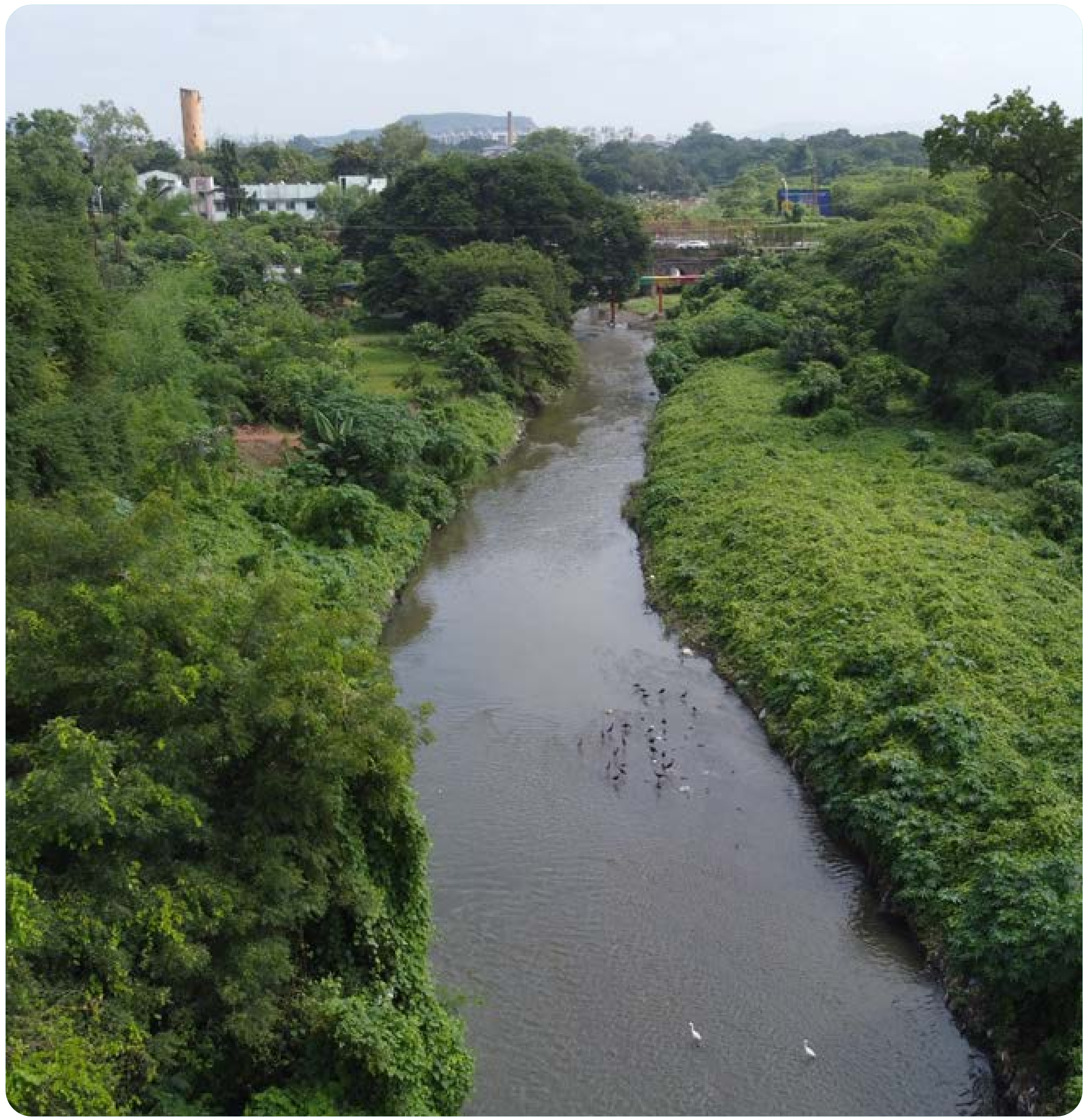
Risk Management

We have identified 18 key risks related to our business operations. The Company has implemented an Enterprise Risk Management (ERM) policy to manage these risks. The internal system monitors relevant risk indicators and ensures the necessary action is taken to address these risks. The ERM is designed to meet both internal and external stakeholders' expectations: protecting and generating value to drive profitability and growth for internal stakeholders and ensuring regulatory compliance and business continuity for external stakeholders. Each business unit, plant, and division must implement a robust risk management program, focusing on proactively addressing known risks through a well-defined framework rather than eliminating risks altogether. The ERM outlines the objectives, principles, and framework for risk management, detailing processes, procedures and roles. The company's vision is to strategically optimise risk-taking to achieve sustainable long-term growth in earnings and shareholder value. Detailed information on the identified risks and its mitigation processes can be found in the report in Section Risk Management Page 36-37.

Environment

UNSDGs Impacted

6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION



In our ongoing pursuit of a sustainable future, environmental responsibility remains a core pillar of Varroc's approach. We recognise the impact of the automotive component industry on the planet and are dedicated to minimising our environmental footprint throughout our business operations.

In September 2008, Varroc introduced a comprehensive Environment, Health, and Safety (EHS) strategy plan, which focuses on EHS efficiency at our plants. We have launched several initiatives over the years, including Zero Liquid Discharge (ZLD), waste re-utilisation (in line with circular economy principles), and energy efficiency projects at our sites.

Our company is proudly ISO 14001:2018 certified, the international standard for environmental management systems. This certification demonstrates our commitment to protecting the environment by adhering to stringent environmental standards and our dedication to streamlining our systems, reducing our environmental impact, and promoting sustainable practices across all operations.

Committed to shaping a smarter, more connected world, we leverage cutting-edge technology and data-driven insights to engineer change and pioneer a new era of sustainable mobility for everyone. Our R&D team spearheads solutions focused on minimising carbon footprint and energy consumption. Some of our innovations have included biocarbon-based plastics made from rice and coffee, and an emphasis on designing lighter automotive components that work holistically to reduce the weight (and therefore increase the energy efficiency) of a vehicle. Like the sustainability transition itself, our work towards a sustainable future is always ongoing, and we are excited to share our future innovations. This section dives deeper into our environmental initiatives.

Energy Management and Efficiency

GRI 302-1, 302-3, 302-4, 302-5

Material Issues Addressed

Energy and GHG Emission

Climate Change Regulation

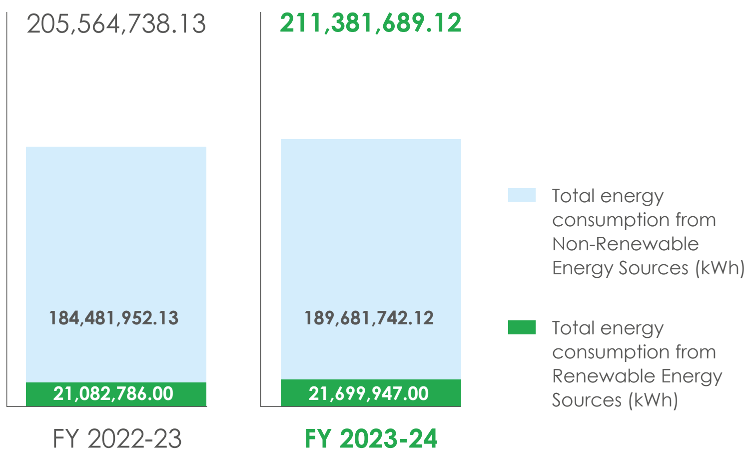
Over the years, Varroc has undertaken significant measures to enhance energy efficiency, which resulted in a reduction in our energy consumption and emissions. Through a combination of monitoring processes and proactive energy management, our total energy consumption in FY 2023-24 was 211,381,689 kWh. We have retrofitted our facilities with LED lighting and improved insulation to reduce heating and cooling demands. We are also undertaking energy-saving initiatives by using custom-built heater insulation jackets, which reduce energy consumption up to 40% and enhance worker efficiency and comfort by maintaining normal atmospheric temperatures around machines. These jackets, suitable for continuous use up to 600°C, also offer an improved machine start-up time, therefore further reducing energy consumption. These efforts have not only cut down our operational costs but also substantially lowered our carbon footprint.

8.2% decrease

in total energy intensity per revenue

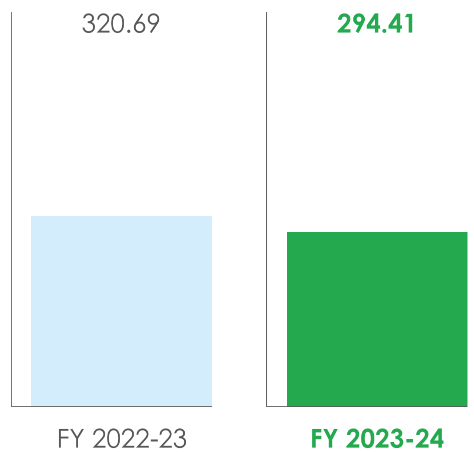
Energy Consumption

(in kWh)



Energy Intensity

(in kWh/INR lacs)



Energy Efficiency Measures

Compressed Air

- **Compressed air utilisation:** Leakages arrest, Electro-pneumatic dampers, Pulse nozzles
- Compressor efficiency and pressure setting

Lightings

- Energy efficient lightings (LED)
- **Lighting automations:** motion sensors, timer controls

Fans & Motors

- BLDC energy efficient fans
- **Energy efficient motors:** pumps, blowers
- IMM – Induction motor conversion to servo
- Machine Idle run controls

Operational Effectiveness

- Operating efficiency improvement
- Reduction in running hours
- Zone mapping

Demand Management

- Maximum demand and contract demand

LPG Gas

- Replacement of hot water generator with gas burner
- Installation of magnets on gas line for improved combustion efficiency

Looking ahead, while we continue to work on energy efficiency, we are also Going to Manage the source of our energy, starting by relying more on renewable energy sources through the use of solar panel installations on our sites, and entering into power purchase agreements with green energy providers. We also aim to integrate smart grid technologies to better monitor and manage our energy use in real time.

Renewable Energy

Material Issues Addressed

Energy and GHG Emission

Climate Change Regulation

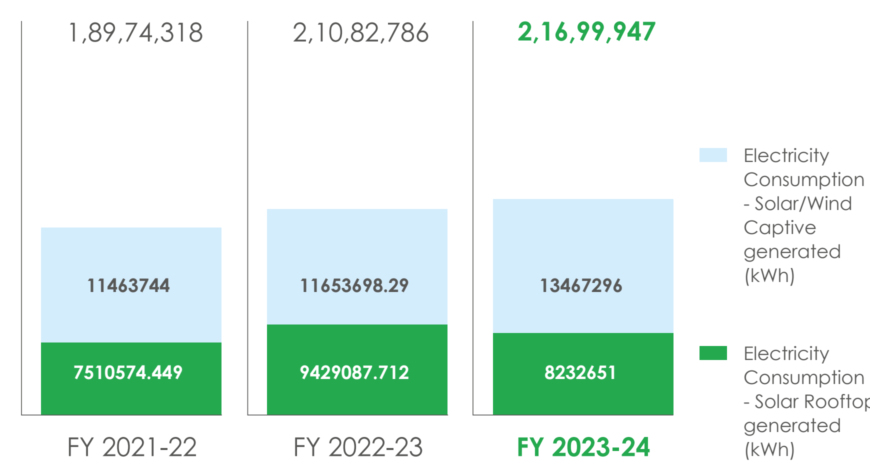
As we mentioned in the previous section, Varroc is steadily shifting towards renewable energy from solar and wind sources.

In FY 2021-22, Varroc's electricity consumption from solar rooftop generation was 7,510,574 kWh and wind captive generation was 11,463,744 kWh. By FY 2022-23, these figures saw a notable rise, with solar rooftop generation increasing to 9,276,336 kWh, and wind captive generation reaching 12,021,076 kWh.

This upward trend continued as Varroc's renewable captive energy generation expanded to 21,699,947 kWh in FY 2023-24, showcasing the company's effective strategy in leveraging renewable power. Notably, over 50% of our plants already have rooftop solar panel installations and partnerships with wind generation companies ensured that 13% of our energy came from renewable sources in FY 2023-24.

Renewable Energy Generation

(in kWh)



Emissions Management

GRI 305-1, 305-2, 305-4

Material Issues Addressed

Energy and GHG Emission

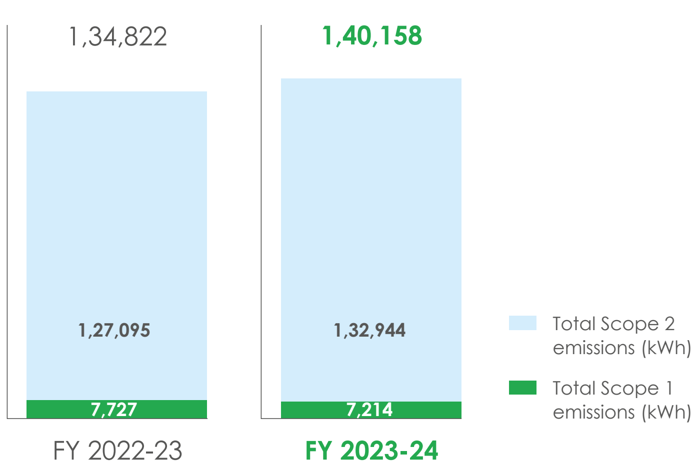
Climate Change Regulation

A vital part of understanding and addressing climate change includes monitoring and reducing our greenhouse gas emissions. We employ the GHG Protocol standards to estimate our Scope 1 and Scope 2 emissions, as is showcased in the table below. In FY 2023-24, we reduced our Scope 1 emissions by 6.65%, demonstrating our ongoing efforts to boost efficiency and integrate cleaner technologies. We are committed to continuing this downward trend in FY 2024-25. Our approach focuses on minimising emissions at the source, showcasing our holistic strategy in tackling carbon emissions. That said, while monitoring and mitigating our Scopes 1 and 2 emissions are crucial, Scope 3 emissions are the largest contributor to our overall emissions. At Varroc, we recognise this fact, and are in the process of calculating, monitoring and mitigating our Scope 3. We will be reporting about this in coming years, as part of our ongoing plan to align with our sustainability goals.

7.19%
decrease
in total emission intensity

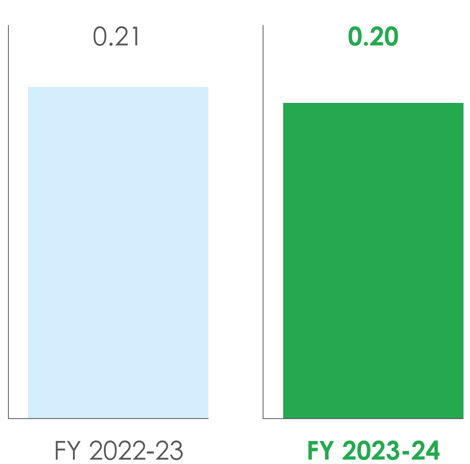
GHG Emissions

(in tCO_2e)



Emission Intensity

(in tCO2e/INR Lakhs)



Our team has led impactful projects in energy conservation to reduce GHG emissions. We addressed compressed-air leaks, optimised efficiency, and minimised wastage. Energy savings were achieved by transitioning from chiller operations to Plate Heat Exchangers (PHE) and cooling towers. Adopting LED technology improved lighting efficiency and reduced consumption. We also optimised compressed-air pressure. We conduct regular energy audits and have implemented an Environmental Management System (EMS) across four plants.

Moving forward, we plan to expand renewable energy usage and enhance energy efficiency across our operations. Finally, our Kham River Eco Restoration Project, with over 3,000 saplings planted and over 300,000 square metres of land cleaned in the past decade, showcases our commitment to environmental restoration and sustainability.

Water and Effluents Management

GRI 303-1, 303-2, 303-3, 303-4, 303-5

Material Issues Addressed

Climate Change Regulation

While our products are not as water intensive as other industries, we still require water for our manufacturing processes. Our water consumption in FY 2023-24 was 4,42,718 kl, and our water discharge was 52,853kl. We are working on reducing our freshwater withdrawal through a combination of strategies, including maximising effluent recycling and reuse at all our manufacturing plants, minimising leakage and wastage, and implementing water-saving technologies.

In FY 2023-24 we successfully implemented a Zero Liquid Discharge (ZLD) system at our (ZLD) sytem at one of our plants, showcasing our commitment to sustainable water management. This initiative has successfully ensured that no wastewater is discharged into the environment. Encouraged by this, we are actively seeking opportunities to expand ZLD implementation across our other plants and aim to enhance our environmental sustainability efforts and promote responsible water use throughout our operations.

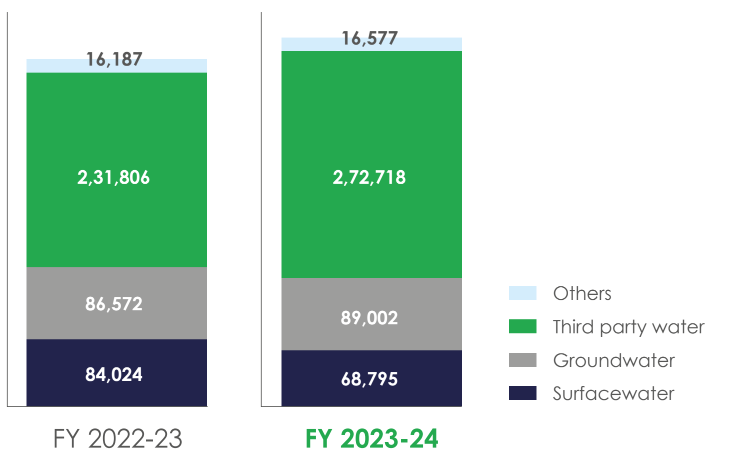
We are also looking into small and medium-scale efficiency methods beyond ZLD including utilising RO reject water for topping up the paint shop sludge pit and installing push taps with nozzles in canteen wash basins . These measures are projected to save approximately 1,600 kiloliters (KL) of water annually.

Finally, one of our notable water conservation initiatives is the Kham River Restoration Project. Further details around what the Kham River Restoration Project is and how it has impacted the community can be found in the CSR section of this report, but specifically for this section, this initiative has been geared towards the reduction of waste in the river, cleaning and beautifying the river itself through sapling plantations and stone-pitching the banks, and working on replenishing groundwater for the community. We also undertook the Kham Freshwater Pond Treatment, covering four large ponds, which further underscores our commitment to water conservation and ecological balance. Our active involvement in the Kham River restoration and pond treatment projects was acknowledged by the NIUA at the DHARA summit. Consequently, Aurangabad became the third city in the nation to establish its own Urban River Management Plan (URMP).

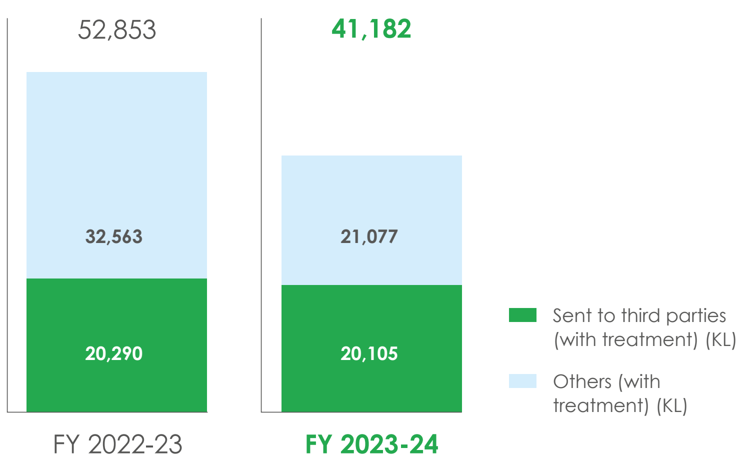
These measures have helped us lower our environmental impact and mitigated the risks associated with water scarcity. Recognising the significance of water to both our operations and the communities we serve, we will continue to take significant steps to enhance our water management practices.

[1]Initiatives taken under Polymer Business Unit
* Water consumption includes water recycled

Water withdrawal
(by source)



Water discharge by destination
(in KL)



We fully comply with CPCB regulations concerning water management practices and regulations for Effluent Treatment Plants (ETP) and Sewage Treatment Plants (STP). We have implemented STPs, ETPs and Coolant Treatment Plants (CTPs) at all our facilities to recycle wastewater. The treated water is utilised for gardening activities. Some of the treated water is also directed to the Common Effluent Treatment Plant (CETP) operated by MIDC.

Waste Management and Circularity

GRI 301-3, 306-1, 306-2, 306-3, 306-4, 306-5

Material Issues Addressed

Waste Management

Climate Change Regulation

Particularly considering the increasing global scarcity of resources, effective waste management and mitigating the impact of waste is a key parameter of our ESG efforts. Guided by our environmental goals and targets, we prioritise recycling and waste reduction across all our operations, by working to transform waste into valuable resources and, minimise waste generation, and promote sustainability within our industry.

We recognise that hazardous waste storage and disposal pose significant environmental risks. In FY 2023-24, we generated 12,185 MT of non-hazardous waste. Of the total 16,582 MT of waste, 15,270 MT was diverted from landfills through various initiatives aimed at improving waste segregation methods and enhancing recycling processes. From FY 2022-23 to FY 2023-24, we have seen a 26% increase in waste recycled reflecting our ongoing commitment to reducing our environmental footprint.

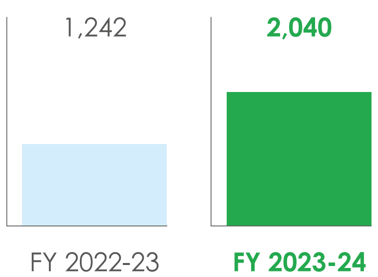
92.1% decrease

in waste diverted from disposal

Waste generated

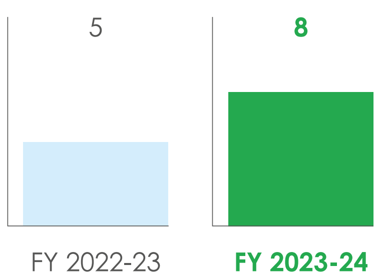
Plastic waste

(in MT)



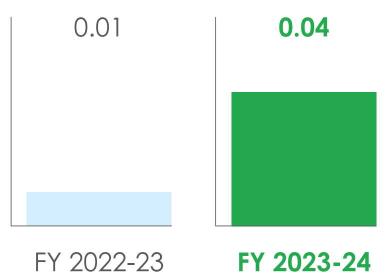
E-waste

(in MT)



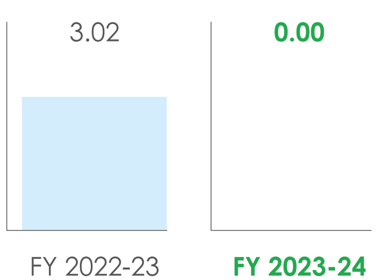
Bio-medical waste

(in MT)



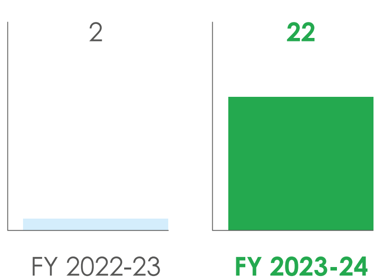
Construction and demolition waste

(in MT)



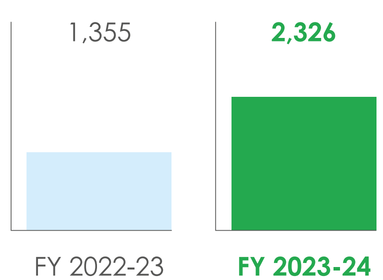
Battery waste

(in MT)



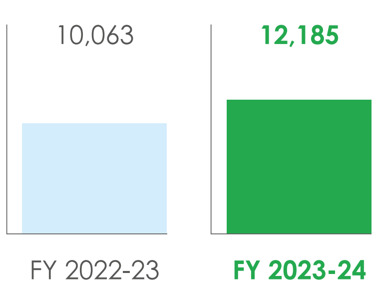
Other Hazardous waste

(in MT)



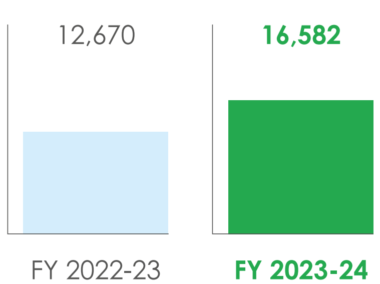
Other Non-hazardous waste generated

(in MT)



Total

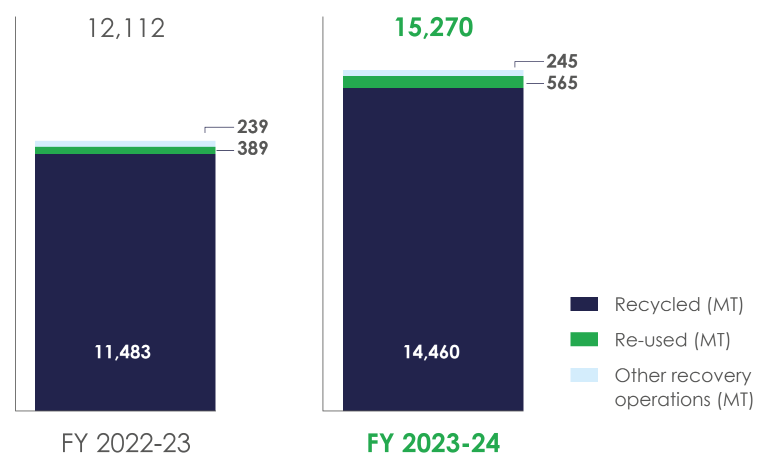
(in MT)



Waste diverted from disposal and waste disposed

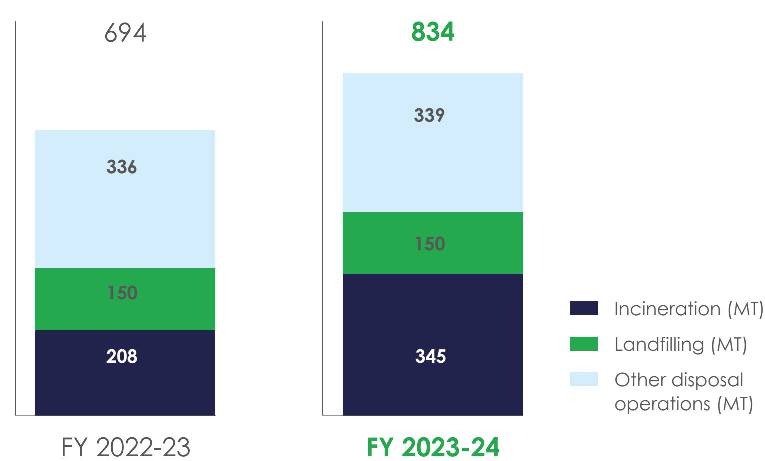
Waste diverted from disposal

(in MT)



Waste disposed

(in MT)



Our waste management strategy includes viewing hazardous waste as a resource that can be repurposed to create innovative and useful products. By diverting hazardous waste from landfills, we reduce our environmental impact and promote a circular economy. We proactively seek opportunities to minimise waste generation through resource efficiency, which not only benefits the environment but also results in cost savings. By focusing on proper waste segregation process and improving recycling processes, we aim to maximise the value derived from our products and services while minimising material consumption.

The company has implemented waste management practices that adhere strictly to regulatory standards. We clearly distinguish between hazardous and non-hazardous waste, ensuring each category is collected separately in designated bins at every shop and cell. These bins are transported to a storage area, where waste is meticulously segregated and stored in assigned locations. Hazardous waste stored in the designated area is disposed of through authorized vendors within 90 days, in compliance with regulatory norms. Our partners are periodically audited to track the waste, including the amounts recycled, incinerated, or otherwise managed. By focusing on proper waste segregation and improving recycling processes, we aim to maximise value from our products and services while minimising material consumption. This structured approach underscores our commitment to responsible waste management and environmental stewardship.

Social

UNSDGs Impacted

At Varroc, we firmly believe that a team shares a common identity, transcending differences in culture, country, race, or gender. This core belief shapes our actions and defines us as a brand committed to winning the trust of our customers. Guided by our values of integrity and humility, we prioritise our people by providing a supportive working environment that fosters professional growth and ensures safe working conditions to promote health and well-being. This consideration extends to the wider community that we work within: we know that our community within and the community around us together are crucial to our success.

Our Employees

GRI 2-7, 2-8

Our emphasis on effective human resource management has been integral to our success, aligning with our ambition to create safe, smart, and sustainable future mobility solutions. We prioritise a robust human resources and employee relations department that drives security and collective growth. We uphold employee rights, foster a positive work culture, and provide opportunities for advancement to ensure their growth and fulfilment within our organisation. By fostering a diverse and inclusive workplace, offering professional development opportunities, and prioritising well-being and safety, we empower our employees to excel and contribute to our shared success.

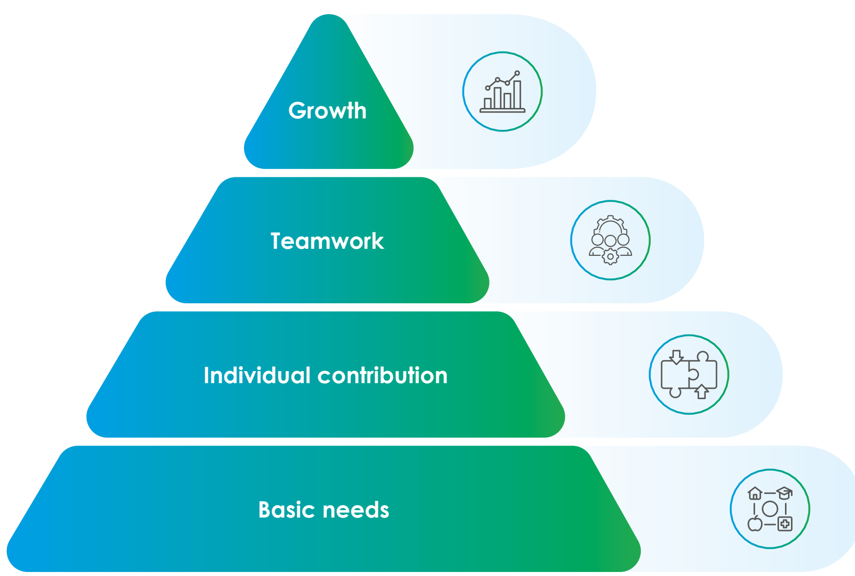
Employee Category	FY 2023-24				FY 2022-23			
	Male	Female	Others	Total	Male	Female	Others	Total
Top Management	16	1	0	17	20	1	0	21
Senior Management	228	9	0	237	213	11	0	224
Middle Management	976	73	0	1,049	924	66	0	990
Associates	2,243	117	0	2,360	1,904	86	0	1,990
Workers	11,192	3,203	0	14,395	9,928	1,901	0	11,829

Employee Engagement

At Varroc, we are dedicated to fostering a culture of continuous engagement across our organisation. We proactively encourage employee engagement, prioritising their input and valuing their perspectives to drive the success of the organisation along with the growth of our employees. To embody this, in 2023, we set out to achieve the first level of the Great Place to Work certification, a globally recognised people-management standard. This certification helps companies understand HR issues, identify employee needs, and recognise strengths. It involves two main steps:

1. **Employee Survey:** All employees are invited to participate in the Trust Index Survey, which measures their experiences and perceptions across various aspects of the workplace such as trust, respect, fairness, and camaraderie.

2. **Culture Brief:** The company completes a detailed questionnaire called the Culture Brief, which provides an overview of its workforce, policies, and practices. This includes information on demographics, benefits, and company culture initiatives.



In addition to these, we periodically conduct Gallup's Employee Engagement Survey. This survey serves as a vital tool for measuring employee engagement levels, and provides us with valuable insights into the commitment and motivation of our workforce. By identifying strengths and weaknesses within the workplace environment and management practices, the survey gathers honest feedback from employees on various job aspects. It also facilitates benchmarking against industry standards, helping us pinpoint areas needing improvement. Ultimately, the survey aims to enhance employee performance and productivity by understanding and addressing the key drivers of engagement, fostering a more motivated and effective workforce.

Our employee engagement framework is structured around a hierarchy of development needs, with each of the 12 survey questions fitting into one of four levels. These levels guide us in motivating and developing our teams, improving performance progressively.

This in-depth engagement around employee feedback allows for an independent analysis, resulting in a score that determines eligibility for certification. We are proud to have started this journey of listening and co-learning with our employees and look forward to continuing our engagement with them.

Finally, part of our employee engagement initiatives, we hosted Varroc Corporate Cricket Tournament FY 2022-23-FY 2023-24 at the Aurangabad Corporate Office. Spanning two days, the event featured 90 participants and 30 matches, promoting teamwork and camaraderie among employees based at the Aurangabad Corporate Office.

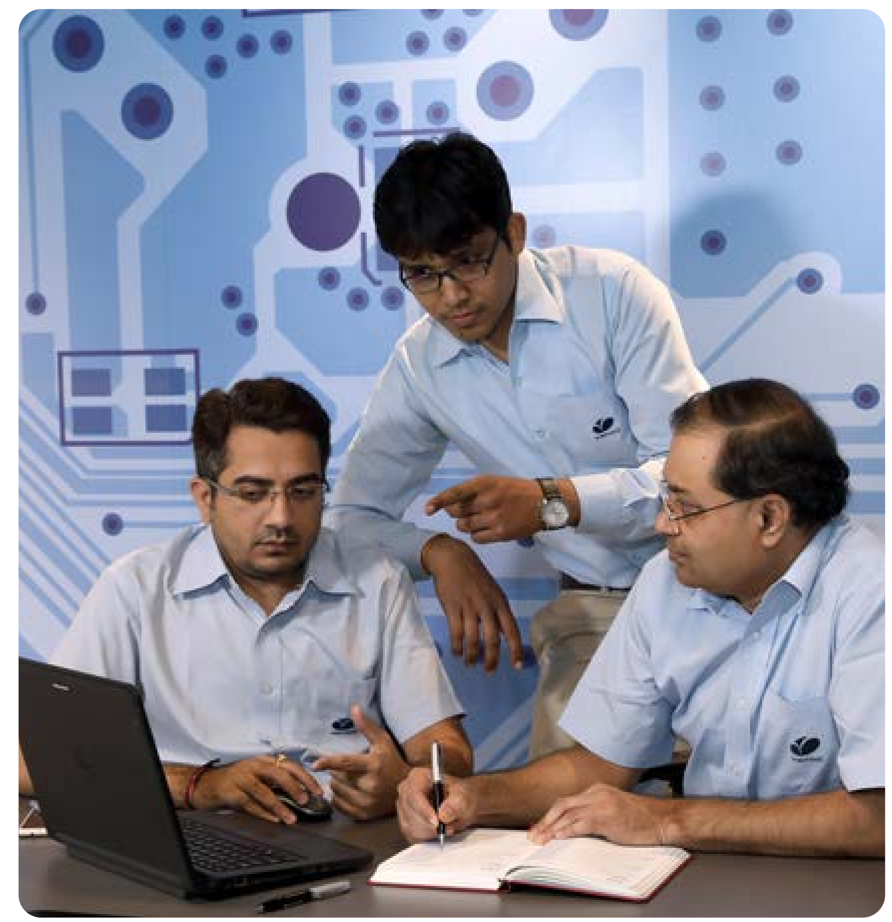
Training and Development

GRI 404-1, 404-2, 404-3

Material Issues Addressed

Training and Development

In today's rapidly evolving world, continuous learning and development are essential for employees to stay ahead. At Varroc, we focus on nurturing talent from the outset of a person's career. Our Early Talent Programme is tailored to the trainee's background, preferences, and career goals. During the one-year timeline, trainees are encouraged to engage in high-impact projects across various business functions, promoting holistic, long-term, and rapid career growth.



Varroc's development structure is based on a skills-based and behaviour-based competency framework with select trainings embedded into the annual calendar depending on the level, location and job scope. These trainings are divided into mandatory and non-mandatory trainings. Furthermore, any employee wishing to upskill themselves are given the opportunity either through an educational sabbatical, or through optional virtual courses that can be built into their work schedule.

8.48

hours/ employee of average training hours received in FY23-24

94%

of employees received performance and career development reviews

Mandatory Trainings

- POSH
- Human Rights
- Anti-bribery
- Anti-corruption
- Code of Conduct
- EHS (Environmental, Health, and Safety)
- Other Social and ESG Policies

Non-Mandatory Trainings

- SHIPS Values: Sincerity, Humility, Integrity, Passion, Self Discipline
- Albus Competency Framework: 9 Competencies for 3 Categories: Business, Customer, People
- Unconscious Bias
- Creating a Positive Workplace
- First-Time Manager
- Managerial Effectiveness
- Building Resilience with Emotional Intelligence
- Leading Business
- Leading Teams
- Think & Act Customer
- Managing Customer Relationships
- Stress Management
- Time Management

Training and Development (T&D) Framework

Hiring and Initial Goal Setting

New employees onboarded and guided to co-design short and long-term Key Result Areas (KRAs). These KRAs encompass both personal and professional development goals tailored to the business needs.

Finalisation of KRAs

Each employee's goals are discussed and agreed upon, setting a solid foundation for their career development within the company. Once the KRAs are established, they are formally signed off by both the employee and their supervisor.

Regular Reviews and Scoring

To ensure continuous progress, we conduct semi-annual reviews which helps to understand which employees require additional attention, and which are capable of high potential, and nurturing each based on their needs.

Fast-Track Opportunities

Employees who consistently achieve high scores in their reviews are eligible for fast-track equivalency. This recognition opens doors to additional T&D opportunities, as the company invests further in their potential. They are then placed on a succession planning track, preparing them for future leadership roles within the organization.

Continued Education and Professional Growth

To foster a culture of continuous learning, we actively encourage employees to pursue advanced studies, such as master's degrees and diplomas, recognising the value of further education in enhancing an employee's skill set and contributing to their personal development.

Job-Specific and Personal Development Training

Our T&D framework ensures that employees acquire the necessary knowledge and skills for their current roles and future aspirations. We offer targeted training programmes to address both job-specific requirements and personal development needs, empowering employees to achieve their full potential.

Employee Well-being

GRI 401-2, 401-3, 402-1

At Varroc, we recognise the importance of addressing the holistic well-being of our employees.

In FY 2023-24, we spent 0.1% of our total revenue on insurance schemes for our employees and workers. We provide 100% coverage for all employees and workers for Health Insurance, Accidental Insurance, Maternity Benefits, Paternity Benefits, and Retirement Benefits. Understanding the mental load of parenting while working full-time, we also offer 100% coverage for daycare facilities. At Varroc, our commitment to employee wellness is unwavering, and we continually seek new ways to enhance our team's well-being. By embedding surveys and employee engagement structures into our processes, we aim to understand how employees manage work and life, and help them do so successfully.

FY2023-24	No. of employees entitled to parental leave	No. of employees that took parental leave	No. of employees who returned to work after leave ended	No. of employees who returned to work after leave ended and were still employed after 12 months	Return to work rate	Retention Rate
Maternity Leave	200	6	6	6	100%	100%
Paternity Leave	3464	277	277	218	100%	79%

Occupational Health & Safety

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Material Issues Addressed

Employee health and safety

Environment, Occupational Health & Safety (EHS) is a fundamental aspect of Varroc's core values, and our EHS strategy plan aims to achieve an injury-free workplace. The EHS strategy prioritises on the following aspects:

- Mitigating operational risks by proactively identifying and managing hazards
- Improving EHS competencies through comprehensive training and development programmes
- Preventing illnesses by ensuring workplace hygiene and sanitation

Occupational Health & Safety Management System

At Varroc, ensuring the health and safety of our employees is a top priority. We've developed an ESG scorecard that identifies EHS checkpoints and rates their level of criticality, helping us prioritise actions, improve safety and compliance, monitor progress, drive continuous improvement, facilitate decision-making, and enhance transparency.

We have established a comprehensive occupational health and safety management system across all our manufacturing plants worldwide, as per ISO 45001:2018. This system encompasses health and safety policies, guidelines, periodic training sessions, and comprehensive records. It also integrates various health and safety promotional activities and programmes. To streamline these efforts, we have implemented a digital portal for tracking and monitoring occupational health and safety risks, ensuring compliance, and reporting critical information to senior management for improved oversight. Our occupational health and safety policy focuses on the continuous improvement of our management system through regular reviews. The system has been certified by an independent third-party registrar, ensuring our compliance with these standards and also with legal mandates, such as the Factories Act of 1948 and the Maharashtra Factories Rules of 1963. Effective communication is a cornerstone of our EHS approach, as we actively inform stakeholders about our EHS guidelines. Collaboration is key: we work as a team (Cross-Functional Team, CFT) to develop and implement EHS practices. We cover all our employees and workers, including those who are not directly employed by us but whose work or workplace is controlled by our organisation.

We conduct Hazard Identification and Risk Assessments (HIRA) at scheduled intervals and continuously improve our control measures. Only qualified and trained personnel carry out these assessments, and the results are verified through Safety Management Projects. Adhering to the hierarchy of safety controls, we prioritise elimination, substitution, administrative controls, training, signage, and personal protective equipment (PPE). Additionally, we have established Standard Operating Procedures (SOPs), work instructions for all processes, an annual training calendar, promotional activities, and visual displays at our sites, reinforcing our unwavering commitment to safety and health.

100% training to all employees and workers on health and safety measures

[2]https://varroc.com/beyond-business/ehs-2/

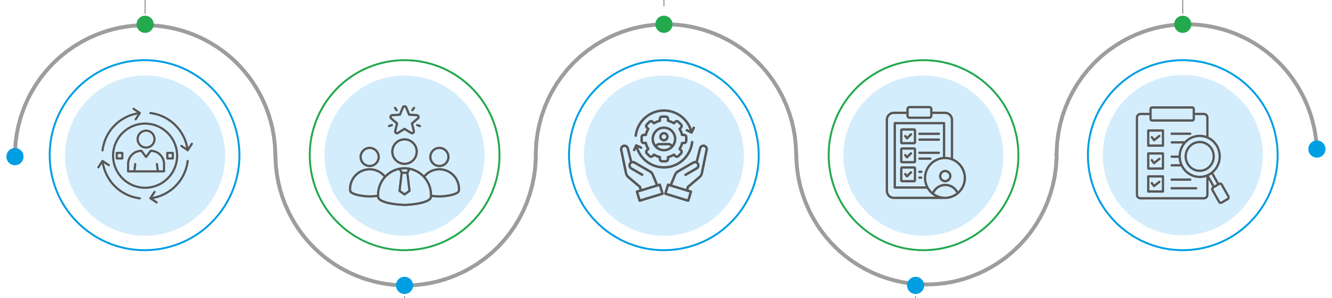
Identifying and Managing Work-Related Hazards

We systematically conduct hazard identification and risk assessments according to ISO standards across our operations through multiple approaches:

Dedicated EHS Personnel: Each plant has a designated EHS personnel who works alongside the Plant Head. They are responsible for daily safety walks to identify and address any unsafe conditions.

Employee Involvement: We value suggestions from our employees regarding safety improvements. Their firsthand experience is invaluable in identifying risks and implementing practical solutions.

Cross-Audits: To ensure objectivity, EHS Heads from different plants conduct cross-audits. They are conducted quarterly to benchmark safety performance and share best practices across plants. They rate and provide feedback on the safety conditions of plants other than their own.



EHS Leadership: Each Business Unit (BU) has an EHS Head who, along with the Plant Head, conducts regular safety walks. These walks are crucial for spotting potential hazards and reinforcing our safety culture.

Monthly Self-Assessments: Each plant conducts a monthly self-assessment to ensure ongoing compliance with safety standards.

This process evaluates every aspect of the work environment, including processes, equipment, and employee behaviours, to identify potential sources of harm. Regular workplace inspections and audits help us detect safety hazards related to machinery, workflows, and employee actions. Furthermore, we engage with employees daily to gather their insights on perceived risks and potential hazards they encounter.

Preventing Negative Impacts

Our approach to preventing or mitigating significant negative occupational health and safety impacts includes providing a safe and healthy work environment and implementing onsite and offsite emergency plans. We track injuries, diseases, lost days, and absenteeism meticulously. Through HIRA studies and daily plant safety rounds, we identify work-related hazards that pose risks of high-consequence injury and take necessary actions to eliminate or minimise these risks.

Safety Performance Monitoring

Monitoring and reviewing EHS performance is a cornerstone of our management practices:

- **Daily Meetings:** The Plant Head and Plant Safety Officer convene daily to address ongoing safety issues and review current performance metrics.
- **Management Reviews:** Our monthly business review meetings, which include the Managing Director and CEO, prioritise safety discussions. During these meetings, the EHS Head from each business unit presents the latest safety performance data and outlines current and upcoming safety initiatives to the senior management team.

Reporting Mechanisms for Workplace Hazards

Our employees can report health and safety concerns to their line supervisors and the EHS Officer at their respective plants. Employees are encouraged to report work-related hazards and hazardous situations through a Near Miss, unsafe act, and condition reporting system. Our EHS Cardinal Rules empower workers to remove themselves from any situation they believe could cause injury or ill health, without fear of reprisal. To ascertain work-related hazards, multiple review meetings and surveys, including statutory audits, customer audits, layered audit processes, management review meetings (MRM), monthly inspection meetings, transport committee reviews, safety committee meetings, and plant stand-down meetings are conducted.

		PBU		MBU		EBU	
Parameters	**UoM**	**FY 2023-24**	**FY 2022-23**	**FY 2023-24**	**FY 2022-23**	**FY 2023-24**	**FY 2022-23**
Lost Time Injury Frequency Rate (LTIFR	Lost time injuries per one million-person hours worked	0.042	0.043	0.185	0.181	0	0
Total recordable work-related injuries	Number	1	1	2	2	0	0
Fatalities	Number	0	0	0	0	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Number	0	0	0	0	0	0

Access to Medical and Healthcare Services

Varroc ensures that all employees and workers have access to non-occupational medical and healthcare services. We have Occupational Health Centres (OHCs) at our sites, equipped with comprehensive medical facilities to ensure the well-being of our employees. Our OHCs include ambulance services with options for Patient Transfer, Basic Life Support (BLS), and Advanced Life Support (ALS) to cater to various medical emergencies. Additionally, the centres are equipped with Automated External Defibrillators (AED), wheelchairs, and a range of antidotes for immediate response to toxic exposures. These resources enable us to provide prompt and effective medical care in case of any workplace incidents.

Other services include annual and half-yearly medical check-ups, Employee State Insurance Scheme, access to a factory medical officer, nurses, and more, providing comprehensive healthcare support to our workforce. Confidentiality of workers' personal health information is strictly maintained, and this information is not used for any favorable or unfavorable treatment of workers. These services are accessed through a Work Permit System and are validated by external independent audits, including ISO 14001:2018 EMS and ISO 45001:2018 OHSAS.

Training and Capacity Building

We provide comprehensive training to our workers to ensure they are equipped with the knowledge and skills to work safely:

Regular Training Sessions

These sessions cover various aspects of occupational health and safety, tailored to the specific needs of our operations.

Ongoing Education

Continuous education and refresher courses are provided to keep our employees up-to-date with the latest safety practices and regulations.

New Joiner Training

All new joiners undergo health & safety (H&S) training, which includes specific training on work-related hazards, hazardous activities, and situations.

Our training calendar encompasses a wide range of crucial topics to ensure comprehensive occupational health and safety education for all employees. Training sessions include EHS policy awareness, significant aspect and impact awareness, Behaviour-Based Safety (BBS) awareness, proper usage of spill kits, hazard and risk awareness, and practical fire-fighting skills. These topics are meticulously covered in accordance with the annual training schedule, ensuring that our workforce is well-informed and equipped to handle various safety and environmental challenges effectively. Training needs are assessed through a formal identification process, and the effectiveness of training is evaluated quarterly. Training is conducted during paid working hours to ensure maximum participation.

We conduct motivational programmes like Safety Week and Fire Service Week. These efforts ensure that safety information is communicated effectively and that workers are actively involved in the development, implementation, and evaluation of the OHSAS.

By adhering to these comprehensive measures, we strive to maintain a safe and healthy work environment for all our employees and workers, continuously improving our OHSAS to meet the highest standards of occupational health and safety.

Diversity, Equity and Inclusivity

GRI 405-1, 405-2

Material Issues Addressed

Diversity, Equity and Inclusion

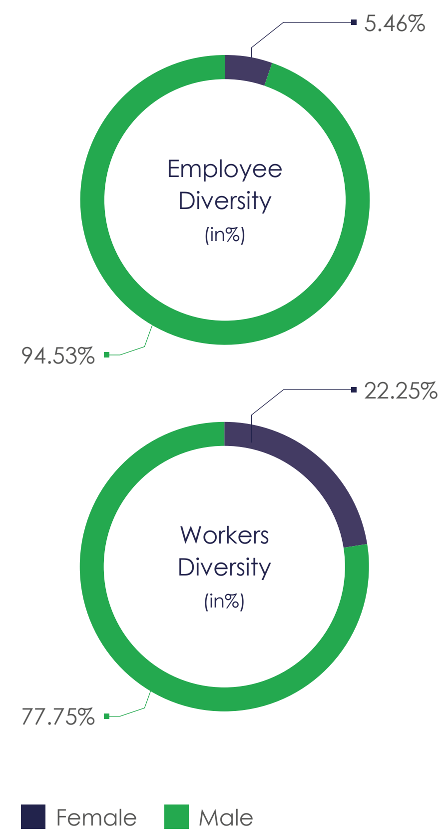
Varroc remains firm in its commitment to promoting equal opportunities both within the organisation and beyond. Drawing from our rich legacy and bolstered by our inclusive practices and programmes, we continuously endeavor to cultivate a workplace culture where every individual is esteemed, respected, and empowered to realize their fullest potential.

Our Diversity, Equity, and Inclusion Policy encapsulates our commitment to fostering an environment where all individuals are valued and empowered. Discriminatory behaviour is actively eliminated, and we maintain a harassment-free workplace for all by creating a supportive environment, that listens to and protects every employee. Confidentiality is maintained across the board where feasible across all complaints and policy observance is rigorously enforced through fair and transparent disciplinary actions.

We understand the importance of Diversity, Equity, and Inclusion in driving innovation, enhancing employee engagement, and contributing to a dynamic business environment.

12.5% females

in Board of Directors



Currently, 13.85% of all our employees and workers are females, and while we do not currently have any individuals who are disabled, we have designed policies and catered to the needs of those with disabilities in our workspaces. We are actively working to increase our diversity culturally, socially and across genders through a variety of initiatives designed to promote inclusivity.

Recognising the importance of Diversity, Equity, and Inclusion (DEI), we acknowledge its role in driving innovation and creativity by integrating diverse perspectives into decision-making processes. Furthermore, DEI enhances employee engagement and retention by fostering an inclusive work environment, ultimately contributing to a more dynamic and resilient business environment.

Talent Attraction and Retention

GRI 401-1

Material Issues Addressed

Employee Attrition

Our operational excellence relies on attracting, nurturing, and retaining top talent. To support today's evolving environment, we have established key performance indicators (KPIs) to collect data and analyse trends, structured within our HR Policies.

To attract top talent, we highlight our unique company culture, growth opportunities, and competitive compensation packages. As we discussed in previous sections, we strive to create a workplace where individuals are recognised for their skills and accomplishments. Our Great Place To Work certification, is a testament to our success in meeting talent aspirations and fostering a positive work environment.

Our approach includes both campus and lateral hiring programmes. Our Early Talent Programme begins with college recruitment drives for management trainees (MTs), CA trainees, and graduate and post-graduate engineer trainees (GETs). Providing a holistic experience to our trainees is paramount, and we work with them towards a useful and fulfilling experience that allows for a long term goal.

Succession planning is a priority at Varroc, and we are committed to standardising this process. Emphasising professional development and succession planning aligns with our "One Varroc" vision, ensuring that we prepare our leaders for the future while fostering a unified and strong company culture. Our comprehensive succession planning policy for the directors, key managerial personnel, senior management personnel and other employees ensures the seamless filling of key leadership roles and other important positions. This policy aligns talent management with business objectives, mitigating risks associated with vacancies, project readiness, and transitions.

Retaining talent is a core goal, which we drive towards through by ongoing learning and development programmes, mentorship opportunities, and a collaborative work environment. To compliment this, we ensure timely rewards and promotions, fostering a positive employee experience. Collectively, these efforts enhance employee satisfaction, loyalty, and long-term commitment.

16.9% total

employee turnover rate in FY23-24

12.80% total

worker turnover rate in FY23-24

Employee Category		FY 2023-24			FY 2022-23		
		Male	Female	Total	Male	Female	Total
Total Number of New Employee Hires	Employees	889	65	954	965	82	1047
	Contractors/ Workers	3570	840	4410	950	101	1051
Total Number of New Employee Hires leaving the organisation in the reporting period	Employees	138	14	152	108	8	116
	Contractors/ Workers	1364	209	1573	442	18	460
Total Employee Attrition	Employees	575	45	620	906	83	989
	Contractors/ Workers	1607	236	1843	168	2	170

Responsible Value Chain

GRI 401-1

Material Issues Addressed

Sustainable Products

Sustainable Supply chain

As a leading automotive component manufacturer, we recognise the importance of a sustainable and responsible value chain. Our commitment to sustainability extends beyond our internal operations to encompass our entire supply chain. By undertaking a comprehensive spend analysis, we ensure that our procurement practices align with our values and contribute to the overall sustainability of our industry.

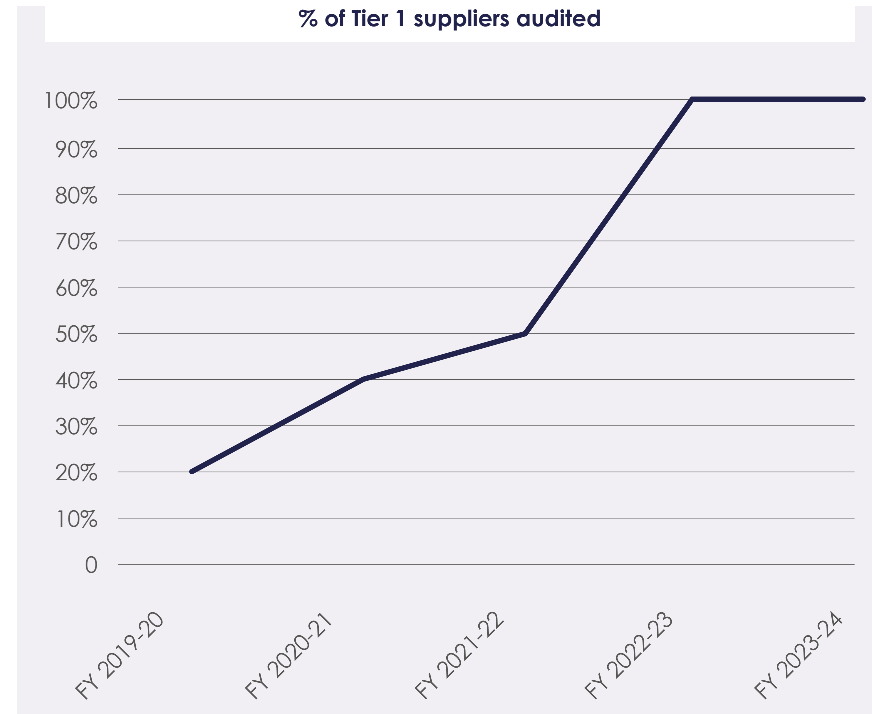
Spend Analysis of Supply Chain:

In the fiscal year FY 2023-24, we conducted a detailed spend analysis of our supply chain for Bill of Materials (BOM) suppliers. Notably, 38% of our spend was directed towards Micro, Small, and Medium Enterprises (MSMEs), highlighting our commitment to supporting smaller businesses. Additionally, 94% of our spend was with local suppliers, reinforcing our dedication to local sourcing and community development.

Identifying Critical Suppliers:

We define critical suppliers as those providing essential raw materials, subcomponents, specialized materials, tooling, machinery, and logistics services. These suppliers are vital for ensuring the continuous and efficient production of high-quality automotive parts, disruptions from these suppliers can significantly impact our production process and the timely delivery of components.

Through a rigorous auditing and vendor on-boarding process s led by our Supplier Upgradation (SUG) team, we have identified that 20% of our suppliers are critical, contributing to 80% of our total spend.



Maintaining Supplier Diversity:

To ensure a robust and resilient supply chain, we prioritise diversity among our suppliers. This approach helps mitigate risks, maintain an uninterrupted supply across geographies, and protect jobs and businesses wherever possible.

Capacity Building of Suppliers:

We are committed to the long-term development of our suppliers. For select long-term suppliers, we monitor improvement actions and provide various training programmes based on our defined manufacturing Statement of Requirements (SOR). These efforts ensure that our suppliers continuously enhance their capabilities and align with our expected quality and sustainability standards.

Risk Assessment:

Our risk assessment process for potential suppliers includes third-party assessments during the vendor onboarding process for non-BOM suppliers. For BOM suppliers, the SUG team conducts detailed audits. This comprehensive assessment helps us identify and mitigate potential risks early in the supplier engagement process.

Top Management Review:

Our top management and board regularly review our sustainable supply chain initiatives through ECM (Executive Committee Meetings) and OPS (Operations) review meetings monthly. This continuous oversight ensures that our sustainability goals are integrated into our overall business strategy and operations.

By implementing these practices, we aim to create a responsible and resilient value chain that supports our sustainability objectives and drives positive impacts across our supply chain.

Sustainable Supply Chain:

At Varroc, we are committed to sustainable business practices that minimise environmental impact, foster social responsibility, and promote ethical conduct throughout our supply chain. Given our own ongoing sustainability journey, our current policy outlines our expectations from critical suppliers, subcontractors, and business partners, while ensuring alignment with our ESG pillars and framework. The policy establishes clear sustainability and ethical conduct expectations, ensures suppliers share our commitment, encourages continuous improvement, and promotes transparency and accountability. We are committed to the following sustainability principles and expect our suppliers to embrace and adhere to these standards:

Environmental Responsibility

- **Compliance:** Suppliers must adhere to all environmental laws.
- **Resource Conservation:** Encourage efficient use of resources and waste reduction.
- **Emissions Reduction:** Work towards reducing greenhouse gases and pollutants.
- **Pollution Prevention:** Implement measures to minimise environmental impact.

Social Responsibility

- **Labour Practices:** Uphold fair labour practices and safe working conditions.
- **Human Rights:** Ensure operations do not violate human rights.
- **Diversity and Inclusion:** Promote diverse and inclusive work environments.
- **Community Engagement:** Support and engage with local communities.

Governance

- **Committee Formation:** Suppliers should establish an ESG committee to monitor and report on sustainability initiatives and performance.

Conflict Minerals

- **Compliance:** Adhere to laws regarding conflict minerals.
- **Conflict-Free Sourcing:** Source minerals from responsible suppliers.

Ethical Conduct

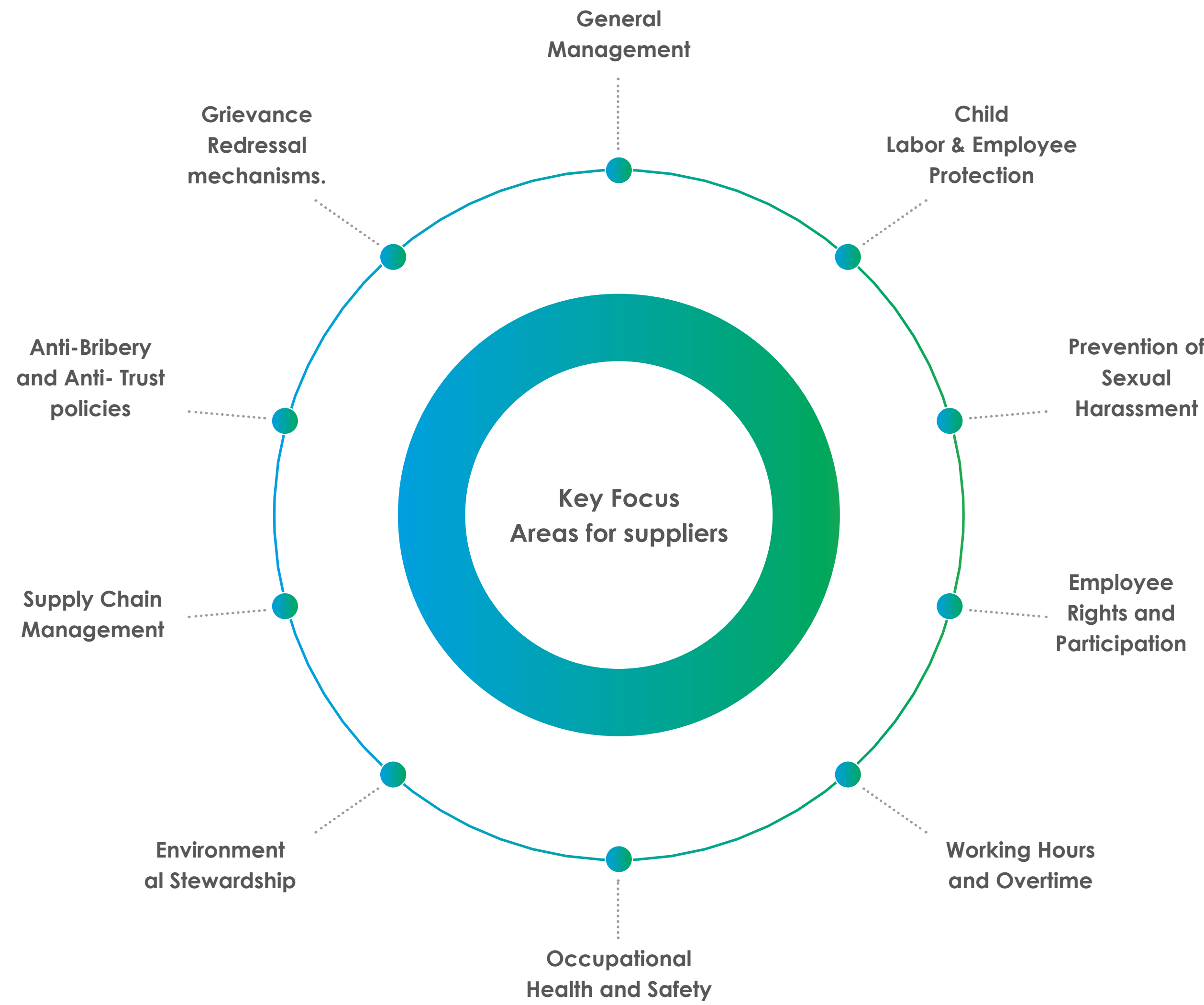
- **Anti-Corruption:** Adhere to anti-corruption laws and avoid unethical practices.
- **Transparency:** Maintain transparency in business practices.
- **Fair Competition:** Compete ethically and avoid anti-competitive behaviours.
- **Conflict of Interest:** Disclose any potential conflicts of interest.

This policy will be periodically reviewed and updated to reflect changes in standards, regulations, and best practices.

Supplier Code of Conduct:

For all suppliers (critical or otherwise) we maintain a comprehensive Supplier Code of Conduct that clearly defines our expectations for suppliers to conduct business sustainably, transparently, and ethically.

Suppliers are expected to align their practices with ethical sourcing principles, ensuring responsible procurement of materials and services. This includes upholding high standards for labour rights, environmental protection, and integrity in all business dealings. Suppliers are required to sign an agreement to adhere to the Code of Conduct and to further promote these standards among their subcontractors and partners. At present, our key focus areas of our supplier selection are more from social compliances which are mentioned below. However, going forward we aim to include focus areas from the sustainability perspective.



Our Downstream Stakeholders: Customers

GRI 418-1

Varroc's downstream value chain partners are broadly divided into domestic and international OEMs and aftermarkets. We serve a diverse range of segments, including passenger cars, commercial vehicles, two-wheelers, three-wheelers, and off-highway vehicles. With a robust presence both domestically and globally, we are well-equipped to cater to the distinct needs and demands of our customers across various markets.

Customer satisfaction is the cornerstone of our success. Our mission is to deliver exceptional value through precision engineering, reliability, and superior quality, impacting our clients' lives positively. We are dedicated to meeting customer needs with timely delivery and maintaining high-quality standards. Over recent years, we have significantly advanced our business sectors and technology, enhancing our new product development process to provide even greater value. Our commitment to excellence drives us to continuously improve our quality management systems, aiming for better process performance, organisational capabilities, and customer satisfaction. Our product offerings are centred on continuous innovation and meeting market demand with a strong emphasis on customer centricity. In our global lighting business, we place special emphasis on our advancements in LED, OLED Laser technology, which highlights our commitment to sustainability and cutting-edge solutions. Additionally, we have established a presence in other key emerging technologies, such as Matrix, coast to coast rear lamps, providing customised solutions that address safety and styling factors, ensuring we remain at the forefront of industry advancements to meet and exceed customer expectations.

We have a robust consumer grievance redressal mechanism. All consumer complaints are promptly acknowledged upon receipt and prioritised for resolution according to our defined schedule and organisational hierarchy. Each customer is assigned a dedicated Key Account Manager to ensure their complaints and feedback are effectively and promptly addressed. Suppliers also benefit from dedicated account managers and are subject to regular audits and reviews, with a particularly robust onboarding process. Additionally, we are proud to report that there have been zero instances of data breaches.

With our customers increasingly adhering to the Responsible Supply Chain Initiative (RSCI), which promotes ethical, sustainable, and transparent supply chain practices, we have formalised the principles of those standards within our own operations. The RSCI sets high standards for environmental stewardship, social responsibility, and corporate governance, a concept we have been aligned with since our inception. While the practices have been part of our operations since our inception, by following RSCI guidelines more formally, we consistently meet the ESG criteria of our customers, uphold high sustainability and ethical standards, and maintain long-term, trust-based relationships across the board.

Our achievement of the IATF 16949:2016 certification, the International Standard for Automotive Quality Management Systems, at all plants underscores our dedication to quality and customer satisfaction. We also have IATF-certified auditors on-site at our plant, ensuring the highest standards of quality and compliance. This certification strengthens our quality management systems and enhances our recognition within the automotive supply chain, demonstrating our commitment to excellence in the automotive industry.

100%
resolution of consumer complaints

Human Rights

GRI 406-1, 408-1, 409-1, 410-1, 411-1

Material Issues Addressed

Labour Management and Human Rights

Our company is deeply committed to upholding human rights in all aspects of our operations. We believe that every individual deserves to be treated with dignity, respect, and fairness. This commitment is reflected in our strict adherence to international human rights standards and our proactive efforts to ensure these principles are upheld across our supply chain.

Zero
cases of human rights violation in FY 2023-24

Human Rights Policy and Commitment

Our human rights policy is supported by various committees, such as Health and Safety and the Prevention of Sexual Harassment (POSH) committee, which oversee human rights-related issues and concerns within our organisation. We emphasise fair labour management, ensuring ethical treatment of workers through ensuring minimum and fair wages, reasonable working hours, and robust employee engagement. By addressing critical human rights issues, including harassment and discrimination, we strive to create a safe, inclusive, and respectful work environment for everyone.

100%
training of employees on human rights

Grievance Redressal Mechanisms

To ensure our employees can securely and confidentially report any grievances or policy breaches, we have established comprehensive grievance redressal mechanism. These mechanisms provide 24/7 access for employees to raise their concerns anonymously and without fear of retaliation. Key components include:

- Whistleblower Policy: Allows employees to report unethical practices or breaches of company policies confidentially.
- Policy on Prevention and Redressal of Sexual Harassment at Workplace (POSH): Provides a framework for preventing and addressing sexual harassment in the workplace, ensuring a safe and respectful environment for all employees.
- Ethics Committee: A dedicated internal committee has been established for employees and workers to use as a grievance redressal mechanism for work-related issues that fall outside the scope of the Whistleblower Policy.
- Dedicated HR POCs: staff have dedicated HR persons of contact for their respective roles, who are available to address employment concerns, or guide employees to the right committees or people who can support the issue.

Through our comprehensive approach for upholding human rights and active stakeholder engagement, we remain dedicated to diligently upholding human rights throughout all aspects of our operations, reinforcing our commitment to ethical and responsible business practices.

Zero
incidents of discrimination reported in FY 2023-24

Our Community Interventions

GRI 413-1, 413-2

Material Issues Addressed

Employee volunteering and CSR

Our dedicated Corporate Social Responsibility (CSR) team is the cornerstone of our company's commitment to deeply engaging with the communities in which we operate, ensuring that our initiatives are impactful and aligned with their specific needs and aspirations.

A key aspect of our approach is its responsiveness to community feedback and grievances. We believe that effective CSR requires an ongoing dialogue with the people we aim to support. The company actively solicits input from community members and stakeholders, incorporating their feedback into the planning and execution of our CSR projects. This ensures that our initiatives are relevant, culturally sensitive, and capable of delivering tangible benefits.

1.8 L

Citizens engaged

Varroc has formed a dedicated CSR committee responsible for overseeing and guiding the company's corporate social responsibility initiatives. This committee's responsibilities include developing a CSR policy and action plan, recommending budgets, and ensuring accountability for CSR spending. The committee approves CSR activities in collaboration with other entities and creates transparent monitoring mechanisms for implementation. It submits progress reports to the Board, monitors and recommends policy amendments, oversees partnership agreements, and nominates executives to attend relevant meetings and events. Additionally, a Corporate CSR Team is constituted with 5 full-time employees to ensure effective execution of CSR activities.

₹ 30.18 Mn

spent in CSR projects in FY 2023-24

CSR Focus Areas

Environment Sustainability
Kham River Eco Restoration

Employability Development
Varroc Academy

Sports
Varroc Vengsarkar Cricket Academy

Health and Welfare
Blood Donation Camp

CSR Initiatives:

1 Kham River Eco Restoration Project

The Kham River Eco Restoration Project focuses on the rejuvenation of the 65 km long Kham River, which flows through the Marathwada region in Maharashtra. The project targets the 1.1 km stretch of the river that passes through Aurangabad. Efforts include cleaning the river, installing waste trappers to capture garbage, and developing green bridges for environmental protection. During the DHARA summit organized by NIUA, the efforts under the Kham River Restoration Mission (KRRM) received recognition and appreciation. Additionally, the Urban River Management Planning (URMP) initiative for Aurangabad was launched. Finally, Varroc is proud to announce that Kham River's restoration initiative was nominated as one of the top 5 examples of resilient cities by the World Resource Institute.

Key Area of Intervention - 1

- Riverfront Development

Initiatives

- Riverbank Cleaning
- Stone Pitching
- Plantations & Ecoscaping
- Green Public Spaces

Impact since inceptoin

- Area Cleaned: **30,189 m2**
- Area Greened: **17,400 m2**
- Saplings Planted: **22,748+** saplings
- Riverbank Pitched: **~460** metres

Key Area of Intervention - 2

- Pollution Prevention

Initiatives

- Nalla Transformations
- Improving SWM Services
- Bridge Barricading
- Plastic Trapping

Impact

- Municipal Staff Trained: **250+** SWM, 30 special task forces set up (involving ~800 staff)
- Bridge Barricading: **10** bridges barricaded to prevent solid waste dumping
- Plastic Trappings: **2** plastic traps piloted in nallas
- GVP Removal: **51** GVPs closed and reduced
- **1,80,000+** citizents engaged in waste collection & management

Key Area of Intervention - 3

- Citizen Engagement

Initiatives

- Riverfront Activities
- Drives & Competitions
- Online Webinars
- Training and learning session

Impact

- **12,000+** citizens engaged across 107 events
- **150** students trained in solid waste management
- **3** riverfront parks inaugrated
- Plantation by soldiers from Aurangabad Cantonment Board
- Kham River Restoration Mission's Eco-friendly Ganpati making workshop
- **16** citizens of Aurangabad employed full-time to support efforts
- **25+** school staff trained as part of Green schools Campaign mission for Education for Sustainable Development

2 Varroc Academy

As part of our commitment to skill development and the upliftment of underprivileged students, Varroc has established the Varroc Academy in collaboration with the Tata Institute of Social Science [and formerly with the Deccan Management Consultants Finishing School Skill Foundation (DMCFSSF)]. This academy offers an integrated three-year Bachelor of Vocational Education (B.Voc.) in Industrial Tool Manufacturing with TISS, and the curriculum is designed to equip students with the relevant practical skills and knowledge needed to work in the field, enhancing their employability and enabling them to secure better career opportunities. At present, the Academy has 147 students, with over 250 graduates since the start of the programme in 2013.

Impact

- Since 2015, 93 bachelor graduates have been hired, with 5% starting as supervisors at Varroc plants.
- Of those not hired by Varroc, 87% are now employed elsewhere or are self-employed.

Key Area of Intervention

- B. Voc. in Industrial Tool Manufacturing

Initiatives

- On-the-job training and stipend. Courses include content on general literacy including financial, safety and sustainability.
- Students given further career-development-centric support
- Work-related activities like Quality week, Safety week. Students also given access to long-term technical experts from within and outside Varroc.
- Co – curricular activities like Independence Day, Teacher's Day, National Day, and Dussehra celebrations

3 Varroc Vengsarkar Cricket Academy (VVCA)

The Varroc Vengsarkar Cricket Academy (VVCA) in Thergaon, Pune, operates under the expert guidance of veteran cricketer Mr. Dilip Vengsarkar. This academy is dedicated to fostering the passion for cricket among young, aspiring athletes, providing them with structured training and the support needed to develop into skilled players. The Academy's alumni include international T20 team member Ruturaj Gaikwad and Shradda Pokharkar, who played in the Senior T20 Challenger Trophy 2022.

Key Area of Intervention

- Newly constructed International Standard Pavilion

Initiatives

- Valuable guidance by Mr. Dilip Vengsarkar to VVCA players
- Session by Mr. Akshay Patil, Sports and Fitness nutritionist

Impact - Key Achievements

- Varroc Cup U-13, U-14 at VVCA
- Winner Under 14 HK Super Star Trophy FY 2022-23
- Winners Under 14 3rd Eye Championship FY 2022-23
- U-19 Winners MCA Invitation Championship
- Runner up open MCA Invitation Championship

4 Varroc Interschool & Industrial Cricket Tournament

For the past 17 years, Varroc has been organising the Varroc Interschool & Industrial Cricket Tournament. This annual event is designed to discover and nurture cricketing talent among school students and industrial workers. By providing a competitive platform, the tournament encourages participants to hone their skills and passion for the game, contributing to the overall development of cricket in the community. Each tournament's winning teams are awarded cash prizes up to ₹1.2 lakh.

5 Abhinav Bindra Foundation Trust (ABFT)

ABHINAV BINDRA FOUNDATION
LETS PLAY TOGETHER

Varroc has partnered with the Abhinav Bindra Foundation Trust (ABFT) to enhance the Indian sporting ecosystem, focusing on education and social upliftment. The foundation brings global best practices through various interventions, and Varroc is actively supporting the professional ambitions of seven Indian athletes—Mansa Rawat (State Champion- Badminton), Sadhvi Dhuri (Swimming), Priya Kumar (National and State Champion- Shooting), Priyesha Deshmukh (Paralympic Champion- Shooting), Mughdhaa Wavhal (Swimming), Ajay Bhosale (Swimming), and Shrushti Charge (Boxing). This collaboration aims to provide these athletes with the resources and support needed to achieve their full potential on the global stage.

Key Area of Intervention

- Bringing Global Best practices through intervention, education, and social upliftment.

Initiatives

- **7** athletes sponsored by Varroc last year
- Onboarded **4** new athletes from this year

Impact - Key Achievements

- The **7** athletes won **32** medals in international, national, state, and regional tournaments, including **20** gold medals

6 Blood Donation Camp

On March 21 of both 2023 and 2024, on the occasion of Varroc's CMD Tarang Jain's birthday, several of our plants across India hosted blood donation drives. With everyone's generous support, Varroc donated blood, positively impacting the lives of 1,038 individuals. Thanks to the success of these initial efforts, Varroc will continue to expand this initiative to all our Indian plants in due course.

Management Discussion and Analysis

Economic Overview

Global Economy

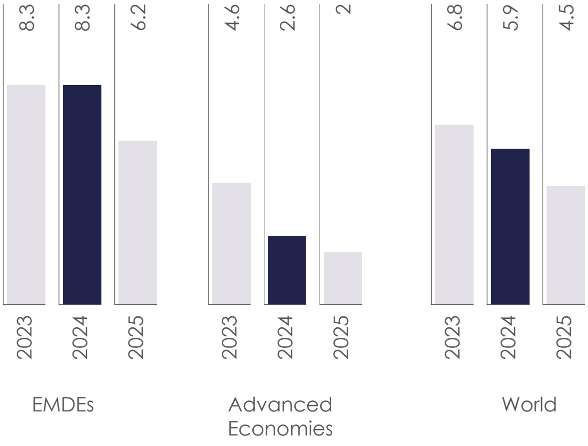
The reported year recorded varied global headwinds, including persistent geopolitical turmoil, supply-chain disruptions, worldwide food and energy crisis, an inflation spike and the tightening of monetary policies. However, despite navigating these macroeconomic challenges, the global economy demonstrated resilience and achieved a growth rate of 3.2%.

According to the International Monetary Fund (IMF), most indicators for global growth are pointing towards a soft landing, avoiding the predicament of an economic downturn. With the inflation rate declining faster than anticipated in most regions, financial condition have improved. This resulted in equity values surging and increase in capital flows into most emerging market economies, aside from China. Furthermore, certain low-income nations and frontier economies have also reclaimed their position in the market.

Outlook

The global economy is expected to sustain its growth rate at 3.2% in CY 2024 and CY 2025. While emerging market and developing economies (EMDEs) are expected to record a slight downturn from 4.3% in 2023 to 4.2% in both 2024 and 2025, advanced economies will experience growth. It is anticipated that advanced economies will increase from 1.6 percent in 2023 to 1.7 percent in 2024 to 1.8 percent in 2025. Looking forward, global inflation is expected to decline steadily from 6.8% in 2023 to 5.9% in 2024 to 4.5% in 2025. Further, it is expected inflation will decline faster in advanced economies as compared to the developing economies.

Inflation rate, Average Consumer Prices



Indian economy

Despite the global economy grappling with various headwinds, the Indian economy maintained a robust performance in the year under review. The Indian economy recorded gross domestic product (GDP) growth rate of 8.2%, supported by strong domestic consumption and effective Government investments, mitigating the effects of negative net foreign demand.

In FY 2023-24, the Monetary Policy Committee (MPC) mentioned that the Gross Value Added (GVA) on the supply side increased by 6.9%, facilitated by buoyant manufacturing and construction activities.

The ability of the Indian economy to withstand global economic downturn can be attributed to substantial consumer and government expenditure, a robust services sector, manufacturing sector witnessing a growth of 11.6% Year-on-Year (YoY) and six central bank rate hikes since 2022. With the global economies seeking an alternative to China, India is emerging as the preferred manufacturing hub. The Indian government is steadily aiming to increase infrastructure spending, attracting foreign investments.

Outlook

The Indian government is expected to maintain its positive growth trajectory in the forthcoming years. The Asian Development Bank (ADB) estimates India's gross domestic product (GDP) growth for 2024–25 (FY25) to be 7%, catalysed by robust development in the services sector and increased public and private investments. India's strategic position and proactive approach position the country for future growth. However, the Indian economy is exposed to various threats, including unforeseen global shocks that might aggravate the economic landscape.

Industry Overview

Global automotive industry

The global automotive industry market size reached USD 3,564.67 billion in FY23/24 and is projected to grow at a CAGR of 6.77% from 2023 to 2033. By 2033, the market size is anticipated to achieve USD 6,861.45 billion. North America is forecasted to experience the fastest growth during the 2023-2033 period. The demand for commercial electric vehicles has risen due to favorable regulations and increased government incentives. Governments are allocating a larger portion of their budgets to upgrade road infrastructure, aiming to bolster transportation and logistics sectors domestically[1].

The global automotive study estimates that combined sales of passenger vehicles and commercial vehicles reached 92 million units in 2023 and are projected to reach 95 million units in 2024, marking a year-over-year growth of 3.1% from 2023 to 2024. In 2023, global electric vehicle (EV) sales exceeded 13.5 million units, although the EV market saw a slight decrease in year-over-year growth compared to 2022. The anticipated growth rate for EV sales in the US in 2024 is approximately 20%. The Asia-Pacific and Middle East regions dominate the sales volume of passenger vehicles and commercial vehicles combined. China holds the largest share globally, both in terms of vehicle sales and production. In 2023, China's sales volume of passenger vehicles exceeded 25 million units, accounting for around 50% of global sales[2].

Outlook[3]

The automotive market is expected to steadily regain its momentum in the upcoming financial year. However, the industry is exposed to various challenges. As car registrations are expected to slow down in the forthcoming years, car manufacturers face the risk of reduced profitability due to intense competition and an uncertain environment.

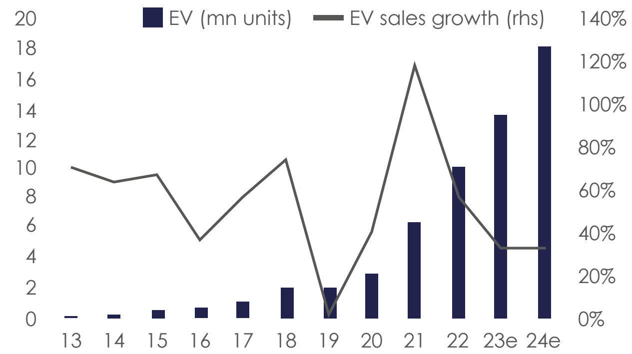
It is projected that new auto sales will only grow by 1.9% due to subdued consumer spending- especially in China and Europe and subpar global economic growth. However, on the other hand, electronic vehicles (EVs) remain in a relative sweet spot despite major headwinds. The sale of new EV passenger cars is anticipated to exceed 18mn in FY 2024-25, with Europe dominating the market share. Overall, the path ahead is expected to remain turbulent, riddled by geopolitical turmoil, declining demand and regulatory uncertainties.

[1]https://www.sphericalinsights.com/reports/automotive-industry-market

[2]https://www.marketsandmarkets.com/blog/AT/Automotive-Industry-Outlook-Unveiled-Trends-And-Transformations-2024

[3]https://www.allianz.com/en/economic_research/insights/publications/specials_fmo/2024_03_21_Global-automotive.html

Figure 2: EV sales and growth



Sources: IEA, Allianz Research

Notes: the data only includes passenger vehicles

Source: https://www.allianz.com/en/economic_research/insights/publications/specials_fmo/2024_03_21_Global-automotive.html

The global market for two-wheelers (2W), encompassing motorcycles, scooters, and mopeds, has witnessed substantial growth in recent years. Driven by South Asia, APAC, and ASEAN regions, annual sales are projected to reach nearly 56.3 million units by 2028. Changing consumer preferences, such as increased demand for personal mobility solutions and growing interest in adventure motorcycles among younger demographics, are contributing to this growth. Meanwhile, established manufacturers in the 2W sector are introducing new internal combustion engine (ICE)-powered models with advanced features. Despite the ongoing popularity of ICE 2Ws, there is a notable trend towards electric two-wheelers (E2Ws). Many leading 2W manufacturers are investing heavily in new electric models[4].

Challenges[5]

- Sustainability Targets influence policies- With the growing emphasis on developing sustainable products, the automotive market stands at a critical juncture. There is a growing emphasis on incorporating sustainable practices in daily endeavours and it is significantly influencing regulatory policies. It is imperative for the industry to adhere to these regulations to remain relevant to the evolving market dynamics.
- Technological disruptions and consumer demand- Consumer preferences and market dynamics are evolving rapidly in response to technological disruptions. The auto sector is experiencing rapid developments, including EVs, ADAS and advanced connectivity features. As the industry is aligning itself to the evolving trends, it includes substantial investment in research and development, workforce training and infrastructure. Key industry players have to remain abreast with the latest developments to ensure it can outperform their peers.
- Labor shortage to impact costs- The industry is recording a shortfall in skilled professionals. A dearth of proficient workforce increases production time and surges costs. Synergising technological abilities with a skilled workforce is essential to consistently fulfill the demands of the market.

Indian Automotive industry

The Indian automobile industry demonstrated a positive performance, with domestic sales increasing by 12.5% during the fiscal year 2024 to 2,38,53,463 units from 2,12,04,846 units in the previous year, according to the Society of Indian Automobile Manufacturers (SIAM). India aims to achieve a doubling of its automotive industry size to INR 15 lakh crore by the end of 2024. In the Indian automotive market, two-wheelers held a market share of 75.3%, followed by passenger cars at 17.6%. Small and midsized cars dominate the sales in the passenger car segment. During the fiscal year 2023-24, the total export of automobiles reached 4,500,492 units, with two-wheelers comprising approximately 76.8% of the total exports[6].

Indian Automotive Industry includes Passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycles. India holds a strong position in the international heavy vehicles arena as it is the largest tractor manufacturer, second-largest bus manufacturer and third largest heavy trucks manufacturer in the world. Automobiles sector resulted in 5.35% of the total FDI inflow as per the Dec 2023 DPIIT report. It is expected that the EV market will grow at CAGR of 49% between 2022 and 2030. Further, the industry is expected to create 5 Mn direct and indirect jobs by 2030. A market size of $50 Bn for the financing of EVs in 2030 is also anticipated.

[4]https://www.frost.com/frost-perspectives/global-two-wheeler-market-in-2024/#:~:text=The%20global%20two%2Dwheeler%20(2W,almost%2056.3%20million%20in%202028.

[5]https://www.gminsights.com/blogs/top-challenges-in-the-automotive-industry-pre-COVID

[6]https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=14

Domestic Sales

Within the passenger vehicle (PV) segment, total wholesale (dispatches to dealers) rose by over 8% to 42, 18,746 units in FY24 compared to 38, 90,114 units in FY23. The growth was primarily driven by the utility vehicle (UV) segment, which expanded by approximately 26% to 25, 20,691 units in FY24 from 20, 03,718 units in FY23.

In the three-wheeler segment, domestic sales surged by 41.5% to 6, 91,749 units in FY24, up from 4, 88,768 units in the previous year. However, total commercial vehicle sales saw a marginal growth of 0.6%, reaching 9, 67,878 units in FY24 compared to 9, 62,468 units in FY23. The Passenger Vehicle segment spearheaded the growth, achieving total sales of nearly five million units, comprising 4.2 million domestic units (an increase of 8.4%) and 0.7 million units for exports. The Two-wheeler segment also continued its recovery trajectory, registering a robust growth of over 13% in domestic sales, totaling almost 18 million units[7].

Outlook[8]

India's rapidly growing auto market is poised for growth, with projections indicating it will reach USD 300 billion by 2026. This growth is fuelled by various factors, including rising income levels, urbanisation and burgeoning middle class. India's dominance in the automotive arena is further highlighted by its status as the world's largest manufacturer of two wheelers with over 21 million units. India progression towards electric vehicles (EVs) is also steadily gaining momentum. It is projected to become the third largest EV market by 2025, with 2.5 million vehicles expected to be on the roads. The sector presents a massive investment opportunity.

In addition to EVs, the automotive industry is also witnessing a shift in consumer preferences towards larger and more powerful vehicles across all segments. This trend is reflected in the increasing demand for Utility Vehicles (UVs) and Medium and Heavy Commercial Vehicles (M&HCVs). The industry's growth trajectory is further supported by initiatives such as Make in India, the Automotive Mission Plan 2026, and the National Electric Mobility Mission plan 2020.

Global auto-component industry

The global automotive components market was valued at USD 1,964.51 billion in 2023 and is projected to exceed USD 3,429.54 billion by 2033, growing at a compound annual growth rate (CAGR) of 5.73% from 2023 to 2033. Asia Pacific is expected to lead in growth during this period. The market has seen significant growth and innovation driven by the rise of autonomous vehicles. The advancement of self-driving technology has heightened demand for specific parts and systems necessary for autonomous driving capabilities.

Autonomous vehicles rely on various sensors such as LiDAR (light detection and ranging), cameras, radars, and ultrasonic sensors to collect real-time information about their surroundings and make decisions. Managing the vast amounts of sensor data and executing autonomous driving tasks require sophisticated algorithms and powerful processors. Moreover, technological advancements foster creativity and flexibility in design, facilitating streamlined manufacturing processes. Manufacturers now have the capability to explore new materials, shapes, and features, enabling the development of cutting-edge automotive components that cater to evolving customer and industry requirements.[9]

Indian auto-component industry

The Indian auto component sector is one of the fastest-growing industries in the country at present, recording an impressive 32.8% growth rate in FY 2023, reaching INR5.6 lakh crore. This rapid growth can be attributed to rising disposable income, increasing investment in infrastructure and more substantial financial incentives for manufacturers. The Indian automotive component business produces a vast array of parts for various vehicle types, including castings, forgings, completed and semi-finished sections, assemblies and subassemblies.

It is expected that the Indian auto component market size will increase by USD 119.79 billion at a CAGR of 25.7% between 2023 and 2028. This growth is anticipated to be supported by the growing middle-class population, surge in demand for compact SUVs and effective government initiatives and policies for easy automotive industry setup procedures.

[7]https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=14

[8]https://economictimes.indiatimes.com/industry/auto/auto-news/indian-auto-industry-poised-to-reach-usd-300-billion-by-2026-revving-up-for-innovation-and-expansion/articleshow/109642253.cms?from=mdr

[9]https://www.sphericalinsights.com/reports/automotive-components-market

Key growth drivers

India's automotive industry is experiencing a surge in demand due to the increasing middle-class population in the country. It has increased the demand for car ownership, resulting in a surge in vehicle sales in India.

With consumers emphasising upon features, convenience and safety, manufacturers are responding to these demands by introducing models that are more cost-effective while still offering a wide range of features.

Increasing product launches is also an emergent trend in the market with market players constantly launching new products to gain a competitive advantage over existing companies and new entrants

Localization - The Indian automotive industry plans to invest up to $7 billion by FY28 to enhance the localization of advanced components such as electric motors and automatic transmissions. This move aims to decrease reliance on imports and leverage the strategy of multinational companies shifting away from China to other manufacturing locations[10].

Export opportunity - The current export value of Indian auto components stands at USD 20.1 billion. The Indian auto component industry has achieved its highest-ever turnover, and exports from the industry are projected to increase fivefold over the next decade. This strong export growth is anticipated to be propelled by factors including competitive pricing, adherence to quality standards, and advancements in technology.

Higher technological content - The automotive sector, contributing 20.1% to the manufacturing GDP, plays a pivotal role in driving macroeconomic growth and technological advancements in India. The government of India has invested USD 11 million in technology aimed at reducing vehicular emissions by 45% and improving fuel efficiency by 30%[11].

Role in the global value chain

India is a global powerhouse of automotive software and engineering research and development. This enormous engineering skill set coupled with government push to make in India is setting the stage for India to play an important role in the global value chain. Overall, the domestic market is poised for growth and development in the upcoming years.

[10] https://economictimes.indiatimes.com/industry/auto/auto-components/auto-industry-to-invest-7-bn-in-5-years-to-deepen-parts-localisation/articleshow/108115684.cms?from=mdr

[11] https://www.investindia.gov.in/sector/auto-components

Company overview

Commencing its journey in 1990, Varroc is a global Tier-1 automotive component company. Starting its operation in India, the Company has initially focused on polymer business. However, it has steadily expanded its portfolio to include exterior lighting systems, plastic and polymer components, electrical-electronics components , exterior lighting, advanced safety systems and precision metallic components. The Company has been serving OEMs across various vehicle segments worldwide.

The Company's robust research and development capabilities and strategic technological partnerships have enabled the organisation to cater to the evolving market demands. In FY 2024, the Company has achieved a revenue exceeding ₹ 75,519 million. This estimation is a testament to the Company's commitment to delivering excellence and sustaining performance over three decades. Leveraging its rich legacy and expertise, Varroc has established itself as the preferred partner for leading OEMs in the automotive industry, consistently outperforming its peers over the years.

Technology

As the demand grows for efficient and environmen friendly vehicles, the Company has embraced advanced technology to maintain a competitive edge. The industry is witnessing a significant shift towards sustainable transportation, ranging from electric scooters to high-performance electric motorcycles. Concurrently, advancements in four-wheeler technology are focused on enhancing performance and safety.

Advanced driver assistance systems (ADAS) like lane departure warning and adaptive cruise control are increasingly prevalent, alongside standard features such as automatic emergency braking and blind spot monitoring. Hybrid and electric drivetrains are also gaining traction, offering reduced emissions and enhanced fuel efficiency. Overall, technology plays a pivotal role in revolutionizing the automotive manufacturing sector. Companies are investing in innovative solutions across both two and four-wheel vehicles to foster sustainability, efficiency, and heightened safety standards for all.

Technology for two wheelers

Current industrial megatrends are shaping advancements in two-wheeler technology to enable safer, smarter, connected, and sustainable mobility. Safety enhancements for two-wheelers include the adoption of LED headlights and mirrors. Connectivity and digitalization efforts encompass linked displays, TFT and sensor interfaces, and Firmware Over-The-Air (FOTA) capabilities in telematics. Customization features include distinctive lighting and foam-in-place seats. Electrification and efficiency improvements involve technologies such as traction motors and controllers, power assist Integrated Starter Generators (ISG), and e-Drivetrain energy management systems. Finally, sustainability initiatives encompass the adoption of electronic fuel injection for internal combustion engines (ICE) and BS6 catalytic converters.

Technology for four wheelers

The latest trends shaping four-wheeler technology encompass safety, customization, connectivity, and digitalization. Safety innovations include advanced driver-assistance systems (ADAS), driver monitoring systems, surround view systems, LED headlights, LCUs, and adaptive front lighting system mirrors. Customization features span signature lighting, interior systems, in-cabin sensors, interior mood lighting, and center consoles. For connectivity and digitalization, the focus is on FOTA (Firmware Over-The-Air) in telematics, video telematics, AI-powered sensor interfaces, and modules compliant with AUTOSAR standards.

Product portfolio enhancement

The expansion of the company's product portfolio involves several subcategories designed to enhance our current offerings. These include proprietary products with an ongoing emphasis on innovative, cost-competitive designs, continuous investment in R&D and product development, forging new technological partnerships to meet market demands, and leveraging Government of India's DSIR accredited R&D facilities. In the automotive sector, the advancement of technologies for safer, smarter, more connected, sustainable, and lightweight vehicles is pivotal. Integrating these elements into automobiles enhances safety, connectivity, sustainability, and weight reduction.

2W and 3W EV capabilities

The company possesses robust capabilities in 2W and 3W electric vehicles, featuring locally designed, developed, and manufactured products such as traction motors, traction controllers, DC-DC converters, chargers, BMS, and telematics. Additionally, it maintains complete vertical integration for electrical production and operates a motor dyno testing facility dedicated to testing 2W and 3W EV components. These facilities are IoT-enabled to monitor and optimize capacity utilization effectively.

Business review

The company has business mainly in India, and also operations in Europe and Asia continent. Business in India are further classified as given below

i. Electrical and Electronics (Including 4W Lighting Business in India)

ii. Polymer Business

iii. Metallic Business

iv. Aftermarket

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

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

ii. JV in China for 4W Lighting

iii. Electronics in Romania

iv. IMES in Italy

Operational Review

Indian operation

Polymer and plastics segment

Varroc, a leading tier 1 supplier to major OEMs in the automotive industry, operates 13 plants and 2 research and development centers across India in polymer and plastics segment. Its infrastructure includes molding machines ranging from 250 T to 3500 T, along with captive tool rooms and fully equipped paint shops, allowing the Company to meet the demands of both domestic and global markets. Varroc's swift turnaround time for new products, driven by innovation and a customer-centric approach, positions the Company as the preferred partner for its clients.

Varroc Polymer emphasizes design-driven technology, synergising client needs with proper design aesthetics and technical expertise. The Company's comprehensive

Research and Development Center, complete with an analytical lab, addresses engineering challenges across interior and exterior systems, body parts, mirror assemblies, and advanced clean air filter solutions for various vehicle segments.

Varroc has been undertaking lightweighting initiatives, replacing large sheet metal parts with polymer and introducing lightweight micro-cellular polymers and composites in various components. They are also leveraging advanced technologies such as 2K molding and 3i technology to enhance paint finish improvement, reduce wall thickness and improve battery protection for electric vehicles.

Through the acquisition of Bangalore-based Team Concepts Pvt. Ltd., Varroc has forayed into vehicle accessories segment, anticipating the evolving needs of the industry. The Company aims to deliver innovative solutions, emphasizing on quality, cost, delivery and differentiation, positioning Varroc as a forward-thinking leader in the automotive supply chain.

Electrical-electronics (including lighting)

Varroc leverages its core strengths to design, develop and manufacture automotive components for leading OEMs in India. The Company prioritize end-user needs and incorporates feedback in product development to ensure the organization can outperform its peers. With over two decades of experience, Varroc's flexible manufacturing approach in the Electrical-Electronic sector enables them to adapt to evolving technology and market demands effectively.

Backed by world-class manufacturing facilities, including an electronics PCB facility, Varroc provides end-to-end solutions to meet customer requirements seamlessly. This has enabled the Company to earn the status of a preferred 'Early Development Partner' for OEMs, offering comprehensive solutions tailored to individual customer needs.

Varroc aims to consistently diversify its product portfolio to meet market and customer demands, steadily capitalizing on automotive trends towards greener, safer, smarter and more connected vehicles. The Company's product range include ISG, adaptive lighting, static bending, traction motor, controller, DC-DC converter, Battery Management System for Electric Mobility, and advanced telematics, addresses the evolving needs of fuel efficiency, safety and connectivity.

The automotive lighting sector in India is witnessing rapid technological advancements, driven by safety regulations, consumer preferences for energy-efficient solutions, and advancements in LED technology. As the market evolves, Varroc continues to be pioneer in innovation so as to meet the growing demand for safer, more efficient, and aesthetically pleasing lighting solutions in both two-wheelers and four-wheelers.

The introduction of the latest technology TFT Instrument cluster and strategic acquisitions of CAR IQ further strengthen Varroc's position and enables the Company to expand its capabilities in the automotive sector.

Metallic (transmission and valves)

Varroc has established itself as a leading player in the metallic business, demonstrating excellence in design, development, manufacturing and supply of high-performance and cost-effective components. The Company employs environmental-friendly practices such

as Zero Liquid Discharge (ZLD) in their plants to contribute to the Company's commitment to environmental stewardship. Varroc has carved a niche for itself, becoming renowned for its precision-forged and machined parts for engines and transmissions.

Varroc stands as one of the most preferred 'Supplier of choice' for top OEMs both nationally and internationally. The Company's transmission business caters to a wide range of applications across various vehicle categories, including 2W, 3W, 4W, CV, Off-Highway, Earthmoving and Oil Drilling. The Company's diversified product portfolio includes transmission gears and assemblies, crankpins, connecting rods, flanges, ring gears, crankshafts, camshafts, knuckles, front axle beams, hydraulic shafts, heavy undercarriage parts, drill bits and cones. The Company not only supplies these components to leading OEMs and tier 1 suppliers in India but also exports to Europe, North America and Asia.

In the Transmission division, Varroc operates four manufacturing plants and an engineering center in India, along with two manufacturing facilities in Italy, ensuring seamless production and consistent delivery to meet global demand.

The Company's Engine Valves Division is one of India's fastest-growing engine valves supplier, having a market share of approximately 25%. Varroc, inclusive of Durovalves, is the preferred supplier of engine valves across all segments of the automotive industry. The Company has also established itself as a major player in the international market. Its robust manufacturing plants equipped with a cutting-edge technical center in India, providing development and research support to customers worldwide.

Additionally, the Engine Valve division pioneers the development and realization of high-performance technologies such as Sodium-filled valves, hollow valves and titanium valves.

Aftermarket

The aftermarket business is a significant and dynamic sector that complements the supply to original equipment manufacturer (OEM). The growth in this business for Varroc has been driven because of the various initiative taken by the Company like

- **Product Quality and Range:** Offering high-quality parts with a wide range of products to cater to diverse vehicle makes and models especially for 2W and 3W market.
- **Brand Awareness and Marketing:** Building brand reputation and visibility through effective marketing strategies to reach end consumers and service providers.
- **Distribution Network:** Establishing a robust distribution network with efficient logistics to ensure timely availability of parts across the country.
- **Customer Service:** Providing excellent customer service, technical support, and warranties to build trust and loyalty among consumers and service providers.

The Indian automotive aftermarket is poised for continued growth driven by increasing vehicle ownership, rising disposable incomes, and a shift towards vehicle maintenance and customization.

European Operation (including Vietnam in Asia)

The European operation is divided into three segments - global lighting, electronics, and metallic (IMES). With three manufacturing facilities, the global lighting segment is a leading supplier of exterior lighting systems for Two-Wheeler OEMs. The electronics segment, focuses on ADAS, Lighting Electronics (Light Engines & Light Control Units), and Electronics Manufacturing Services (EMS). We also have 2 manufacturing facilities for the metallic (IMES) segment, manufacturing hot steel forged parts for the construction and oil & gas industries. Last year, the business was sluggish due to external environment as well as our over dependency on single customer in all the businesses. We are taking efforts to reduce our dependency on single customer and diversify our customer base. These efforts will take time and thus the focus for next few years to control the cost and also do backward integration for sustaining the business.

China Market (JV)

The PV Lighting China joint venture between Varroc and TYC specializes in design, manufacture and supply of exterior lighting for passenger vehicles and aftermarket segments. Leveraging expertise in technologies such as matrix, xenon, laser and halogen, VTYC offers a wide range of headlamps and tail lamps. Geographically, VTYC's two strategically positioned facilities in Chongqing and Changzhou, ensures catering to the specific requirements of OEMs.

SWOT Analysis

Strengths

The automotive industry is undergoing continuous evolution driven by innovation and technological advancements, presenting promising avenues for growth. Varroc Engineering Limited has established and streamlined sourcing processes to ensure efficiency and strategic deployment. Technology adoption, including PO digitization, workflow management, GPS integration, E-sourcing, and Business Intelligence, enhances analytical capabilities and operational agility. Efforts in standardization, such as vendor performance management and material manuals, underscore commitment to consistent quality and efficiency. Aligning long-term suppliers with specific processes and requirements further strengthens operational effectiveness. By leveraging substantial purchasing power, Varroc achieves superior cost management outcomes. Moreover, strategic partnerships with industry leaders like Bajaj, Honda, Royal Enfield, Piaggio, Yamaha, M&M, VWSkoda etc. enable Varroc to maintain competitiveness while focusing on optimizing costs, generating free cash flow, and reducing debt.

Weakness

Varroc Engineering Limited has faced challenges in achieving industry-standard profitability from its operations. These challenges include complexities in effectively managing organizational changes. Addressing these weaknesses is crucial for Varroc to enhance operational efficiency, improve financial performance, and align more closely with industry benchmarks for profitability and sustainability.

Opportunities

The automotive component market is expanding rapidly driven by trends such as premiumization, regulatory shifts, and the integration of next-generation vehicle features. Varroc Engineering Limited is well-positioned to capitalize on these opportunities. With a robust team of over 660 engineers in R&D spread across 7 technical centers, Varroc is poised to capitalize on this opportunity. The company aims to enhance its competitiveness both in India and globally by advancing its portfolio with world-class products and services.. These initiatives aim to strengthen Varroc's market position, drive innovation, and meet the evolving demands of the automotive industry effectively. Varroc will strengthen and utilize its global presence, leveraging its status as a global company deeply rooted in India.

Threats

Varroc Engineering Limited confronts significant threats stemming from escalating input costs influenced by supply chain disruptions exacerbated by the Russia-Ukraine conflict, potentially impacting its financial performance. These challenges include the unpredictable effects of geopolitical dynamics, concerns over the financial stability of suppliers, reliance on a single source of suppliers, vulnerabilities in IT systems affecting price transparency, and difficulties in retaining skilled employees. Addressing these threats requires proactive measures to enhance supply chain resilience, diversify supplier bases, strengthen IT security measures, and implement robust talent retention strategies to mitigate risks and sustain operational stability in a volatile market environment.

Outlook

Looking ahead, Varroc Engineering Limited is strategically positioned to leverage growth opportunities driven by key industry megatrends such as the rising adoption of electric vehicles and stringent safety standards like BS-VI compliance. Our mission includes doubling profitable growth by 2030 through a steadfast commitment to operational excellence. We are focused on consolidating our run rate business by prioritizing FSS projects, conducting thorough business case evaluations, and executing a targeted investment strategy. Additionally, we aim to strengthen our portfolio in functional products, including Advanced BTP Products (2K, Functional and deco), while enhancing our Full System Supplier i.e. FSS capability infrastructure and expanding our presence in high-volume business segments. Emphasizing advanced technologies, we are dedicated to driving value-driven business initiatives, reallocating significant investments, and exploring strategic acquisitions through collaborative partnerships.

Financial Overview

Abridged Consolidated Profit and Loss (Continuing Operations)

(₹ in Million)

Particulars	FY 2024	FY 2023	YoY
Revenue from Operations	75,519	68,912	9.6%
Raw Material Cost including change in Inventories	47,333	44,305	6.8%
Employee Cost	8,092	7,173	12.8%
Other Expenses	12,504	11,685	7.0%
Finance Cost	1,939	1,903	1.9%
Depreciation & Amortisation (D&A)	3,368	3,367	0.0%
Share of Profit/(Loss) from the Joint Ventures	444	53	737.7%
Profit (loss) before Tax	3,149	829	279.9%
Profit after Tax	5,530	388	1,325.3%

Revenue from operations

The Company's consolidated revenue from operations changed to ₹ 75,519 million in FY 2024 up 9.6% from ₹ 68,912 million in FY 2023.

Raw material

Raw material cost (cost of material consumed+ changes in inventories of work in progress and finished goods) for operations has changed by 6.8% to ₹ 47,333 million in FY 2024 as compared to ₹ 44,305 million in FY 2023

Employee cost

In FY 2024, the employee benefit expenses was at ₹ 8,092 million as compared to ₹ 7,173 million in FY 2023, recording a change of 12.8%

Finance Cost

Finance Cost has increased by 1.9% as to ₹ 1,939 million in FY 2024 as compared to ₹ 1,903 million in FY 2023

Depreciation and Amortisation (D&A)

The change in depreciation and amortization was 0.0% from FY 2023 to FY 2024. The absolute depreciation and amortization was ₹ 3,368 million for FY 2024 as compared to ₹ 3,367 million in FY 2023

Other expenses

The other expenses have changed from ₹ 11,685 million in FY 2023 to ₹ 12,504 million in FY 2024

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

The PBT was FY 2024 was ₹ 3,149 million as compared to ₹ 829 million in FY 2023

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

In FY 2024, the group reported profit after tax of ₹ 5,530 million as business operation across improved and also impacted favorably by deferred tax credit as compare to profit reported in FY 2023 of ₹ 388 million.

Net Debt

Net debt for FY 2024 was ₹ 9,828 million as compared to ₹ 12,779 million in FY 2023

Net worth

Net worth of the Group in FY 2024 was ₹ 15,262 million as compare to ₹ 10,042 million in FY 2023

Key financial ratios (consolidated continuing operations)

Particulars	March 31, 2024	March 31, 2023
Debtors Turnover Ratio	13.87	12.36
Inventory Turnover Ratio	7.04	6.89
Interest Service Coverage Ratio	4.36	3.21
Current Ratio	0.79	0.62
Gross Debt Equity Ratio	0.79	1.63
Operating Margin	5.8%	3.5%

Particulars	March 31, 2024	March 31, 2023
Net Profit Margin	7.3%	0.6%
Return on Net worth	36.2%	3.9%
Return on Capital Employed	20.3%	11.9%

Research and Development

The Group understands the pivotal role played by innovation to enable the organisation to stay ahead of the curve. The Group prioritises research and development to facilitate diversification of the product portfolio and ensuring progression towards a better future. As a prominent entity in the automotive sector, the Group has strengthened its in-house research and development capabilities across various global locations including India, China, Italy, Romania and Poland. With 7 technical centers and over 100 patents granted worldwide, the Group is consistently exploring avenues to advance mobility solutions.

The automotive industry is poised for remarkable growth in the forthcoming years, driven by evolving consumer preference, technological advancement and increasing Government expenditure. To capitalise on emerging growth trends, the Group is committed to improving its engineering and software development capabilities to deliver cost-effective products tailored to key automotive markets. The Group aims to leverage its core strengths to cater to the evolving needs of end-users and establish itself as the preferred partners for national and international businesses alike. As the preferred 'early development partner' for OEMs, the Group offers comprehensive solutions to ensure seamless integration and delivery of end-to-end solutions.

7

Technical centres

100+

Patents granted

Human Resource

Varroc Engineering recognizes the relentless initiatives undertaken by its proficient workforce in driving the company to new heights of success. As of March 31, 2024, the company boasts a workforce of over 7,000 employees, whom it regards as one of its most valuable assets. To promote overall safety and well-being, Varroc implements various programs aimed at enhancing the employee experience.

Last year, the company participated in the Gallup employee engagement survey, which identified key areas for improvement. In response, Varroc took swift action to boost employee engagement and foster a thriving workplace. These efforts led to the company getting certified as a "Great Place to Work" in Sep'23. The company encourages the development of a diverse talent pool, supported by a culture of collaboration, excellence, high standards, and psychological safety. Emphasizing innovation, Varroc cultivates an environment that promotes both personal and professional growth.

Leadership development is a critical focus, with efforts to identify future leaders and ensure their proper grooming for organizational effectiveness and growth. Varroc is dedicated to providing an exceptional employee experience, addressing holistic well-being through best-in-class practices.

7000+

Employee workforce

Internal Control system and adequacy

The company maintains robust internal controls and systems tailored to their size, scale, and complexity to support their operations effectively. The Internal Audit function takes a proactive approach to identify key areas for review, enhancing operational efficiency and resource utilization. The company assesses the processes for compliance with relevant laws and regulations. The Audit Committee approves audit plans, allowing flexibility for timely support through management audits. Every function and plant receives sufficient coverage, with diligent monitoring of audit observations and prompt reporting of status updates to management. Significant audit findings and corrective actions are presented to the Audit Committee, along with updates on their closure status.

Cautionary statement

The content within this document pertains to forecasts regarding future events and financial outcomes for Varroc Engineering Limited and should be viewed as forward-looking. Given the nature of such statements, they are based on certain assumptions and are subject to inherent risks and uncertainties. There's a notable risk that these assumptions and predictions may not prove accurate. Readers are advised against placing excessive reliance on forward-looking statements as various factors could lead to differences between the assumed and actual future results and events. Therefore, this document is subject to a disclaimer and is qualified in its entirety by the assumptions, qualifications, and risk factors outlined in Varroc Engineering Limited's Annual Report for FY 2024.

Director's Report

Dear Shareholders,

The Board of Directors is delighted to present the 36th Annual Report on the business operations of Varroc Engineering Ltd. (**"the Company"**) along with the summary of standalone and consolidated financial statements for the year ended March 31, 2024.

In compliance with the applicable provisions of the Companies Act, 2013, (**"the Act"**), the Securities and Exchange Board of India (**"SEBI"**) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**), this Board's Report is prepared based on the operational performance of the Company for the year under review.

OVERVIEW OF FINANCIAL PERFORMANCE

Key highlights of consolidated and standalone financial performance for the year ended March 31, 2024 & March 31, 2023 are summarised as under:

(₹ in Million)

Particulars	STANDALONE		CONSOLIDATED	
	Financial Year 2023-24	Financial Year 2022-23	Financial Year 2023-24	Financial Year 2022-23
Continuing Operations				
Revenue from operations	45,349.63	39,401.96	75,519.37	68,912.13
Other Income	382.77	306.97	421.37	297.34
Earnings before Finance Costs, Tax, Depreciation and Amortisation Expenses	4,874.77	3,189.97	8,011.38	6,045.68
Less: Finance costs	1,791.48	1,700.98	1,938.56	1,902.95
Less: Depreciation and Amortisation expenses	1,981.62	1,944.49	3,368.18	3,367.41
Add/(Less): Share of Net Profit/(Loss) of Investment accounted for using the equity Method	-	-	443.96	53.28
Less: Exceptional item	45.00	13,321.90	-	-
Profit/(loss) before tax from continuing operations	**1,056.67**	**(13,777.40)**	**3,148.60**	**828.60**
Less: Current tax expense	-	137.66	177.65	660.95
Less: Short/(excess) provision for tax in respect of previous years	195.88	(110.90)	215.84	(105.78)
Less: Deferred tax	(2,709.88)	63.78	(2,774.84)	(114.46)
Net profit/(loss) for the year from continuing operations	**3,570.67**	**(13,867.94)**	**5,529.95**	**387.89**
Discontinued Operations				
Profit/(loss) before tax from discontinued operations	**-**	**-**	**(209.20)**	**(8,557.23)**
Tax expense	-	-	-	1.91
Profit/(loss) for the year from the discontinued operations	**-**	**-**	**(209.20)**	**(8,559.14)**
Other comprehensive income from continuing operations	(9.79)	1.83	(52.72)	417.40
Other comprehensive income from discontinued operations	-	-	-	(2,344.95)
Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations	**(9.79)**	**1.83**	**(52.72)**	**(1,927.55)**
Total comprehensive income/(Loss) for the year:	**3,560.88**	**(13,866.11)**	**5,268.03**	**(10,098.80)**
Attributable to:				
Shareholders of the company			5,208.38	(10,125.22)
Non-controlling interest			59.65	26.42
Profit/(Loss) for the year attributable to Shareholders of the Company	**3,570.67**	**(13,867.94)**	**5,260.24**	**(8,198.35)**
Add/ (less): Profit/(loss) brought forward from previous periods	(9,592.88)	4,273.23	(13,594.09)	(5,340.83)
Add/(less): Other comprehensive income/ (expense)	(9.79)	1.83	104.23	(54.91)
Balance carried forward in Balance Sheet	**(6,032.00)**	**(9,592.88)**	**(8,229.62)**	**(13,594.09)**

FINANCIAL LIQUIDITY

Cash and cash equivalent as on March 31, 2024, was ₹ 597.12 million vis-à-vis ₹ 1,496.36 million in the previous year. The Company's working capital management is robust and involves a well-organised process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

WRITING OFF OF INVESTMENT

During the year, the Company has derecognised (written-off) loans given to VarrocCorp Holding BV ('VCHBV'), Netherlands including interest on such loans aggregating to Rs. 11,796.44 million after making requisite submissions to AD Bank. The Company has claimed this write-off on loans as an allowable business loss, considering that these loans extended to VCHBV were in the nature of trade investments to derive benefits for the Company's businesses rather than for earning dividend/capital appreciation. The Company has obtained legal opinions from two independent senior counsels who have supported their view on claiming this write-off of loans as an allowable business loss. Accordingly, the Company has considered this loss as tax deductible for computation of tax provision and recognised deferred tax asset of Rs. 2,448.03 million (after adjusting other taxable income pertaining to current financial year). These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) which were fully provided for during the period ended September 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium SE, France.

ESCROW SETTLEMENT

As reported last year, in relation to sale of (WoS) Global Lighting Business [VLS], the equity value agreed under Securities Purchase Agreement [SPA] was Euro 69.50 million (subject to closing adjustments as provided under the SPA). Later, Settlement Agreement was executed on July 14, 2023 whereby the parties have agreed for a final equity value of Euro 54.50 million.

Accordingly VarrocCorp Holding B.V. received the remaining consideration amount of Euro 13 million on July 17, 2023 pursuant to the terms of the Settlement Agreement.

This Settlement Agreement marks the completion of the sale of VLS Lighting Business.

ELIGIBILITY CERTIFICATE

In the current year, the Company received eligibility certificates (ECs) in respect of three plants in Aurangabad/Pune under the Maharashtra Electronic Policy 2016 effective from April 1, 2022 and valid for 10 years. Under these ECs, the Company is eligible to claim incentive in the form of taxes payable under SGST on finished goods eligible for incentives from the respective plants. The Company has considered these as grants related to income under Ind AS 20 by recognizing the same as income in profit and loss based on SGST collected for the period/year. The amount of income recognised in the current year in respect of the aforesaid ECs is Rs. 989.71 million pertaining to the period April 1, 2022 to March 31, 2024.

DIVIDEND AND TRANSFER TO RESERVE

With a view to conserve resources for expansion of business, your directors have thought it prudent not to recommend any dividend for the financial year under review. Further, as permitted under the provisions of the Companies Act, 2013 (Act), the Board does not propose transferring any amount to general reserve.

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

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there has been no change in the nature of the business of the Company.

SCHEME OF AMALGAMATION

The Board of Directors has approved the draft Scheme of Amalgamation of Varroc Polymers Limited (a wholly owned subsidiary of the Company) with the Company under Sections 230 to 232 (Scheme) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder ('the Act'). The appointed date of the said scheme is April 01, 2024, or such other date as may be approved by National Company Law Tribunal [NCLT] or any other competent authority.

The Scheme is subject to inter-alia receipt of the approval of the Regional Director, MCA and the Registrar of Companies, NCLT Mumbai Bench and other regulatory authorities, as may be applicable.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

There have been no material changes or commitments that have affected the financial position of the Company between the close of FY 2023-24 and the date of this report including proposed amalgamation of Varroc Polymers Limited (a wholly owned subsidiary of the Company) with the Company.

CAPITAL & DEBT STRUCTURE

There has been no change in the authorised and paid-up share capital of the Company during the financial year ended 31st March, 2024. The paid-up equity share capital of the Company as on 31st March 2024 is ₹ 15,27,86,400/- comprising of 15,27,86,400 equity shares of Re. 1/- each.

The Company has not issued any other shares or instruments convertible into equity shares of the Company or with differential voting rights nor has granted any Sweat equity.

Further, the Company does not have any scheme to fund its employees to purchase the shares of the Company.

Non-Convertible Debentures: During the year under review, the Company had raised ₹ 2500 Million through issuance of privately placed rated, listed, senior, secured, redeemable, taxable, transferable Non-Convertible Debentures. The proceeds from the issue have been utilised for repayment of existing listed NCDs, other outstanding debt and for general corporate purposes.

The previous NCDs issued as treated in the Issue Memorandum by the Company in September, 2021 have been fully redeemed in June 2023 [₹ 1250 Million] and September, 2023 [₹ 2500 Million] with coupon payments on annualised basis.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Report, describing the initiatives taken by your Company from environment, social and governance perspective, for the FY 2023-24, Business Responsibility and Sustainability forms part of this Annual Report as required under Regulation 34(2) (f) of the Listing Regulations.

CORPORATE GOVERNANCE

Your Company believes in attainment of highest levels of transparency in all facets of its operations and maintains an unwavering focus on imbibing good Corporate Governance practices. Your Company continues to strengthen its governance principles to generate long term value for its various stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

A separate section on Corporate Governance is included in this Annual Report along with requisite certificate from Uma Lodha & Co., practicing Company Secretaries, confirming the compliance, with conditions on Corporate Governance as stipulated in the SEBI Listing Regulations as on 31st March 2024.

BOARD POLICIES - The details of the policies approved and adopted by the Board, as required under the Act and SEBI Listing Regulations, are available on the Company's website on the link https://varroc.com/investors/corporate-governance/.

CREDIT RATING

The Credit rating of the Company is managed by India Rating and Research Limited. the Financial Year under review, your Company's long rating, including NCD was at 'IND A+/Stable'. The rating on the Company's short-term bank facilities and commercial paper programme has been reaffirmed at 'IND A1'.

INVESTOR RELATIONS (IR)

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

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

DEPOSITS FROM PUBLIC

There were no outstanding deposits within the meaning of Section 73 and 74 of the Act read with rules made thereunder at the end of the FY 2023-24 or the previous financial years. Your Company did not accept any deposit during the period under review.

NUMBER OF MEETINGS OF THE BOARD AND ITS COMMITTEES

Regular meetings of the Board and its Committees are held to discuss and decide on various business policies, strategies, financial matters and other businesses. Due to business exigencies, the Board has also been approving proposals by circulation from time to time.

During FY 2023-24, Five (5) Board Meetings were convened, the details of which are given in the Report on Corporate Governance, which forms part of this Annual Report. The intervening gap between consecutive meetings was not more than one hundred and twenty (120) days as prescribed by the Act and the Listing Regulations.

The Company has the following seven (7) Board-level Committees, which have been established in compliance with the requirements of the business and relevant provisions of applicable laws and statutes:

1. Audit Committee
2. Risk Management Committee
3. Nomination and Remuneration Committee
4. Stakeholders' Relationship Committee
5. Corporate Social Responsibility Committee
6. Finance Committee
7. ESG Steering Committee

The details with respect to the composition, terms of reference, number of meetings held, etc. of these Committees are included in the Report on Corporate Governance, which forms part of this Annual Report.

AUDIT COMMITTEE

The Audit Committee consists of Mr. Gautam Khandelwal as the Chairman, Mrs. Vijaya Sampath, Mr. Vinish Kathuria and Mr. Tarang Jain, Members. During the year, there were no instances where the recommendations of the Audit Committee were not accepted by the Board.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Cessation of Director

Mr. Rohit Prakash (DIN 02425849), Wholetime Director and Occupier of the plants of the Company resigned from directorship of the Company with effect from August 09, 2023. The Board had expressed its sincere gratitude and placed on record its appreciation of their significant contribution during his tenure as Director of the Company.

Appointment of Director

- The shareholders at their 35th Annual General Meeting held on September 13, 2023 re-appointed Mr. Tarang Jain (DIN: 00027505), who was retiring by rotation.
- The Board of Directors based on the recommendation of the Nomination and Remuneration Committee and in terms of Article 23 (I) of the Articles of Association of the Company and Section 161(1) of the Act in its meeting held on August 09, 2023 appointed Mr. Tarun Tyagi (DIN 10204986) as an Additional Director of the Company, in the category of Executive/Non-Independent Director. Further, the shareholders at their 35th Annual General meeting held on September 13, 2023, appointed him as wholetime Director, liable to retire by rotation, for a period of (3) three years commencing from August 09, 2023 to August 08, 2026.

Retirement of director by rotation

Mr. Arjun Jain (DIN 07228175), Executive, non- independent director and Mr. Dhruv Jain (DIN 09710448), Non-executive, non- independent director of the Company will retire by rotation at the ensuing 36th AGM and being eligible, offers themselves for re-appointment.

The Nomination and Remuneration Committee and the Board of Directors recommends to the Members passing of the ordinary resolution for re-appointment of Mr. Arjun Jain and Mr. Dhruv Jain as Director retiring by rotation.

Declaration from Independent Directors

The Company has, inter alia, received the following declarations from all the Independent Directors confirming that:

- they meet the criteria of independence as prescribed under the provisions of the Act, read with the Rules made thereunder and Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company;
- they have complied with the Code for Independent Directors prescribed under Schedule IV to the Act; and
- they have registered themselves with the Independent Director's Database maintained by the Indian Institute of Corporate Affairs.

In the opinion of the Board, all Independent Directors possess requisite qualifications, experience, expertise and hold high standards of integrity required to discharge their duties with an objective independent judgment and without any external influence. List of key skills, expertise and core competencies of the Board, including the Independent Directors, forms a part of the Corporate Governance Report of this Annual Report.

KEY MANAGERIAL PERSONNEL

In terms of the provisions of Section 203 of the Act, as on March 31, 2024, the Company has the following Key Managerial Personnel:

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

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

(c) Mr. Tarun Tyagi, Whole-time Director

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

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

ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

According to the provisions of the Act, the corporate governance requirements as prescribed by the SEBI Listing Regulations, the Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors.

The Nomination & Remuneration Committee (NRC) has defined the evaluation criteria for the performance evaluation of individual Directors, the Board and its Committees. The performance of the Board was evaluated by the Board of Directors after seeking input from all the Directors on the basis of criteria such as structure of the board, meetings and functions of the board, degree of fulfilment of key responsibilities, establishment and delineation of responsibilities to committees, effectiveness of board processes, information and functioning and quality of the relationship between the Board and the Management, etc. The performance of the Committees was evaluated by the Board after seeking input from the Committee Members on the basis of criteria such as mandate and composition, effectiveness of the committee, structure of the committee and meetings, independence of the committee from the board, contribution to decisions of the board, effectiveness of the meetings and quality of the relationship of the committee with the Board and the Management, etc.

The Board and the NRC reviewed the performance of the individual Directors on the basis of criteria such as knowledge and competency, fulfilment of functions, ability to function as a team, initiatives taken, availability and attendance at meetings, integrity, independence, contribution at board/committee meetings and guidance/support to the management outside board/committee meetings, etc. In addition, the Chairman was also evaluated on key aspects of his role, including effectiveness of leadership and ability to steer the meetings, impartiality, ability to keep shareholders' interests in mind and motivating and providing guidance to the executive directors, etc.

Performance of Non-Independent Directors, performance of the Board as a whole, and performance of the Chairman of the Company were evaluated in a separate meeting of Independent Directors, taking into account the views of Executive Director and Non-Executive Directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION

The management of the Company is immensely benefitted from the guidance, support and mature advice from members of the Board of Directors who are also members of various committees. The Board consists of directors possessing diverse skill, rich experience to enhance quality of its performance. The Company has adopted a Policy on Board Diversity formulated by the Nomination and Remuneration Committee.

The Company's Remuneration Policy is framed for remuneration of Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel in line with the requirement of the Section 178 of the Act, Regulation 19 read with Part D of Schedule II of the Listing Regulations. The said Policy is available on the Company's website at the weblink: https://varroc.com/investors/corporate-governance/.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year ended 31st March 2024.

Accordingly, pursuant to Section 134(3)(c) and 134(5) of the Act, the Board of Directors, to the best of their information and knowledge, confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

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

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

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

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

AUDITORS & AUDITORS REPORT

a. STATUTORY AUDITOR

The shareholders of the Company at the 35th AGM held on September 13, 2023, approved the re-appointment of SRBC & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 301003E/IE300005), as the Statutory Auditors of the Company for a second term of five consecutive years to hold the office till the conclusion of 40th AGM to be held in the year 2028.

The Auditor's report for FY 2023-24 on the consolidated financial statements of the Company contains the following qualification:

- As disclosed in note 50 to the consolidated financial statements, the financial results and other financial information for the year ended March 31, 2024 in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, is unaudited. Hence, we are unable to determine the impact of Group's share of profit/loss from China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the year ended March 31, 2024 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2024, had the financial results/ other financial information of China JV been audited.

Management Response:

- The Group's investment in Varroc TYC Corporation BVI ('VTYC' or 'China JV'), a joint venture accounted for under the equity method, which is carried at ₹ 4,044.50 million as at March 31, 2024, and the Group's share of VTYC's net profit of ₹ 428.79 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 audit. The Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding operation of the JV, pending which the Group is unable to get the financial and other information of VTYC.

Apart from the above, there are no further qualifications, reservations, or adverse remarks on the financial statements for the year ended March 31, 2024. The notes on the financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditor's Report is enclosed with the financial statements.

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

(₹ in million)

Particular	For the year ended March 31, 2024
Statutory Audit Fees (including limited review)	17.93
Tax Audit Fees	-
Others (including certifications)	4.13
Reimbursement of expenses	0.43
Total	**22.49**

b. COST AUDITOR

The Board had appointed M/s S. R. Bhargave & Co., Cost Accountants, Pune (Firm Registration No. M – 000218), as Cost Auditor for conducting the audit of Cost Records of the Company for Financial year ended 31st March, 2024.

In accordance with Section 148 of the Companies Act, 2013, based on the recommendation of the Audit Committee, the Board of Directors of the Company, at their meeting held on May 17, 2024, re-appointed M/s S. R. Bhargave & Co., Cost Accountants, Pune (Firm Registration No. M – 000218), as the Cost Auditors of the Company to conduct the Audit of the Cost Accounting Records maintained by the Company for the Financial Year ending 31st March,2025. M/s S. R. Bhargave & Co., have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) read with Section 148(5) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to M/s S. R. Bhargave & Co., Cost Auditors is included in the Notice convening the 36th Annual General Meeting.

The Cost Audit Report for the Financial Year 2023-24 will be filed within the stipulated period.

C. SECRETARIAL AUDITOR

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Uma Lodha & Co. (C.P.No.2593), Company Secretaries in Practice, Mumbai, as the Secretarial Auditor to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2024.

The Secretarial Audit Report for the Financial Year ended 31st March, 2024 is annexed herewith and forms an integral part of this report. The report does not contain any qualification, reservation, or adverse remark or disclaimer. Further, the Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India ('ICSI').

Secretarial Audit of Material Unlisted Indian Subsidiary

Varroc Polymers Ltd. (VPL), is a material subsidiary of the Company. The Secretarial Audit of VPL for the financial year ended 31st March, 2024 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by M/s Uma Lodha & Co. (C.P. No.2593), Company Secretaries in Practice, Mumbai. The Secretarial Auditor's Report of VPL, is annexed herewith and forms an integral part of this report.

ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the Financial Year ended 31st March, 2024 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by M/s Uma Lodha & Co. (C.P. No.2593), Company Secretaries in Practice, Mumbai has been submitted to the Stock Exchanges within the prescribed timelines. The said report does not contain qualification, reservation or adverse remark.

INTERNAL AUDITOR

The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meetings for reporting their findings of the internal audit to the Audit Committee Members.

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

The disclosures required to be made under Section 134(3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are provided in **Annexure – I**.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Notes to the standalone Financial Statements.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure II** to this Report.

Further, as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement including the names and other details of the top ten employees in terms of remuneration drawn and the name of every employee, who were in receipt of remuneration not less than ₹ 10,200,000/- per annum during the year ended 31st March, 2024 or employees who were employed for a part of the Financial Year and were in receipt of remuneration of not less than ₹ 8,50,000/- per month during any part of the said year is included as an annexure to this report. In terms of the proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the members excluding the aforesaid annexure. The said statement is kept open for inspection during working hours at the registered office of the Company. Any member who is interested in obtaining these, may write to Group General Counsel & Company Secretary at the registered office of the Company.

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

The Company had no employee who was employed throughout the Financial Year or part thereof and was in receipt of remuneration, which in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or wholetime director or manager and holds by himself or alongwith his spouse and dependent children, not less than 2% of the equity shares of the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Our Policy on Related Party Transactions is intended to ensure that proper reporting, approval, and disclosure processes are in place for all transactions between the Company and its Related Parties. It ensures that all related-party transactions are carried out as per arm's length parameters and adequate information is provided to shareholders bringing transparency.

All Related Party Transactions are placed before the Audit Committee for its review and approval. Only independent directors who are members of the Audit Committee approve the same. Prior omnibus approval is obtained for RPTs on a quarterly basis for transactions which are of repetitive nature and/or entered in the ordinary course of business and are at arm's length. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or others, that may have a potential conflict with the interests of the Company at large or that warrant the approval of the shareholders. No material contracts or arrangements with related parties were entered into during the year. The Company has nothing to report in Form AOC-2, hence, the same is not annexed.

In line with the requirements of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Policy on Related Party Transactions (RPTs), including any amendments thereto for identifying, reviewing approving and monitoring of RPTs. The said policy is available on the Company's https://varroc.com/investors/corporate-governance/.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy, as part of Vigil Mechanism to provide appropriate avenues to all individuals associated with the Company to bring to the attention of the Management any issue which is perceived to be in violation of or in conflict with the Code of the Company. The Policy provides for adequate safeguards against victimisation of employees who avail themselves of the mechanism. No person has been denied access to the Chairman of the Audit Committee. All cases, registered under the Code and the Whistle Blower Policy of the Company, are reported to the Management Committee and are subject to the review of the Audit Committee. The Whistle Blower policy is uploaded on the website of the Company at https://varroc.com/investors/corporate-governance/.

RISK MANAGEMENT

The Company has constituted a Risk Management Committee (RMC) consisting of Board Members and Senior Management Personnel and has delegated the function of formulating, implementing, monitoring, and reviewing the risk management policy to the Committee. It has a defined risk control and management policy in place that is consistent with the provisions of the Act and the SEBI Listing Regulations. The RMC Committee plays a pivotal role in supervising the way in which management oversees adequacy, adherence & effectiveness to the Company's risk management framework, considering the risks the business challenges and opportunities. A business-centric approach to risk management is used to identify potential risks. Based on materiality of the risk, response strategies are developed and assigned to concerned risk owner. The process of risk management helps to identify, prioritise, mitigate, monitor, and appropriately report any significant threat to the organisation's strategic objectives, its reputation, operational continuity, environment, compliance, and the health & safety of its employees. The Company has established procedures to periodically place before the Board/Audit Committee, the risk assessment and minimisation procedures being followed by the Company and the steps taken by it to mitigate the Risks.

INTERNAL CONTROL SYSTEM AND THEIR ITS ADEQEQUACY

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

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

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

A comprehensive Internal Audit Programme has been instituted by internal audit function of the Company, which presents the paramount observations on a quarterly basis before the Audit Committee and the Board for review. The Internal Audit function helps anchor, supervise, and monitor the effectiveness and adequacy of control systems. Internal Audits are carried out to review the adequacy of the internal control systems and compliance with policies and procedures.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

As defined under the Act, the Company has 16 subsidiaries, including step-down subsidiaries, and 3 joint venture Companies as on March 31, 2024.

Companies that have become or ceased to be Subsidiaries, Joint Ventures, and Associates

- **Companies which have become subsidiaries** - Varroc Czech Republic s.r.o.
- **Companies which have ceased to be a Joint Venture of the Company:** Nil
- **Companies which have become a Joint Venture of the Company:** Nil
- **Companies which have become an associate of the Company:** Nil

Material Subsidiaries

The Company has 1 unlisted material subsidiary incorporated in India i.e. Varroc Polymers Ltd. The Policy for determining Material Subsidiaries as formulated in line with the requirements of the Act and the Listing Regulations, and the same can be accessed on the Company's website at https://varroc.com/investors/corporate-governance/.

Consolidated Financial Statements

According to Section 129(3) of the Act, the consolidated financial statements of the Company and its subsidiaries, joint ventures, and associates are prepared in accordance with the relevant Indian Accounting Standard specified under the Act, and the rules thereunder and form part of this Annual Report. A statement containing the salient features of the financial statements of the Company's subsidiaries, joint ventures, and associates in Form No. AOC-1 is given in this Annual Report.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company is a strong believer in the Varroc Group philosophy of giving back to the community and acknowledging the role played by communities in the growth of our business. Our various CSR initiatives ensure a better environment for everyone. The Company assists in promoting rural and nationally recognized sports and environmental sustainability.

CSR activities, projects, and programs undertaken by the Company are in accordance with Section 135 of the Act and the rules made thereunder. Such CSR activities exclude activities undertaken in pursuance of its normal course of business.

Under Section 135 of the Act, the Company was required to spend ₹ 7.38 million (2% of the average qualifying net profits of the last three financial years) on CSR activities on projects in FY 2023-24. During the year under review, the Company has spent ₹ 15.22 million on CSR activities. The Company has fulfilled its obligation of spending CSR amount as per Section 135 of the Act for FY 2023-24. The Board of Directors has approved the same.

The Annual Report on CSR containing particulars as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided in **Annexure – III** annexed to this Report. The CSR Policy may be accessed on the Company's website at the link: https://varroc.com/investors/corporate-governance/.

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

- In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules thereunder. The Significant Accounting Policies which are consistently applied have been set out in the notes to the financial statements.
- Code on Social Security, 2020 - The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- The Company uses SAP ECC R6 as the accounting software. SAP ensures an audit trail, providing standard functionality and logging in all changed data in the system. This functionality and audit trail feature in SAP has been operational throughout the year for all relevant transactions recorded through the application in the Company.
- There were no significant material orders passed by the regulators or courts or tribunals impacting the Company's going concern status and its operations in the future.
- The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.
- There was no fraud reported by the Statutory Auditors and the Secretarial Auditors of the Company under Section 143(12) of the Act to the Audit Committee.
- The Certificate duly signed by the Chairman & Managing Director and Chief Financial Officer on the Financial Statements of the Company for the year ended March 31, 2024, as submitted to the Board of Directors at its meeting held on May 17, 2024, is annexed to this report.
- The declaration by the Chairman & Managing Director regarding compliance by the Board members and senior management personnel with the Company's Code of Conduct is annexed to this report.
- The details of an application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year – Nil.
- The details of the difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking a loan from the Banks or Financial Institutions along with the reasons thereof: Nil
- During FY 2023-24, Mr. Tarang Jain, Chairman & Managing Director, and Mr. Arjun Jain, Whole-Time Director, received remuneration of ₹ 39.58 million and ₹ 3.66 million, respectively, from material subsidiary Varroc Polymers Ltd.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

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

b) TRANSFER OF SHARES TO IEPF

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

ANNUAL RETURN

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

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

The Company has a policy for prevention of Sexual Harassment for Women at Workplace. An Internal Complaints Committee has been constituted in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH'). During the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At multiple times, the Company had arranged an online orientation programme and workshops, for its Internal Committee Members under POSH Act, at PAN India Level, in order to make them proficient to discharge their duties. The training was attended by all the Internal Committee Members at PAN India. The Company has in place a Module on "PREVENTION OF SEXUAL HARASSMENT IN WORKPLACE (POSH) in - MyCoach E-Learning Platform, for sensitising the employees with the provisions under the POSH.

GREEN INITIATIVES

As a responsible corporate entity, the Company wholeheartedly endorses and supports the 'Green Initiative' launched by the Ministry of Corporate Affairs, Government of India. This initiative facilitates electronic delivery of documents, including the Annual Report, quarterly and half-yearly results, and other such documents, to shareholders' registered e-mail addresses with their DPs or with the Company or its RTA. An electronic copy of the Notice of the 36th Annual General Meeting of the Company shall be sent to all Members whose email addresses are registered with the Company/ Depository Participant(s).

ACKNOWLEDGEMENTS

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

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

Varroc Engineering Limited

Tarang Jain
Chairman and Managing Director
(DIN 00027505)

Date: May 17, 2024
Place: Pune

Annexure - I

INFORMATION AS PER SECTION 134 (3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2024

A) CONSERVATION OF ENERGY

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

During the year under review, the windmills installed by the Company at Satara and Supa in Maharashtra State generated 77,57,790 units of electricity. The Company earned an income of ₹ 55.57 million (including captive consumption of ₹ 55.55 million) from the generation of wind power.

Further, the solar plant installed by the Company at Shivaji Nagar, Dist. Dhule, Maharashtra State, generated 57,09,506 units of electricity. The said units were captively consumed by the Company. The total amount of captive consumption is ₹ 38.68 million.

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

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

Energy conservation is one of the focus areas for the Company in its sustainability drive. Various measures are taken by the Company during the year, such as setting up challenging targets to reduce energy consumption for production, creating awareness amongst employees to generate more ideas on energy conservation, providing adequate resources to convert the ideas into actionable projects etc.

The Company continues its initiatives for conservation of energy, the details of which are given in Business Responsibility and Sustainability Report.

B) TECHNOLOGY ABSORPTION

Research & Development:

Your Company is committed towards technology driven innovation and lays strong emphasis on inculcating an innovation driven culture within the organization harnessing internal skills and competencies. During the year under review, your Company continued to work on technology upgradation and capability development in the critical areas of product quality, process improvements and value addition.

The Company at its various divisions is adopting new technologies to improve efficiencies, conserve energy and to reduce wastages. The following are some of the major steps undertaken towards technology absorption.

Technology Absorption (Electrical Business Unit - EBU)

EBU & Lighting R&D

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

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

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

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

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

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

Our new Varroc Connect telematics solution is matured enough to provide system solution to all types of OEMs. This includes FOTA and remote vehicle management. Strategic joint venture between Dell'orto and Varroc to design and develop fuel injection system for Indian market is also thriving by introducing new customers and deciding a road map to design new hardware and software. EBU & Lighting R&D structure is also aligned to work with these acquisition and joint ventures.

To ensure Varroc's competency in global automotive market the R&D process is frequently evaluated and updated. EBU R&D has already introduced Auto SPICE-L2 and agile development in software development. The introduction of "Design For Six Sigma" (DFSS) and "DMAIC" as part of the development process is also bearing fruit now. We have trained 40% of engineers and 20 engineers are Green Belt certified and two are Black Belt certified. This methodology is also implemented in the product development process.

FY23-24 we launched connected clusters and starter motors for Suzuki. We are also working on incremental innovation in the area of speedometers, telematics, BLDC motors. We also acquire new business in electric vehicle powertrain and developed a high voltage (360V), high power motor. We also acquired new business in EFI-ECU and making progress in ISG. We also made some progress in our product lines like lighting and switches.

FY 23-24 rigor in HR initiatives to retain and nurture talents continued. Some of them are as follows.

- Hi-Pot programs and Succession planning.
- HR open forums
- Coaching management
- Technical career path discussions
- Team building initiatives

As part of developing innovation culture, we introduced "Eureka", an annual event to capture ideas against problem statements of interest to the organization.

FY 2023-24 we have moved to PLM as all the RFQs are in PLM now. We also implemented improved review and tacking mechanism within R&D to ensure we have a better-quality outcome. We also started working on cyber security and strengthened of ISO26262 process.

Advance Engineering

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

Advance engineering also introduced blind spot detection system as new proof of concepts and demonstrated to multiple customers. This is also gaining significant traction from our key customers. Advance engineering lab is also well equipped with people and tools to explore new products and system level experimentation to feed the team with new insights on design aspects. Advance Engineering is also responsible for driving innovation culture in the organization to capture innovative ideas from the employees and feed them into the idea funnel. In FY-23-24, we also introduced PGET program successfully as our future technology pipeline. We recruit PGETs from premier institutions such as NITs and IITs.

Lighting R&D has also introduced new technologies as per the mega trends in the automotive market. Some examples are efficient projector head lamps. There is also a road map for advanced technology in PV lighting. It is important to focus on innovation in PV lighting after the dis-investment of Varroc Lighting system to Plastic Omnium. This is going to be the focus starting FY24-25.

Intellectual Property

EBU R&D also gives lots of impetus in protecting Varroc's IP, based on the insight gained from new product or technology development. In the year 23-24 R&D team has filed 15 patent applications and 2 design registrations.

Technology Absorption (Metallic Business Unit - MBU)

MBU R&D – Integration to Varroc Group R&D

Varroc Group understands ever evolving challenges with the disruptive shift & threat of Electrification of Automotives. On the top of sustainability point of view; the economics behind also paves way for the State to go for it. Fossil fuel to Hydrogen, ICE to Hybrid, EVs and eventually to AVs. At Varroc Group instinct of being future ready has led to the integration of R&D function. With this integration Electric, Lighting, Polymer & Metallic R&D are synergising, and value of whole is going to be much greater that sum. CTO (Chief Technical Office) is now in office & R&D structure is being streamlined to create value for the Customer in terms of integrated products and quicker product development cycle.

At MBU level, we continue to enhance our product portfolio to move up in the supply chain & value proposition.

R&D Transmission – recent update

Metallic as business has evolved from Forgings & Engine Valves to Transmission & now transforming to Driveline. Group has adopted PLM tools for Product Management. Tech excellence centre was conceptualized spread in ~2000 square meters. Out of 4 phases, 2 are completed. Work is on for 3rd phase activities in full swing. Metallic R&D centre is now equipped with Tooling development Centre, Prototyping Cell & Standard Room facility. Team is right now engaged in Benchmarking Room, Metallurgical lab & NABL accreditation. Further 5th servo axis has been incorporated in the machining centre to enhance prototyping capabilities.

MBU R&D – Product Portfolio enhancement

With the likelihood of obsolescence of ICEs specifically in 2 wheelers & last mile segment; to address the direct threat to Engine valves business Product portfolio extension is planned. Keeping it in mind the upcoming Tech Centre has envisioned to extend MBU's portfolio for PVs, CVs, HCVs & EV segments. Some of focus Products are:

- Forged & Machine parts (non-Auto, Hyd. & industrial usage)
- Planetary Gear train (future products; high Gear ratios)
- Driveline Components (remains in EVs)
- Steering components (remains in EVs)
- Differential Gears (integral part of drivetrain; remains in EVs)
- Electric Drive Unit / E-Axle (Prototyping planned)

Four major product segments are re-defined for metallic BU to focus i.e. Heavy Forgings, Engine Valves, Engine & Transmission Components.

MBU R&D – Way forward

Currently a Benchmarking campaign is in place for existing offerings into the market for all forged & machined focus parts in different segment of Automobiles. Post this Customer, Product & Process mapping to be conducted to zero down to the specifics of next level of strategy for Metallic R&D portfolio enhancement.

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

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

Design Capabilities - Ansys, Autodesk, Creo, KISS soft, Delcam, Hypermesh, Ripple Analysis, Gear Profile topography.

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

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

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

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

R&D (Polymer BU)

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

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

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

PBU is working with global 2W manufacturers to develop world-class quality products in mirrors, body parts, air filters and seats. 14 patents filled,6 Granted, 18 research papers were published. In the 2W Indian market, we focus on new innovations and patents to give value add to our customers, keeping in mind the stringent cost targets. Various VAVE and benchmarking initiatives help R&D come up with ready-to-launch products that are highly appreciated by our customers.

FY 2023-24 PBU has won 3paper filter element businesses,2 for motorcycles and 1 for Export 4W market.

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

We strongly believe in the collaboration and partnership strategies for innovation and research.

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

(ii) The benefits derived, like product development, cost reduction, product development or import substitution.

The efforts taken by your Company towards technology absorption will result in improved productivity, increased efficiency and overall improvement in quality of products manufactured. These efforts will also support Company's sustainability efforts by reducing power consumption, emission, and waste. With the automation and digitisation drive the Company is optimising its cost and increasing efficiency. The development of new critical products with enhanced value addition is possible with the advance technology.

(iii) In the case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):

The Company has not imported technology during the last three years and therefore details including the details of technology imported, the year of import, whether the technology been fully absorbed and if not fully absorbed, areas where absorption has not taken place, and the reasons thereof are not applicable.

(iv) Expenditure on R & D:

(₹ in Million)

Particulars	FY 2023-24
Capital	89.29
Recurring	915.31
Total	**1,004.60**
Total R&D expenditure as a Percentage of total turnover	2.22%

C) FOREIGN EXCHANGE EARNINGS & OUTGO

Actual Foreign Exchange used and earned:

(₹ in Million)

Sl. No	Item	Amount
A	**Used for:**	
1	Capital Goods	80.47
2	Raw Materials	2,691.40
3	Components, Stores & Spares	15.01
4	Foreign Travels	9.29
5	Consultancy Charges	399.38
6	Interest on term loan	5.69
7	Royalty	94.69
8	Others	409.33
	TOTAL	**3,705.26**
B	**Earned:**	
1	Exports	2,213.86
2	Others	59.67
	TOTAL	**2,273.53**

Annexure - II

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

A. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the FY 2024 as well as the percentage increase in remuneration of each Director, Chief Financial officer, Company Secretary is as under:

Name of the Director/ KMP	Designation	Ratio to Median Remuneration	% change in Remuneration over previous year
Mr. Tarang Jain	Chairman & Managing Director	11662%	22.54%
Mr. Arjun Jain	Whole-time Director	3468%	18.81%
Mr. Gautam Khandelwal	Independent Director	N.A.	Nil
Mr. Marc Szulewicz	Independent Director	N.A.	Nil
Mrs. Vijaya Sampath	Independent Director	N.A.	Nil
Mr. Vinish Kathuria	Independent Director	N.A.	Nil
Mr. Rohit Prakash	Whole-time Director	N.A.	N.A.
Mr. Dhruv Jain @	Non-executive Non-Independent Director	N.A.	N.A.
Mr. K. Mahendra Kumar#	Group Chief Financial Officer	4503%	N.A.
Mr. Ajay Sharma	Group General Counsel & Company Secretary	2531%	-3.89%

@ Mr. Dhruv Jain did not receive any remuneration from the Company

Mr. K. Mahendra Kumar was appointed as the Group Chief Financial Officer during the FY 2022-23. Hence, the % change in remuneration over previous year is not applicable.

Note:

- Remuneration to Independent Directors includes the sitting fee paid to them for attending Board and/or Committee meetings. The commission paid to Independent Directors is paid as per the statutory provisions and within the limit approved by the shareholders. The Non-Executive Director did not receive any remuneration from the Company.
- In the Financial Year 2023-24, there was an increase of 7.90% in the median remuneration of the employees.
- There were 3,778 permanent employees on the payroll of the Company as on March 31, 2024.
- For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2023-24, the average increase in remuneration was 7.17%. The average increase in remuneration for Managerial Personnel in the financial year 2023-24 was 12.18 %.

B. Affirmation:

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

C. Justification for Average increase in Salary

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

Annexure - III

CSR Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2023-24

1. Brief outline on CSR Policy of the Company

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

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

2. Composition of CSR Committee:

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

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

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

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

5. Net profit calculation:

(₹ in Million)

Sl. No	Particulars	Amount
(a)	Average net profit of the Company as per sub-section (5) of Section 135	368.81
(b)	Two percent of average net profit of the company as per sub-section (5) of Section 135	7.38
(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	Nil
(d)	Amount required to be set-off for the financial year, if any	-
(e)	Total CSR obligation for the financial year [(b)+(c) -(d)]	7.38

6. Details of CSR spent:

(₹ in Million)

Sl. No	Particulars	Amount
(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	15.22
(b)	Amount spent in Administrative Overheads	Nil
(c)	Amount spent on Impact Assessment, if applicable	Nil
(d)	Total amount spent for the Financial Year [(a)+(b) +(c)]	15.22

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

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

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

(₹ in Million)

Sl. No	Particular	Amount
(i)	Two percent of average net profit of the company as per sub-section 5 of section 135	7.38
(ii)	Total amount spent for the Financial Year	15.22
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7.84
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years. (available till 31st March 2025)	4.26
(vi)	Amount available for set off in succeeding financial years. (available till 31st March 2026)	4.42
(vii)	Amount available for set off in succeeding financial years. (available till 31st March 2027)	7.84

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

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

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

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

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

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

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

Tarang Jain
Chairman and CSR Committee
(DIN: -00027505)

Date: May 17, 2024
Place: Pune

Form MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

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

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

Based on our verification of the **M/S. Varroc Engineering Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, Minutes' books, Forms and Returns filed and other records maintained by **M/S Varroc Engineering Limited** for the financial year ended 31st March 2024 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;

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

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

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

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

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

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

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

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

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

- Motor Vehicles Act, 1988 and the Rules made thereunder.
- The Explosive Act, 1884 and Gas Cylinders Rules, 2016
- The Petroleum Act,1934 and the Rules made thereunder.
- The Environment (Protection) Act, 1986 read with Bio-Medical Waste Management Rules, 2016
- The Water (Prevention and Control of Pollution) Act, 1974
- The Water (Prevention and Control of Pollution) Cess Act, 1977 and rules made thereunder.
- The Air (Prevention and Control of Pollution) Act, 1981
- The Batteries (Management and Handling) Rules, 2016.
- The Public Liability Insurance Act, 1991 and rules made thereunder.
- The Competition Law
- The legal metrology Act, 2009 and the rules made thereunder.

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

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

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

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

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

- The Securities and Exchange Board of India (Delisting of Equity Shares), Regulations, 2021;
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021)

We further report that:

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

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

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

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

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

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

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363F000356857
Peer Review Certificate No- 950/2020

Place: Mumbai
Date: May 17, 2024

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

Annexure A

To
The Members
M/S. VARROC ENGINEERING LIMITED

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

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

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363F000356857
Peer Review Certificate No- 950/2020

Place: Mumbai
Date: May 17, 2024

Form MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

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

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

Based on our verification of **M/S. VARROC POLYMERS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by **M/S. VARROC POLYMERS LIMITED** for the financial year ended 31st March 2024 according to the provisions of:

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

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

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

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

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

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

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

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

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

We further report that:

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

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

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

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

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

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

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

For Uma Lodha & Co.
Practicing Company Secretaries

Proprietor
FCS No.: 5363
C.P. No.2593
UDIN: F005363F000356879
Peer Review Certificate No. 950/2020

Place: Mumbai
Date: May 17, 2024

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

Annexure A

To
The Members
M/S. VARROC POLYMERS LIMITED

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

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

For Uma Lodha & Co.
Practicing Company Secretaries

Proprietor
FCS No.: 5363
C.P. No.2593
UDIN: F005363F000356879
Peer Review Certificate No. 950/2020

Place: Mumbai
Date: May 17, 2024

Corporate Governance Report

This Corporate Governance Report relating to the Financial Year ended on March 31, 2024, has been issued in compliance with the requirements of Regulation 34(3) read with Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and forms a part of the Report of the Directors to the Members of the Company.

1. Company Philosophy:

Corporate governance refers to the set of principles, values, and processes that guide the management and board of a company. It is essential for the long-term success of a business, as it ensures accountability, transparency, and ethical decision-making. The foundation of a successful enterprise is built on excellent corporate governance practices, and strong leadership is vital to this end.

We, at Varroc Engineering Ltd., feel proud to be part of Varroc Group, founded by Indian industrialist Mr. Tarang Jain and the Company adhered to the values and ideals articulated by the Founder. The Company's approach to corporate governance is based on a legacy of fair, ethical, and transparent practices. Many of these practices were in place even before they were mandated, demonstrating the Company's core values – 'SHIPS' as outlined below:

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

The Company has a strong legacy of fair, transparent, and ethical governance practices.

At Varroc, it is extremely important to identify and institutionalize what really helped us to achieve what we have achieved so far, what has really been critical to the incredible story that is Varroc. We feel it is our teams, and even more importantly a common and consistent set of behaviours and skills displayed by every individual in the team, regardless of the role they play in it. These behaviours and skills are what make up Albus, the Varroc Competency Framework. The Company across its businesses pursues new and challenging opportunities as we are a firm believer of **Perform@Change.**

The Company recognizes that corporate governance is not just a principle to be followed but a way of life embedded in its behaviour and culture. It endeavours to adopt the industry's best practices, focusing on transparency in its affairs, the functioning of the Management and Board, and accountability towards stakeholders. The Company's philosophy ensures that it creates sustainable value for shareholders while fulfilling social obligations and complying with regulatory requirements.

Company's policies prioritize the augmentation of long-term shareholder value while maintaining integrity. The Company's dealings with its stakeholders are guided by recognized standards of propriety, fair play, and justice. The Company's approach to corporate governance includes creating a culture of openness, establishing a system that encourages employees to voice their concerns openly and without fear or inhibition.

Corporate governance of the Company is further strengthened through the Company's Code of Conduct for Prevention of Insider Trading. The Company also has in place an Information Security Policy that ensures proper utilization of IT resources.

As a responsible corporate citizen, the Company encourages and recognizes employee participation and volunteering in environmental and social initiatives that contribute to organizational sustainability. These actions have become an integral part of the Company's operating plans and are not meant for image-building or publicity.

2. Board of Directors

The Board of the Company is formed with an optimum combination of executive and non-executive directors, which not only meet the legal obligation but also make a diversified Board with a mixed blend of experiences, expertise, and professionals. The Board, while discharging its responsibilities and providing effective leadership to the business, uphold the corporate value, promote the ethical culture, endorse sustainability and leverages innovation. Independent directors play a pivotal role in upholding Corporate Governance norms and ensuring fairness in decision-making. Being experts in various fields, they also bring independent judgement on matters of strategy, risk management, controls and business performance.

The Company's Board comprises experienced and competent individuals of notable integrity. They possess financial acumen, leadership qualities, and are committed to the Company, devoting sufficient time to meetings and preparation.

The profile of the Directors is available on the Company's website at https://varroc.com/about-us/leadership-team/.

Except Mr. Tarang Jain, Mr. Arjun Jain and Mr. Dhruv Jain, none of the Directors of the Company are related to each other.

The Independent Directors on the Board of the Company have submitted their respective declarations confirming that they meet the criteria of independence and disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large.

2.1 Composition

As on March 31, 2024, the Board of Directors of the Company consists of Eight (8) Directors of whom, Three (3) are 'Executive' Directors, One (1) Non-Executive and Non-Independent Director and Four (4) are Independent Directors including One (1) Woman Independent Director.

Mr. Tarang Jain is the Chairman and Managing Director, Mr. Arjun Jain, Whole Time Director and Mr. Rohit Prakash, Whole Time Director (resigned w.e.f. 09.08.2023) & Mr. Tarun Tyagi, Whole Time Director (appointed w.e.f. 09.08.2023) are the Executive Directors.

The details of the Board of Directors as on March 31, 2024, are as follows:

Name of the Director	Category of Director	Particulars
Mr. Tarang Jain (DIN 00027505)	Chairman & Managing Director, Executive/ Non-Independent	Re-appointed as the Chairman and Managing Director for the next term of 3 years effective from February 06, 2023 - Appointed as Chairman effective from November 10, 2020.
Mr. Arjun Jain (DIN 07228175)	Whole Time Director Executive / Non-Independent	Re-appointed as Director and Whole-time Director for the next term of 3 years effective from August 07, 2023
Mr. Gautam Khandelwal (DIN 00270717)	Non -Executive/ Independent	Re-appointed as an Independent Director for a further period of 5 years effective from July 20, 2020
Mrs. Vijaya Sampath (DIN 00641110)	Non-Executive / Independent	Re-appointed as an Independent Director for a further period of 5 years effective from July 20, 2020
Mr. Marc Szulewicz (DIN 01911768)	Non-Executive/ Independent	Re-appointed as an Independent Director for a further period of 5 years effective from July 20, 2020
Mr. Vinish Kathuria (DIN 01951771)	Non-Executive/ Independent	Re-appointed as an Independent Director for the next term of five (5) years effective from February 06, 2023.
Mr. Rohit Prakash (DIN 02425849)	Whole Time Director Executive/ Non-Independent	Appointed as Whole Time Director for (five) 5 years effective from April 29, 2020. Resigned from the position of Whole Time Director of the Company from August 09,2023.

Name of the Director	Category of Director	Particulars
Mr. Tarun Tyagi (DIN 10204986)	Whole Time Director Executive/ Non-Independent	Appointed as Whole Time Director for (three) 3 years effective from August 9, 2023.
Mr. Dhruv Jain (DIN 09710448)	Non-Independent and Non-Executive Director	Appointed as Non-Independent and Non-Executive Director effective from September 1, 2022.

BOARD MEETING AND PROCEDURES

The notes on Agenda setting out the business to be transacted at the Board Meeting, were sent to each Director seven days before the date of the Board Meeting. The financial results were generally tabled at the Board meeting. The Board reviews and approves quarterly/ half-yearly unaudited financial results and the audited annual financial results, financial statements (both consolidated and standalone), business plans and annual budgets. The management submits to the Board Action Taken Report on status of implementation of important matters reviewed at the previous Board Meeting. The calendar of the quarterly Board meetings was finalised in advance.

During the year under review, five meetings of the Board of Directors were held on May 23, 2023, August 09, 2023, November 07, 2023, February 07, 2024, and March 24, 2024. The maximum gap between any two meetings was not more than one hundred and twenty days. As mandated by proviso under Regulation 17A (1) of the Listing Regulations as of March 31, 2024, none of the Independent Directors of the Company served as an Independent Director in more than seven listed entities and as per Regulation 26 of Listing Regulations none of Directors is a member of more than ten Committees or acting as Chairperson of more than five Committees, across all the Indian public limited companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors. The names and categories of Directors, their attendance at Board Meetings held during the Financial Year and at the last Annual General Meeting (AGM), number of Memberships/ Chairmanships of Directors in other Boards and Committees of Board, Category of directorship and names of listed entities where person is a director are as follows:

Name of the Director and Category of Directorship	No. of Board Meetings attended during the F.Y. 2023-24	Whether attended the last AGM held on September 13, 2023	No. of Directo-rships Held in Public Comp-anies*	No. of Comm-ittees of which Chair-man@	No. of Comm-ittees of which Member@	Category of directorship and Names of other listed entities where person is a director.
Mr. Tarang Jain, Executive / Non-Independent	5	Yes	3	-	3	1. Varroc Engineering Limited, Chairman and Managing Director 2. TCPL Packaging Limited, Mumbai, Independent Director
Mr. Arjun Jain Executive / Non- Independent	5	Yes	2	-	1	1. Varroc Engineering Limited, Whole-time Director
Mr. Gautam Khandelwal Non-Executive / Independent	5	Yes	4	4	4	1. Varroc Engineering Limited, Independent Director 2. Nagpur Power and Industries Limited, Executive Director 3. Informed Technologies India Limited, Executive Director

Name of the Director and Category of Directorship	No. of Board Meetings attended during the F.Y. 2023-24	Whether attended the last AGM held on September 13, 2023	No. of Directorships Held in Public Companies*	No. of Committees of which Chairman@	No. of Committees of which Member@	Category of directorship and Names of other listed entities where person is a director.
Mrs. Vijaya Sampath Non-Executive / Independent	5	Yes	7	-	7	1. Varroc Engineering Limited, Independent Director 2. Ingersoll Rand Limited, Independent Director 3. Safari Industries (India) Limited, Independent Director 4. Intellect Design Arena Limited, Independent Director 5. Va Tech Wabag Limited, Independent Director 6. Craftsman Automation Limited- Independent Director 7. Mankind Pharma Limited, Independent Director
Mr. Marc Szulewicz Non-Executive/ Independent	5	Yes	2	-	-	1. Varroc Engineering Limited, Independent Director
Mr. Vinish Kathuria Non-Executive/Independent	5	Yes	2	-	4	1. Varroc Engineering Limited, Independent Director
Mr. Dhruv Jain Non-Executive / Non-Independent	5	Yes	1	-	-	1. Varroc Engineering Limited, Non- Executive Director
Mr. Tarun Tyagi Executive / Non- Independent	4	Yes	1	-	-	1. Varroc Engineering Limited, Whole Time Director

Note:

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

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

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

During the Financial Year ended on March 31, 2024, Five (5) Board meetings were held on May 23, 2023, August 9, 2023, November 7, 2023; February 7, 2024, and March 22, 2024. The Annual General Meeting was held on September 13, 2023. The Attendance of the Directors at the Board meetings and the Annual General Meeting during the year is as under:

Name of the Director	No. of Board Meetings			Attendance at the AGM held on September 13, 2023
	Held	Eligible to attend	Attended	
Mr. Tarang Jain	5	5	5	Y
Mr. Arjun Jain	5	5	5	Y
Mr. Gautam Khandelwal	5	5	5	Y
Mrs. Vijaya Sampath	5	5	5	Y
Mr. Marc Szulewicz	5	5	5	Y
Mr. Vinish Kathuria	5	5	5	Y
Mr. Rohit Prakash	2	2	2	N
Mr. Dhruv Jain	5	5	5	Y
Mr. Tarun Tyagi	4	4	4	Y

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

2.3 Directorships and Committee membership

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

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

Directorships (including names of Listed Companies) and membership in Committees held by Directors as on March 31, 2024, are given below:

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

Note:

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

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

2.4 Inter-se relationships among Directors

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

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

2.5 Shareholding of Directors and Key Managerial Personnel

Details of the shareholding of Directors and Key Managerial Personnel in the Company as on March 31, 2024, are as under:

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

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

* Ceased to be a Whole Time Director of the Company w.e.f. August 9, 2023

** Appointed as a Whole Time Director of the Company w.e.f. August 9, 2023

During the Financial Year 2021-22, the Company had issued 3,750 Secured Listed Non-Convertible Debentures of ₹ 1 million each aggregating to ₹ 3750 Million [OPT I Debentures bearing ISIN INE665L07024 of ₹ 1250 Million due for Redemption on June 17,2023 and OPT II Debentures bearing ISIN INE665L07032 of ₹ 2500 Million due for redemption on September 17, 2023] bearing coupon rate of 8.25% on a Private Placement Basis. During the Financial Year 2023-24, the Company has fully redeemed the said Debentures i.e., OPT I Debentures bearing ISIN INE665L07024 of ₹ 1250 Million were redeemed on June 16, 2023, and OPT II Debentures bearing ISIN INE665L07032 of ₹ 2500 Million were redeemed on September 14, 2023.

During the Financial Year 2023-24, the Company has further issued 25,000 Rated, listed, senior, Secured, redeemable, taxable, transferable, Non-Convertible Debentures of H 1 Lakh each aggregating to H 2500 Million bearing coupon rate of 8.60% on September 7, 2023, which will be repaid in 16 equal quarterly instalments beginning from December 07, 2024.

The Directors and Key Managerial Personnel of the Company do not hold any Debentures in the Company. Further, during the Financial Year 2023-24, the Company has not issued any other Securities.

2.6 Familiarization Programme for Independent Directors

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

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

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

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

The framework together with the details of the Familiarization Programme conducted has been uploaded on the website of the Company. The web-link to this is https://varroc.com/wp-content/uploads/bsk-pdf-manager/2024/4/VEL_Familiarisation-Prog.-for-Independent-Directors.pdf .

2.7 Key Board qualification, expertise and attributes

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

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

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

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

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

2.8 Director(s) seeking Appointment/Re-appointment

In compliance with the provisions of section 152 and other applicable provisions of the Companies Act, 2013, Mr. Arjun Jain (DIN:07228175) and Mr. Dhruv Jain (DIN: 09710448) will retire by rotation at the ensuing Annual General Meeting, and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their Meeting held on May 17, 2024 it is proposed to re-appoint them as a Directors of the Company.

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

2.9 Code of Conduct

The Code of Conduct adopted by the Board of Directors, is applicable to the Directors and all Senior Management Personnel of the Company. This Code of Conduct emphasizes the Company's commitment to compliance with the highest standards of legal and ethical behaviour. The Code of Conduct is available on the website of the Company at https://varroc.com/wp-content/uploads/bsk-pdf-manager/2020/01/Code-of-Conduct-for-Director-and-Senior-Management.pdf under heading '**Policies**'.

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

2.10 Independent Directors

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

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

All the Independent Directors of the Company have been appointed as per the provisions of the Act and the Listing Regulations. Formal letters of appointment are issued to the Independent Directors after their appointment by the Members. As required by Regulation 46 of the Listing Regulations, the terms and conditions of their appointment have been disclosed on the website of the Company at https://varroc.com/wp-content/uploads/bsk-pdf-manager/2019/10/Draft-letter-of-appointment-of-independent-director.pdf.

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

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

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

Criteria of making payments to Non-executive Independent Directors:

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

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

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

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

c. Time spent in carrying out their duties,

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

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

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

Meeting of Independent Directors:

In compliance with Schedule IV to the Act and Regulation 25(3) of the Listing Regulations, for the Financial Year 2023-24, the Independent Directors held a separate meeting on May 23, 2023 without the attendance of Non-Independent Directors and the Management, to review the performance of Non-Independent Directors and the Board, as a whole; and to assess the quality, quantity, and timeliness of the flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.11 Confirmation as regards independence of Independent Directors

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

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

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

2.12 Pecuniary transactions with Non-Executive Directors/ Independent Directors

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

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

2.13. Directors Remuneration

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

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

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

[₹ in Million]

Name of Director	Category	Sitting Fees	Comm-ission	*Salary as per section 17(1) of the Income-tax Act, 1961	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Others	Total
Mr. Tarang Jain	Chairman & Managing Director	-	-	64.05	-	-	64.05
Mr. Arjun Jain	Whole Time Director	-	-	22.86	-	-	22.86
Mr. Rohit Prakash#	Whole Time Director	-	-	17.63	-	-	17.63
Mr. Tarun Tyagi	Whole Time Director	-	-	9.03	-	-	9.03
Mrs. Vijaya Sampath	Independent Director	1.30	2.20	-	-	-	3.50
Mr. Marc Szulewicz	Independent Director	0.80	1.35	-	-	-	2.15
Mr. Gautam Khandelwal	Independent Director	1.40	1.92	-	-	-	3.32
Mr. Vinish Kathuria	Independent Director	1.20	2.12	-	-	-	3.32
	Grand Total	**4.70**	**7.59**	**113.57**	**-**	**-**	**125.86**

Ceased to be a Whole Time Director of the Company w.e.f. August 9, 2023.

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

(i) all elements of remuneration package of individual Directors summarized herein above covers all the major groups, such as salary, benefits, bonuses, stock options, pension etc as applicable. Stock Option and Bonuses are not applicable in the relevant Financial Year.

(ii) *Salary included details of fixed component and performance linked incentives, basis their Key Responsibility Areas / performance criterias;

(iii) service contracts, notice period, severance fees; Not Applicable

(iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.: Not Applicable

3. Committees of the Board

The Board of Directors have constituted the following Committees:

3.1 Audit Committee

3.2 Nomination and Remuneration Committee

3.3 Stakeholders Relationship Committee

3.4 Corporate Social Responsibility Committee

3.5 Risk Management Committee

3.6 Finance Committee

3.7 Environmental, Social and Governance (ESG) Steering Committee

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

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

3.1 Audit Committee:

3.1.1 Constitution and Composition

The Audit Committee was constituted on February 6, 2018, in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(1) of Listing Regulations.

The constitution of the Audit Committee as on March 31, 2024, is as follows:

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

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

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

As per Regulation 18(1)(d) of the Listing Regulations, Mr. Gautam Khandelwal, Chairperson of the Audit Committee was present at the last Annual General Meeting to answer Shareholder queries.

3.1.2 Terms of reference

The terms of reference of the Audit Committee cover all the areas mentioned under Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the Listing Regulations. The broad terms of reference of the Audit Committee therefore include all Financial Results, Statements and Disclosures and recommend the same to the Board, review the Internal Audit Reports and discuss the same with the Internal Auditors, review Internal Control Systems and procedures, evaluation of Internal Financial Controls and Risk Management Systems and their effectiveness, to meet the Statutory Auditors and discuss their findings, their scope of Audit, Post-Audit discussion, Auditor's independence, adequacy of Internal Audit Functions, Audit Qualifications, if any, appointment / removal and remuneration of Auditors, changes in accounting policies and practices, if any, and disclosure of all Related Party Transactions and compliance with Company Law and other statutory provisions. Detailed terms of reference of the Committee are available on the Company's website https://varroc.com/investors/board-of-directors-committees/.

3.1.3 Internal Audit

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

3.1.4 Attendance

During the Financial Year ended on March 31, 2024, four (4) Audit Committee meetings were held on May 23, 2023; August 9, 2023; November 7, 2023, and February 7, 2024.

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

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal	4	4	4
Mrs. Vijaya Sampath	4	4	4
Mr. Tarang Jain	4	4	4
Mr. Vinish Kathuria	4	4	4

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

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

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

3.2. Nomination and Remuneration Committee

3.2.1 Constitution and Composition

The Nomination and Remuneration Committee was constituted on February 6, 2018, in compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19(1) of Listing Regulations.

The constitution of the Nomination and Remuneration Committee as on March 31, 2024, is as follows:

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

3.2.2. Terms of Reference

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

3.2.3. Attendance

During the Financial Year ended on March 31, 2024, Two (2) Nomination and Remuneration Committee meeting were held on May 23, 2023, and August 9, 2023. The Attendance of the Directors at this Committee meeting is given below:

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

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

3.2.4 Performance Evaluation of Directors

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees, Chairperson and Directors. The manner in which such formal annual evaluation was made by the Board during the year 2023-24 is given below:

- Performance evaluation criteria for the Board, Committees of the Board and Directors as approved by the Board at its meeting held on February 6, 2018 were revised on the recommendation of Independent Director, in line with SEBI's Guidance Note dated January 5, 2017 on Board Evaluation, by the Board at its meeting held on November 11, 2018 and the same were placed on the Company's website www.varroc.com.

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

- A consolidated summary of the ratings given by each of the Directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman and Managing Director/CHRO/ID in respect of the performance of the Board, its Committees, Chairperson and Directors during the year under review.
- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board at their meetings held on May 23, 2023.

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

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

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

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

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

3.3. Stakeholders Relationship Committee

3.3.1 Constitution and Composition

The Stakeholders Relationship Committee was constituted on February 6, 2018, in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The constitution of the Stakeholders Relationship Committee as on March 31, 2024, is as follows:

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

As per Regulation 20(3) of the Listing Regulations, Mr. Gautam Khandelwal, Chairperson of the Stakeholders Relationship Committee was present at the last Annual General Meeting to answer Shareholder queries.

3.3.2. Terms of Reference

The terms of reference of the Stakeholders Relationship Committee cover all the areas mentioned under Section 177 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The broad terms of reference of the Stakeholders Relationship Committee therefore include redressal of grievances of Shareholders, Debenture Holders and other Security Holders, analysis of reports received periodically from the Registrar and the Share Transfer Agent

("RTA"), Allotment of Shares, approval of transfer or transmission of Shares, Debentures or any other securities and dividend related matters. Detailed terms of reference of the Committee are available on the Company's website https://varroc.com/investors/board-of-directors-committees/.

3.3.3. Attendance

During the Financial Year ended on March 31, 2024, one (1) meeting of the Stakeholders Relationship Committee was held on May 23, 2023. The Attendance of the Directors at this Committee meeting is given below:

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

3.3.4 Compliance Officer

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

The Company Secretary

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

3.3.5 Pledge of shares

No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2024.

3.3.6 Details of Complaints from Security Holders

No. of complaints remaining unresolved as on 01.04.2023	0
No. of complaints received during the year	0
No. of complaints resolved during the year	0
No. of complaints unresolved as on 31.03.2024	0

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

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

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

3.4. Corporate Social Responsibility Committee

3.4.1 Constitution and Composition

The Corporate Social Responsibility Committee was constituted on April 7, 2014, in compliance with the provisions of Section 135 of the Companies Act, 2013.

The constitution of the Corporate Social Responsibility Committee as on March 31, 2024, is as follows:

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

3.4.2. Terms of Reference

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

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

3.4.3. Attendance

During the Financial Year ended on March 31, 2024, 2 (Two) meetings of the Corporate Social Responsibility Committee were held on May 22, 2023, and November 7, 2023. The Attendance of the Directors at these Committee meetings is given below:

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

3.5. Risk Management Committee

3.5.1 Constitution and Composition

The Risk Management Committee was constituted on April 3, 2019, in compliance with the provisions of Regulation 21 of the Listing Regulations.

The constitution of the Risk Management Committee as on March 31, 2024, is as follows:

Name of Director	Position in the Committee	Category
Mrs. Vijaya Sampath	Chairperson	Non – Executive, Independent Director
Mr. Vinish Kathuria	Member	Non – Executive, Independent Director
Mr. Tarang Jain	Member	Chairman and Managing Director
Mr. Arjun Jain	Member	Whole Time Director
Mr. K. Mahendra Kumar	Member	Group Chief Financial Officer
Mr. Lalit Dua*	Member and Convener	Head Internal Audit
Mr. Manoj Dhar**	Member and Convener	Chief Internal Auditor & Risk Officer

*Ceased to be Head – Internal Audit and Member of Risk Management Committee w.e.f. August 9, 2023.

** Appointed as a Member of Risk Management Committee w.e.f. August 9, 2023.

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

3.5.2. Terms of Reference

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

3.5.3. Attendance

During the Financial Year ended on March 31, 2024, 2 (Two) meetings of the Risk Management Committee were held on August 5, 2023, and January 30, 2024. The Attendance of the Directors at the said Committee meeting is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mrs. Vijaya Sampath	2	2	1
Mr. Vinish Kathuria	2	2	1
Mr. Tarang Jain	2	2	1
Mr. Arjun Jain	2	2	1
Mr. K. Mahendra Kumar	2	2	2
Mr. Lalit Dua*	1	1	0
Mr. Manoj Dhar**	1	1	1

*Ceased to be Head – Internal Audit and Member of Risk Management Committee w.e.f. August 9, 2023.

** Appointed as a Member of Risk Management Committee w.e.f. August 9, 2023.

Other Committee(s)

3.6. Finance Committee

3.6.1 Constitution and Composition

The Finance Committee was constituted on February 6, 2018. The constitution of the Finance Committee as on March 31, 2024, is as follows:

Name of Director	Position in the Committee	Category
Mr. Tarang Jain	Chairman	Chairman and Managing Director
Mr. K. Mahendra Kumar	Member	Group Chief Financial Officer
Mr. Arjun Jain	Member	Whole Time Director

3.6.2 Terms of Reference

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

3.6.3 Attendance

During the Financial Year ended on March 31, 2024, 7 (Seven) meetings of the Finance Committee were held on July 27, 2023, August 23, 2023, September 6, 2023, September 7,2023, September 29, 2023, November 7, 2023, and December 28, 2023. The Attendance of the members at the said Committee meetings is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	7	7	7
Mr. Arjun Jain	7	7	7
Mr. K. Mahendra Kumar	7	7	7

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

3.7.1 Constitution and Composition

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

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

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

3.7.2 Terms of Reference

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

3.7.3 Attendance

During the Financial Year ended on March 31, 2024, One (1) meeting of the Environmental, Social & Governance Steering Committee was held on February 7, 2024.

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

4. General Body Meetings

4.1 Annual General Meetings

During the preceding three years, the Annual General Meetings (AGMs) of the Company were held at its Registered Office at Plot No L-4, MIDC Industrial Area, Waluj, Aurangabad – 431 136, Maharashtra through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM").

The details AGMs for preceding three years are tabulated below:

AGM	Date and time of AGM	Details of Special Resolution(s) passed at the AGMs
33rd	August 25, 2021 11:00 A.M.	1. Approval for payment of remuneration to Mr. Tarang Jain, Chairman and Managing Director 2. Approval for payment of remuneration to Mr. Arjun Jain, Whole Time Director 3. Issue of Non-Convertible Debentures on Private Placement Basis
34th	September 29, 2022, 11:00 A.M.	1. Approval for payment of remuneration to Mr. Rohit Prakash, Whole Time Director of the Company 2. Approval for re-appointment and remuneration of Mr. Tarang Jain as Chairman and Managing Director of the Company 3. Approval for re-appointment and remuneration of Mr. Arjun Jain as Whole Time Director of the Company 4. Approval for re-appointment of Mr. Vinish Kathuria as Independent Director of the Company 5. Payment of remuneration to Non-Executive Directors (including independent directors but excluding Nominee Directors) of the Company 6. Issue of Non-Convertible Debentures on Private Placement Basis 7. Appointment of Mr. Dhruv Jain as Non-Executive Director of the Company
35th	September 13, 2023, 11:00 A.M.	1. To Issue of Non – Convertible Debentures on Private Placement Basis. 2. Appointment of Mr. Tarun Tyagi as Whole Time Director of the Company 3. To Consider and Approve the amendment in Articles of Association of the Company.

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

No Extraordinary General Meeting was held during the three years preceding the Financial Year 2023-24.

4.3 At the ensuing 36th Annual General Meeting to be held on Thursday, September 12, 2024, through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), One (1) Resolution is proposed to be passed as a Special Resolution.

4.4 Postal Ballot

No Resolution was passed through postal ballot during the Financial Year 2023-24.

No Special Resolution is proposed to be conducted through Postal Ballot along with the Annual General Meeting.

5. Means of Communication

The Company got listed on Stock Exchanges i.e., the National Stock Exchange and the BSE Limited on July 6, 2018. The Company recognizes the importance of two-way communication with shareholders and of giving a balanced reporting of results and progress and responds to questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting.

Some of the modes of communication are mentioned below:

A. Quarterly Results and Newspapers wherein Results are normally published

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

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

B. Presentations made to Institutional Investors or to the Analysts

Presentations made to the Institutional Investors/Analysts are intimated to the Stock Exchanges within the prescribed time period under the Listing Regulations and are simultaneously hosted on the website.

C. Website [Official News Releases]

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

D. Annual Report

The Annual Report containing inter-alia the Auditors' Report, Audited Standalone and Consolidated Financial Statements, Board's Report, Management Discussion and Analysis Report, Corporate Governance Report and other important information is circulated to Members and others entitled thereto. The Annual Report is also posted on the Website of the Company in a user-friendly downloadable form.

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

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

F. eXtensible Business Reporting Language (XBRL):

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

G. Designated Exclusive Email ID

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

6. General Shareholder Information

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

The Date, Time and Venue of the 36th Annual General Meeting of the Company is as under:

AGM	Details of Special Resolution(s) passed at the AGMs
Date:	Thursday, September 12, 2024
Time:	11:00 A.M.
Venue:	Through Video Conferencing / Other Audio-Visual Means as set out in the Notice convening the Annual General Meeting

6.2 Financial year

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

6.3. Cut Off Date:

6.3.1. Cut Off Date for determining shareholders who will be entitled to vote electronically on the resolutions mentioned in the Notice convening the Annual General Meeting by remote e-Voting and also during the meeting is Thursday, September 5, 2024.

6.3.2. Dividend: With a view to conserve resources for expansion of business, the Board of Directors has thought it prudent not to recommend any dividend for the Financial Year 2023-24.

6.4. Electronic Voting

6.4.1. Pursuant to Section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 36th Annual General Meeting will be made through electronic voting. The electronic voting ("E-Voting") period will be from 9:00 a.m. on Sunday, September 8, 2024, to 5:00 p.m. on Wednesday, September 11, 2024, both days inclusive.

6.4.2. The following Special Resolution is proposed to be passed through electronic voting for:

1. Issue of Non-Convertible Debentures on Private Placement Basis

6.4.3. Scrutiniser for electronic voting:

Mrs. Uma Lodha, Proprietor of Uma Lodha & Co, Practicing Company Secretaries (Membership No. 5363 and C.P. No. 2593) of Suite No. 507, 5th Floor, Highway Commercial Centre, I.B Patel Road, Goregaon East, Mumbai – 400 063 [Phone: 022-4013 1001/ 4013 1002 Email : uma@umalodha.com] been appointed as the Scrutiniser to scrutinise the remote electronic voting process and the e-voting at the Annual General Meeting in a fair and transparent manner and to give her report to the Chairman.

6.5. Listing on Stock Exchanges:

The Company has listed its Equity shares at the following Stock Exchanges on July 6, 2018, with the ISIN **INE665L01035:**

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

During the Financial Year 2021-22, the Company had issued 3,750 Secured Listed Non-Convertible Debentures of ₹ 1 million each aggregating to ₹ 3750 Million [OPT I Debentures bearing ISIN INE665L07024 of ₹ 1250 Million due for Redemption on June 17,2023 and OPT II Debentures bearing ISIN INE665L07032 of ₹ 2500 Million due for redemption on September 17, 2023] bearing coupon rate of 8.25% on a Private Placement Basis. During the Financial Year 2023-24, the Company has fully redeemed the said Debentures i.e., OPT I Debentures bearing ISIN INE665L07024 of ₹ 1250 Million were redeemed on June 16, 2023, and OPT II Debentures bearing ISIN INE665L07032 of ₹ 2500 Million were redeemed on September 14, 2023.

During the Financial Year 2023-24, the Company has further issued 25,000 Rated, listed, senior, Secured, redeemable, taxable, transferable, Non-Convertible Debentures of H 1 Lakh each aggregating to H 2500 Million bearing coupon rate of 8.60% on September 7, 2023, which will be repaid in 16 equal quarterly instalments beginning from December 07, 2024.

The Company has listed its NCDs on BSE Limited, details thereof are as below:

Sr. No.	Instrument	Redemption date	₹ in Million	Stock Code
NCDs issued in previous FYs				
1	Option - I Debentures 1,250 rated listed secured redeemable Non-convertible Debentures of the face value of ₹ 10,00,000 each	June 17, 2023 [Fully Redeemed on June 16, 2023]	1,250	973454
2	Option - II Debentures - 2,500 rated listed secured redeemable Non-convertible Debentures of the face value of ₹ 10,00,000 each	September 17, 2023 [Fully Redeemed on September 14, 2023]	2,500	973455
	Total		**3,750**	
NCDs issued in FY 2023-24				
1	Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each	September 7, 2028	2,500	975062
	Total		**2,500**	

6.6 Listing and Custodial Fees:

The Company has paid the requisite Annual Listing and Custodial Fees to the Stock Exchanges and Depositories viz. Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) , respectively for the Financial Years 2023-24 and 2024-25. Further, all requirements of the Stock Exchanges where the Shares of the Company are listed, including submission of Quarterly Reports and Certificates, were complied with.

6.7 Market Price Data

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

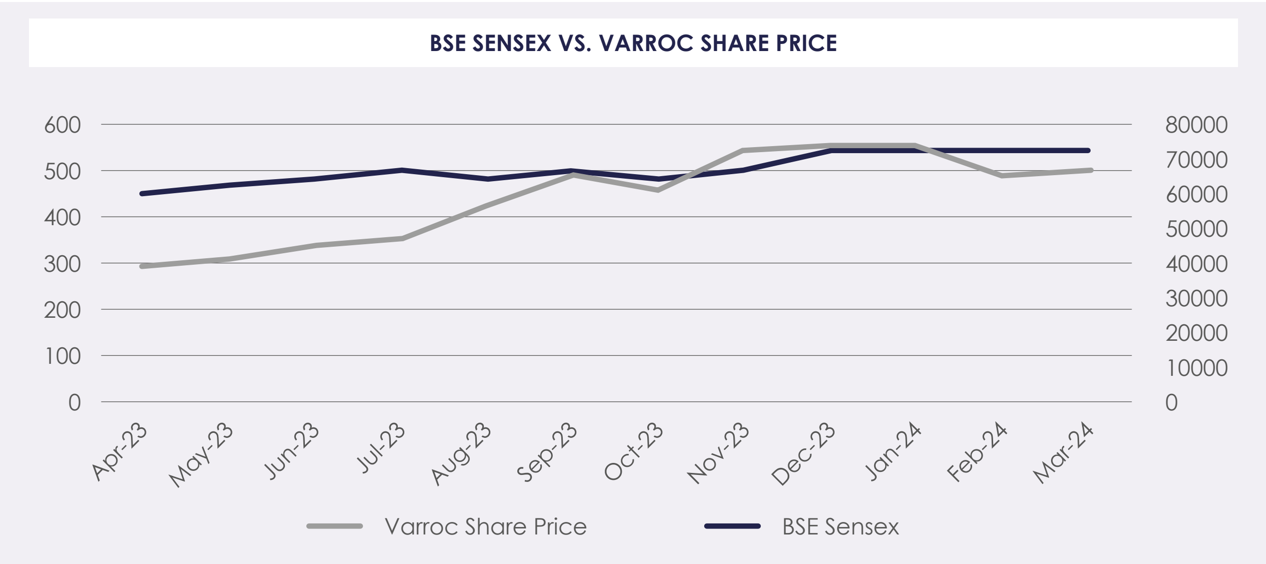
High and Low price of the Company's Equity Shares during each month of the last Financial Year 2023-24 at BSE and NSE are given below:

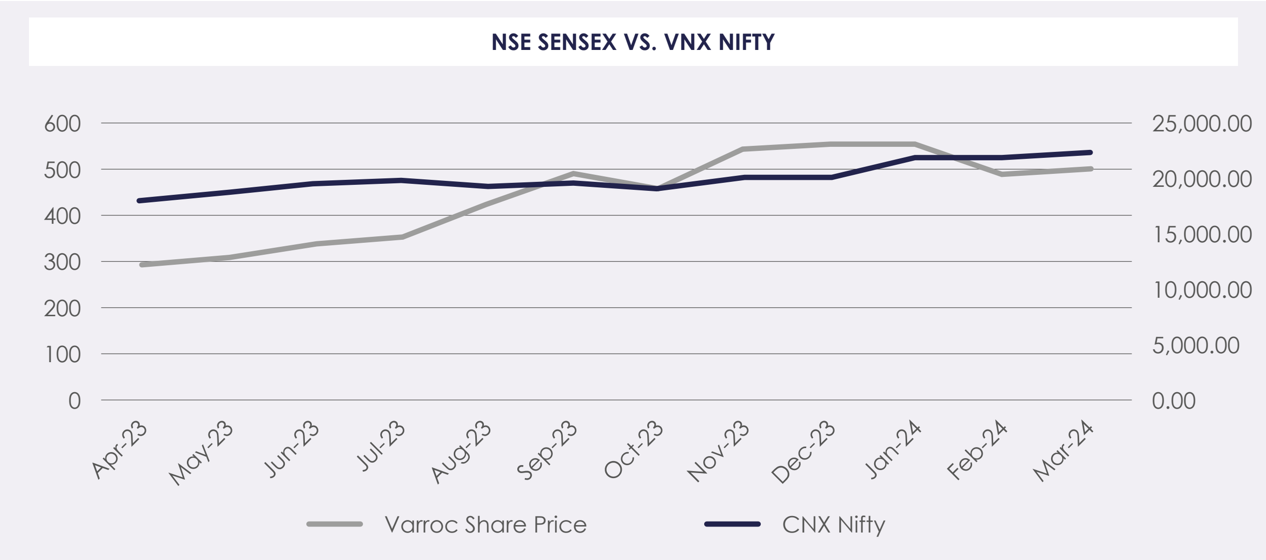
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2023	295.45	250.50	295.25	249.05
May, 2023	327.00	280.00	327.30	280.20
June, 2023	341.60	301.65	341.60	305.10
July, 2023	359.45	320.50	360.00	320.00
August, 2023	437.50	335.15	437.50	333.35
September, 2023	515.00	405.00	515.20	404.00
October, 2023	519.00	433.20	519.75	433.05
November, 2023	583.05	381.90	583.50	441.15
December, 2023	588.85	514.25	588.30	514.00

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January, 2024	577.00	511.95	577.00	510.00
February, 2024	631.00	477.60	632.00	482.75
March, 2024	520.80	432.20	521.00	433.00

Stock Performance vs BSE Sensex and NIFTY 50

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





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

6.8 Registrar to Issue and Share Transfer Agent

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

Link Intime India Private Limited
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083
Tel No: +91 22 49186000/6270
Fax: +91 22 49186060
Contact Person: Ms. Monali Nagwekar
link for any query:
https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html
Helpdesk Contact no. Tel: +9122-4918 6270/ 4918 6000
SEBI Registration No.: INR000004058

6.9 Share Transfer System

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

6.10 Distribution of Shareholding as on March 31, 2024

The below two tables provide details about the pattern of shareholding among various categories and the number of shares held, as on March 31, 2024.

No. of Shares held	No. of shareholders	% to total no. of shareholders	No. of shares	% to total no. of shares
1 - 500	84,853	96.5149%	44,51,483	2.90%
501 - 1000	1,594	1.8131%	12,33,897	0.80%
1001 - 2000	729	0.8292%	10,74,844	0.70%
2001 - 3000	214	0.2434%	5,37,169	0.35%
3001 - 4000	110	0.1251%	3,92,623	0.25%
4001 - 5000	88	0.1001%	4,11,246	0.26%
5001 - 10000	136	0.1547%	10,18,145	0.6664%
Above 10001	193	0.2195%	14,36,66,993	94.0313%
Total	**87,919**	**100%**	**15,27,86,400**	**100.00%**

Equity Shares

Category	Category of Shareholder	No. of fully paid-up Equity Shares held	%
(A)	**Promoter & Promoter Group**	11,45,89,800	75.00%
(B)	**Public**	3,81,96,600	25.00%
	Institutions:		
	Mutual Funds	1,47,64,148	9.66%
	Alternate Investment Funds III	8,32,955	0.55%
	FPI (Corporate) - I	63,01,432	4.12%
	FPI (Individual) - II	16,000	0.01%

Category	Category of Shareholder	No. of fully paid-up Equity Shares held	%
	FPI (Corporate) - II	1,29,717	0.08%
	NBFCs registered with RBI	11,500	0.00%
	Insurance Companies	29,60,433	1.94%
	Non-Institutions:		
	Individuals	1,06,64,501	6.98%
	Others:		
	Trust	66	0.00%
	LLP	39,638	0.03%
	HUF	5,18,432	0.34%
	NRIs	5,59,168	0.37%
	Clearing Members	13,736	0.01%
	Bodies Corporate	13,76,371	0.90%
	KMP	8,503	0.01%
(C)	**Non-Promoter – Non-Public**		
(C1)	Shares Underlying DRs	0	0.00%
(C2)	Shares Held by Employee Trust	0	0.00%
	Total	**152,786,400**	**100.00%**

6.11.1 Demat/Remat of shares

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

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

As at March 31, 2024, 100% Shares of the Company are held in demat form.

Month	Position as on March 31, 2024	
	No. of shares	% to total shareholding
Physical	0	0%
Dematerialised		
NSDL	14,58,37,892	95.45%
CDSL	69,48,508	4.55%
Total	**152,786,400**	**100.00%**

6.11.2 Convertible Instruments

During the Financial Year 2021-22, the Company had issued 3,750 Secured Listed Non-Convertible Debentures of ₹ 1 million each aggregating to ₹ 3750 Million [OPT I Debentures bearing ISIN INE665L07024 of ₹ 1250 Million due for Redemption on June 17,2023 and OPT II Debentures bearing ISIN INE665L07032 of ₹ 2500 Million due for redemption on September 17, 2023] bearing coupon rate of 8.25% on a Private Placement Basis. During the Financial Year 2023-24, the Company has fully redeemed the said Debentures i.e., OPT I Debentures bearing ISIN INE665L07024 of ₹ 1250 Million were redeemed on June 16, 2023, and OPT II Debentures bearing ISIN INE665L07032 of ₹ 2500 Million were redeemed on September 14, 2023.

During the Financial Year 2023-24, the Company has further issued 25,000 Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each aggregating to ₹ 2500 Million bearing coupon rate of 8.60% on September 7, 2023 (Date of Allotment), which will be due for redemption on September 7, 2028, with the tenor of 5 years from the date of Allotment with equal quarterly amortization starting from end of 15 months from the date of Allotment and coupon payments to be made on quarterly basis.

The Company has listed its NCDs on BSE Limited, details thereof are as below:

Sr. No.	Instrument	Redemption date	₹ in Million	Stock Code
NCDs issued in previous FYs				
1	Option - I Debentures 1,250 Rated Listed Secured Redeemable Non-convertible Debentures of the face value of ₹ 10,00,000 each	June 17, 2023 [Fully Redeemed on June 16, 2023]	1,250	973454
2	Option - II Debentures - 2,500 Rated Listed Secured Redeemable Non-convertible Debentures of the face value of ₹ 10,00,000 each	September 17, 2023 [Fully Redeemed on September 14, 2023]	2,500	973455
	Total		**3,750**	
NCDs issued in FY 2023-24				
1	Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each	September 7, 2028	2,500	975062
	Total		**2,500**	

The Proceeds from the issue had been utilised for the object stated in its offer document.

6.11.3 Foreign exchange risk and hedging activities

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

6.11.4 Plant Location

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

6.11.5 Address for correspondence

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

Link Intime India Private Limited, Registrar and Transfer Agent	Company
C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000/6270 Fax: +91 22 49186060 For requests pertaining to dematerialisation/ rematerialisation: **Contact person:** Ms. Monali Nagwekar link for any query: https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html Helpdesk Contact no. Tel: +9122-4918 6270/ 4918 6000	Registered Office: Plot No L-4, MIDC Industrial Area, Waluj, Aurangabad – 431136, Maharashtra **Contact person:** Mr. Ajay Kumar Sharma, Group General Counsel and Company Secretary Telephone: +91 (240) 6653662 Fax: +91 (240) 2564540 E-mail: investors@varroc.com

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

During the Financial Year 2023-24, the Company further issued 25,000 Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each aggregating to ₹ 2500 Million bearing coupon rate of 8.60% on September 7, 2023 (Date of Allotment), which will be due for redemption on September 7, 2028, with the tenor of 5 years from the date of Allotment with equal quarterly amortization starting from end of 15 months from the date of Allotment and coupon payments to be made on quarterly basis. The Proceeds from the issue had been utilised for the object stated in its offer document.

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

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

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

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

6.15. Unclaimed Shares

As on March 31, 2024, there were no shares of any Shareholder lying unclaimed with the Company or lying in the suspense account. The disclosure required to be given under Regulation 34(3) read with Clause F of Schedule V of the Listing Regulations are therefore not applicable.

7. Other Disclosures

a) Related Party Transactions

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

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

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

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

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

c) Whistle Blower Policy/Vigil mechanism

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

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

d) Disclosure of material transactions

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

Senior Management team of the Company have personal interest in any financial or commercial transactions that may have potential conflict with the interest of the Company.

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

S.N.	Name	Designation
1	Mr. K. Mahendra Kumar	Group Chief Financial Officer
2	Mr. Vidyadhar Limaye	Chief Operating Officer
3	Mrs. Kavita Kulkarni	CHRO
4	Mr. Sanjay Sharma	CSCO -SCM
5	Mr. Ajay Kumar Sharma	Group General Counsel & Company Secretary
6	Mr. Manoj Dhar	Chief Internal Officer & Risk Officer
7	Mr. Fritz Abraham*	Chief Technology Officer – Business I

* Appointed as a Chief Technology Officer of the Company w.e.f. April 1, 2024.

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

i. Orderly succession to Board and Senior Management:

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

ii. Compliance Certificate:

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

iii. Report on Corporate Governance:

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

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

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

  The Statutory Auditors of the Company have issued Audit Report on Audited Standalone for year ended March 31, 2024, with unmodified opinion. The Company has submitted a Declaration pursuant to Regulation 33 (3) (d) of the Listing Regulations regarding Unmodified Opinion of the Statutory Auditors on the Audit Report (Standalone)

  The Statutory Auditors of the Company have issued Audit Report on Audited Consolidated Financial Results for year ended March 31, 2024, with modified opinion. The Company has submitted a Statement on Impact of Audit Qualification (Qualified/modified opinion) with the Stock Exchanges.

- **Reporting of Internal Auditor:**

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

  Where the Board had not accepted any recommendation of any Committee of the Board, which is mandatorily required, in the relevant Financial Year, the same to be disclosed along with reasons thereof:

[Provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant Committee is required for undertaking any transaction under these Regulations.]

During the Financial Year under review, the Board of Director of the Company has considered and accepted all the recommendations made by the various Committees of the Board time to time.

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

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

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

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

Nil

vii. Disclosure of Agreements binding on the Company:

Nil

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

(₹ in Million)

Particulars	FY 2023-24
Statutory Audit fees (Including limited reviews)	17.93
Tax Audit Fee	-
Others (including Certifications)	4.13
Re-imbursement of expenses	0.43
Total	**22.49**

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

(₹ in Million)

a. Number of complaints filed during the Financial Year	1
b. Number of complaints disposed of during the Financial Year	-
c. number of complaints pending as on end of the Financial Year.	1

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

(₹ in Million)

S.NO.	Name of Subsidiary Company	Amount	Nature of transaction during the FY 2023-24
1	VarrocCorp Holding B.V., The Netherlands	(637.35)	Repayment received against Loans / Advances
2	Varroc Polymers Limited	(1,323.01)	Inter Corporate Deposit / Loan repaid by the Company
3	CarIQ Technologies Pvt. Ltd.	5.00	Loans / Advance given by the Company

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

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

S.N.	Non-Mandatory Provisions	Status
1	Maintenance of Non-Executive Chairman's Office	Not applicable as Chairman is Executive and also holding the position of Managing Director of the Company.
2	Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of shareholders.	The said information is available on Company's website.
3	Audit qualifications: The Company may move towards the regime of unqualified Financial Statements.	The Statutory Auditors of the Company have issued Audit Report on Audited Standalone for year ended March 31, 2024, with unmodified opinion. The Company has submitted a Declaration pursuant to Regulation 33 (3) (d) of the Listing Regulations regarding Unmodified Opinion of the Statutory Auditors on the Audit Report (Standalone) The Statutory Auditors of the Company have issued Audit Report on Audited Consolidated Financial Results for year ended March 31, 2024, with modified opinion. The Company has submitted a Statement on Impact of Audit Qualification (Qualified/modified opinion) with the Stock Exchanges.
4	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

j) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.

Entity	Varroc Polymers Limited (previously known as Varroc Polymers Pvt. Ltd.)
Date of Incorporation	June 28, 1995
Place of Incorporation	Mumbai, Maharashtra
Name of Statutory Auditors	SRBC & Co., LLP, Chartered Accountants, Pune (Registration Number 324982E/E300003)
Date of Appointment of Statutory Auditors	Appointed in the Annual General Meeting of Varroc Polymers Ltd. held on September 13, 2023, for a period of Five consecutive years from the conclusion of Twenty Eighth Annual General Meeting till conclusion of Thirty Third Annual General Meeting

Certificate on Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by **M/S. VARROC ENGINEERING LIMITED (CIN: L28920MH1988PLC047335) (the Company)** for the year ended March 31, 2024 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015) as referred in Regulation 15(2) of the listing regulations for the period from April 01, 2023 to March 31, 2024.

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

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

For Uma Lodha& Co.
Practicing Company Secretaries

Uma Lodha
Proprietor
C.P. No. 2593
Membership No.5363
UDIN: F005363F000264963
PEER REVIEW CERTIFICATE NO. 950/2020

Place: Mumbai
Date: April 29, 2024

Certificate of Non-Disqualification of Directors

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Tarang Jain	00027505	11/05/1988
2	Gautam Khandelwal	00270717	24/03/2011
3	Vijaya Sampath	00641110	20/07/2017
4	Marc Szulewicz	01911768	20/07/2017
5	Vinish Kathuria	01951771	06/02/2018
6	Arjun Jain	07228175	07/08/2018
7	Tarun Tyagi	10204986	09/08/2023
8	Dhruv Jain	09710448	01/09/2022

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

For Uma Lodha& Co.
Practicing Company Secretaries

Uma Lodha
Proprietor
C.P. No. 2593
Membership No.5363
UDIN: F005363F000264556
PEER REVIEW CERTIFICATE NO. 950/2020

Place: Mumbai
Date: April 29, 2024

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

Date: May 17, 2024

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

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

I, **Tarang Jain, Chairman & Managing Director** of Varroc Engineering Limited, hereby declare that all the members of the Board of Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company for financial year 2023-24.

For Varroc Engineering Limited

Tarang Jain
(Chairman & Managing Director)
DIN:00027505

Date : May 17, 2024

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

Sub: Compliance Certificate under Regulation 17(8) read with part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to certify that for the Financial Year ended March 31, 2024,

1. We have reviewed the Financial Results and Cash Flow Statement for the year as aforesaid and to the best of our knowledge and belief:

    (1) These Financial Results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    (2) these results together present a true and fair view of the listed entity's affairs and are in compliance with Indian Accounting Standards (Ind AS), applicable laws and regulations.

2. To the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct for Directors and Employees.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems for financial reporting of the Company and there were no deficiencies in the design or operation of such internal controls, and

4. We have indicated to the Auditors and the Audit committee:

    (1) that there were no significant changes in internal control over financial reporting during the year;

    (2) all significant changes in the accounting policy during the year, if any, have been disclosed in the notes in respective place in the Financial Statements; and

    (3) there were no instances of fraud of which we have become aware of.

For Varroc Engineering Limited

Tarang Jain
(Chairman & Managing Director)
DIN:00027505

For Varroc Engineering Limited

K. Mahendra Kumar
(Group Chief Financial Officer)

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

Indicator No.	Description	Response
1	Corporate Identity Number (CIN) of the Listed Entity:	L28920MH1988PLC047335
2	Name of the Listed Entity:	Varroc Engineering Limited
3	Year of incorporation:	05/11/1988
4	Registered office address:	Plot No. L-4, MIDC, Waluj, Aurangabad (M.S.) - 431136
5	Corporate Address:	Plot No. L-4, MIDC, Waluj, Aurangabad (M.S.) - 431136
6	E-mail:	investors@varroc.com
7	Telephone:	0240-26653700
8	Website:	www.varroc.com
9	Financial year for which the reporting is done:	FY 2023-24
10	Name of the Stock Exchange(s) where shares are listed:	NSE Limited, Mumbai BSE Limited, Mumbai
11	Paid-up Capital:	₹15,27,86,400
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	Mr. Ajay Kumar Sharma Group General Counsel & Company Secretary Email: investors@varroc.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together):	Standalone Basis
14	Name of assurance provider:	Not Applicable
15	Type of assurance obtained:	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacture and sale of automotive components	Electrical & electronics including lighting, metallic (transmissions & valves) supplying to Indian as well as Global OEMs and also in After Market	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product / Service	NIC Code	% of total Turnover contributed
1	Magneto, Regulator Rectifier CDI, Traction Motor and Traction Motor Controller	3607	21.08
2	Starter Motor	3609	5.42
3	Lighting, PCB, Dashboard, Switches, EV (TCMU, BMS, DC-DC), Catalytic convertor, ECU, sensors, Crankpin, Engine Valve, Handlebar Assembly, Seat Assembly, Air filter (2 & 3 wheelers)	3758	18.44
4	Automotive Lamps	29304	23.78
5	Steel Forged Products	3440	12.56
6	Plastic Moulded Parts	3139	4.21
7	Automobile parts in aftermarket	-	13.87

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	19	3	22
International	0	0	0

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	7
International (No. of Countries)	30

b. What is the contribution of exports as a percentage of the total turnover of the entity? 5.31%

c. A brief on types of customers:

Varroc's customers can broadly be classified into domestic and international OEMs and aftermarkets. Our customer base spans across various segments, including passenger cars, commercial vehicles, two-wheelers, three-wheelers, and off-highway vehicles. Our strong domestic and global presence allows us to efficiently meet the unique needs and requirements of our customers across various markets.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		EMPLOYEES				
1.	Permanent (D)	2546	2391	94%	155	6%
2.	Other than Permanent (E)	9	9	100%	0	0%
3.	**Total employees (D + E)**	**2555**	**2400**	**94%**	**155**	**6%**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
			WORKERS			
4.	Permanent (F)	1361	1316	97%	45	3%
5.	Other than Permanent (G)	7274	5755	79%	1519	21%
6.	**Total workers (F+G)**	8635	7071	82%	1564	18%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		Differently Abled Employees				
1.	Permanent (D)	0	0	-	0	-
2.	Other than Permanent (E)	0	0	-	0	-
3.	**Total differently abled employees (D+E)**	0	0	-	0	-
		Differently Abled Workers				
4.	Permanent (F)	0	0	-	0	-
5.	Other than Permanent (G)	0	0	-	0	-
6.	**Total differently abled workers (F+G)**	0	0	-	0	-

21. *Participation/Inclusion/Representation of women*

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.50%
Key Management Personnel	2	0	0%

22. *Turnover rate for permanent employees and workers*

(Disclose trends for the past 3 years)

Particulars	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	15.81%	23.87%	16.30%	32.22%	61.40%	34.38%	33.45%	54.21%	34.97%
Permanent Workers	0.19%	0.00%	0.18%	0.60%	0.00%	0.58%	1.19%	0.00%	1.15%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Varroc Polymers Limited	Subsidiary	100%	No
2	Durovalves India Private Limited	Subsidiary	72.78%	No
3	CarIQ Technologies Private Limited	Subsidiary	95%	No
4	Varroc European Holding B.V.	Subsidiary	100%	No
5	VarrocCorp Holding B.V.	Subsidiary	100%	No
6	Varroc Japan Co. Ltd.	Subsidiary	100%	No
7	Industria Meccanica E Stampaggio s.p.a.	Subsidiary	100%	No
8	Varroc Italy S.p.A.	Subsidiary	100%	No
9	Varroc Romania S.A.	Subsidiary	98.23%	No
10	Varroc Vietnam Co. Limited	Subsidiary	100%	No
11	Varroc Germany GmBH	Subsidiary	100%	No
12	Varroc Poland S.p.Z.o.o.	Subsidiary	100%	No
13	Varroc Electronics Romania S.r.l	Subsidiary	100%	No
14	Varroc Lighting Systems Bulgaria EOOD	Subsidiary	100%	No
15	Varroc Czech Republic SRO	Subsidiary	100%	No
16	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.	Subsidiary	100%	No
17	Varroc Dell'Orto Private Limited	Joint Venture	50%	No
18	Nuova CTS S.r.L., Italy	Joint Venture	50%	No
19	Varroc TYC Corporation BVI	Joint Venture	50%	No
20	Varroc TYC Auto Lamps Co. Limited, China	Joint Venture	50%	No
21	Chongqing Varroc TYC Auto Lamps Co. Limited, China	Joint Venture	50%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in Rs.): 45,34,96,39,192

(iii) Net worth (in Rs.): 9,10,46,27,282

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY2024 Current Financial Year			FY2023 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, the Corporate Social Responsibility Committee https://varroc.com/wp-content/uploads/bsk-pdf-manager/2022/12/CSR_Policy_VEL.pdf https://varroc.com/investors/compliance-officer/	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes, https://varroc.com/investors/compliance-officer/	0	0	NA	0	0	NA
Shareholders	Yes, The Stakeholder Relationship Committee https://varroc.com/investors/compliance-officer/	0	0	NA	0	0	NA
Employees and workers	Yes, Whistle blower policy can be refer for raising any concerns https://varroc.com/wp-content/uploads/bsk-pdf-manager/2022/12/Whistle_Blower_Policy-%20Varroc_Group.pdf Additionally, we have an intranet grievance mechanism to address grievances through Ethics Committee At plant, we have a dedicated HR SPOCs to address the concerns.	0	0	NA	2	0	Both cases were resolved with appropriate action

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY2024 Current Financial Year			FY2023 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Customers	At corporate, each employee is assigned an individual SPOC Yes, Whistle blower policy can be refer for raising any concerns https://varroc.com/wp-content/uploads/bsk-pdf-manager/2022/12/Whistle_Blower_Policy-%20Varroc_Group.pdf An individual Key Account Manager is assigned to each customer to ensure that their complaint and feedback are duly received and adequately addressed in a timely manner.	0	0	NA	0	0	NA
Value Chain Partners	Yes, Whistle blower policy can be refer for raising any concerns https://varroc.com/wp-content/uploads/bsk-pdf-manager/2022/12/Whistle_Blower_Policy-%20Varroc_Group.pdf Value chain partners are assigned with individual from supply chain department	0	0	NA	0	0	NA
Other (please specify)	NA	NA	NA	NA	NA	NA	NA

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy and GHG Emissions	Risk	GHG emissions from manufacturing contribute to climate change and global warming. Manufacturing processes often require substantial amounts of energy for machinery, heating, cooling, and lighting. Reducing GHG emissions and optimizing processes for better energy efficiency can enhance environmental stewardship, operational efficiency, and the company's overall sustainability.	Implementing strategic initiatives and working with plants to set and work towards energy conservation and renewable energy targets, wherever possible.	Negative
2	Employee Health and Safety	Opportunity	Ensuring a safe and healthy workplace is crucial for protecting the physical and mental health and wellbeing of employees. A safe work environment reduces the risk of accidents and occupational hazards at our plants and looks into OHS aspects for corporate centric employees	Implementation of a robust occupational health and safety management systems including ISO 45001:2018 and Environmental Management Systems ISO 14001:2018.	Positive
3	Labor Management and Human Rights	Opportunity	Labor management focuses on ensuring fair and ethical treatment of workers. Human rights and security issues including aspects like fair wages, working hours, and employee engagement, Prevention of Sexual Harassment (POSH), anti-discrimination, benefits like healthy meals are critical to creating a safe, inclusive, and respectful work environment for all employees and workers.	NA	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4.	Sustainable Supply Chain	Opportunity	A sustainable supply chain enhances operational efficiency, transparency, and reduces adverse environmental impacts throughout the entire value chain. By adopting sustainable sourcing, the company can also ensure it maintains business relationships with suppliers who are committed to upholding environmental and social standards. We have an ESG guidance in place to strengthen our upstream partners.	NA	Positive
5.	Diversity, Equity & Inclusion	Opportunity	Diversity, Equity, and Inclusion (DEI) is crucial for driving innovation and creativity and is a key aspect our workplace planning. Diversity across Gender, Age, background helps in decision-making, enhancing employee engagement and retention by fostering an inclusive work environment.	NA	Positive
6.	Regulatory Compliances	Risk & Opportunity	Maintaining high regulatory compliance standards can enhance corporate reputation, earning customer trust and loyalty. Non-compliance can lead to fines, legal penalties, and litigation, impacting financial health and reputation.	Evaluation of processes and assessment for compliance with relevant laws and regulations.	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7.	Business Ethics & Transparency	Risk & Opportunity	Ethical business practices and transparency help build trust among key stakeholders, facilitate ethical decision-making across all levels of the organization, and ensure that business is conducted with the utmost integrity and accountability.	Established a strong corporate governance structure and mechanisms to ensure that business operations are conducted in an ethical, transparent and sustainable manner, including protecting stakeholders' interests.	Positive

We have conducted a comprehensive materiality assessment during the financial year. The detailed methodology and results will be shared as part of our Sustainability Report.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	ESG Policy https://varroc.com/investors/corporate-governance/								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	IATF 16949 IS 14489 ISO 45001 ISO 14001 ISO 27001								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The company is in the process of setting goals for optimizing energy consumption specifically electricity, maximizing use of renewable energy, which meets all the government environmental and safety compliance and health & safety of employees and workers.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The company is in the process of setting a tracking mechanism for reviewing the performance against the set goals								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Please refer to "Message from CMD" in the annual report								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Tarang Jain, Chairman and Managing Director								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, The ESG Steering Committee is a three-member Committee chaired by Chairman and Managing Director and have two member Directors including one Independent Director which is responsible for decision making on sustainability related issues.								

10. Details of Review of NGRBCs by the Company:

Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against Above policies and follow up action	Director									Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Director									Quarterly								

11. Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not con-sider the principles mate-rial to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a po-sition to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/ No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

S. No.	Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
1	Board of Directors	2	During the year, the Board of Directors of the Company invested time on various key updates which includes Companies Act, 2013, SEBI LODR, Cyber Security, Business updates & ESG	100%
2	Key Management Personnel	2	During the year, the Key Managerial personnels of the Company invested time on various key updates which includes Companies Act, 2013, SEBI LODR, Cyber Security, Business updates & ESG	100%
3	Employees other than BODs and KMPs	77	SHIPS Values – Sincerity, Humility, Integrity, Passion & Self Discipline, Albus Competency Framework – 9 competencies for 3 categories: Business, Customer & People, Environment Health & Safety, POSH, Unconscious Bias, Creating Positive workplace, first time manager, Managerial Effectiveness, Building Resilience with Emotional Intelligence, Leading Business, Leading Teams, Think & Act Customer, Managing Customer Relationships, Stress Management, Time Management	73.83%
4	Workers	426	Behavioral Safety, MOST, POSH Awareness, Positive Work Culture, SHIPS, Albus, Safety, Technical, Firefighting, Health, etc.	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	No	NA	NA	NA	NA
Settlement	No	NA	NA	NA	NA
Compounding fee	No	NA	NA	NA	NA

	Non-Monetary			
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	No	NA	NA	NA
Punishment	No	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

S. No.	Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

We have an Anti-Corruption and Anti-Bribery policy which has been approved by the board and uploaded on the Company's website. The Anti-Bribery and Anti-Corruption Policy is designed to enforce a strict zero-tolerance stance towards bribery and corruption. The policy is applicable to all employees and associated parties across global operations. It outlines specific protocols against engaging in bribery through third parties, prohibits inappropriate gifts and hospitality, and bans political and certain charitable contributions unless approved. Additionally, it also includes measures such as monitoring and reporting systems to maintain transparency and accountability.

https://varroc.com/investors/corporate-governance/

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY2024	FY2023
Directors	0	0
KMPs	0	0
Employees	0	1
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY2024		FY2023	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

   No corrective action was required as the company had not received any complaints regarding the corruption and conflict of interests.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format.

	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Number of days of accounts payables	89.77	85.58

9. Openness of business Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY2024	FY2023
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	6%	5%
	b. Number of trading houses where purchases are made from	20	20
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	98%	98%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	100%	100%
	b. Number of dealers /distributors to whom sales are made	828	767
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers /distributors	16%	18%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	1.61%	0.92%
	b. Sales (Sales to related parties / Total Sales)	2.07%	1.44%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	99.54%	99.95%
	d. Investments (Investments in related parties / Total Investments made)	99.27%	100%

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in value chain covered by the awareness programmes
25	1. PPAP 2. FMEA 3. MSA 4. SPC 5. 5S 6. ISO 7. IATF Awareness 8. TPM Basics 9. 7 QC Tools 10. Root Cause Analysis 11. Poka-Yoka 12. Kaizen	65%

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.**

Yes, as per the Code of Conduct for the Board of Directors and Senior Management, the Directors and Senior Management shall not engage in any business, relationship or activity, which may be in conflict with the interests of the Company. In case there is likely to be a conflict of interest, they are required to make full disclosure of all the facts and circumstances thereof to the Board of Directors and the approval of the Board is required to be obtained.

PRINCIPLE 2

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

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)	Details of improvements in environmental and social impacts
R & D	0%	0%	-
Capex	0.55%	1.56%	Installation of rainwater harvesting structure, ETPs, STPs, LED lightings, improvement of health management systems

2. *a.* ***Does the entity have procedures in place for sustainable sourcing? (Yes/No)***

Yes, we have a Supplier Code of Conduct, which outlines our expectations and standards for suppliers to ensure that our business is conducted in a sustainable, transparent and ethical manner. Suppliers are expected to fully comply with this Code and to encourage their subcontractors and partners to do the same.

The current key focus areas of our Supplier Code of Conduct are more from social compliances which includes General Management, Child Labor & Employee Protection, Prevention of Sexual Harassment, Employee Rights and Participation, Working Hours and Overtime, Occupational Health and Safety, Environmental, Supply Chain Management, Anti-Bribery and Anti-Trust, and Grievance Redressal. Going forward we aim to include focus areas from Sustainability perspective.

As a part of this Code of conduct, suppliers are expected to ensure that their practices align with ethical sourcing principles, including the responsible sourcing of materials and goods.

b. ***If yes, what percentage of inputs were sourced sustainably?***

100% as per above definition

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Not applicable

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, the Extended Producer Responsibility (EPR) registration is currently in process and the application has been duly submitted to the Central Pollution Control Board (CPCB).

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency	Results communicated in public domain (Yes/ No) If yes, provide the web-link
	No Lifecycle Assessment was conducted in the reporting year				

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
Not applicable		

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Not Applicable	Not Applicable	Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Re-used	Recycled	Safely Disposed	Re-Used	Recycled (MT)	Safely Disposed (MT)
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate Product Category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

PRINCIPLE 3

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

Essential Indicators

1. a. ***Details of measures for the well-being of employees:***

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	2391	2391	100%	2391	100%	NA	NA	2391	100%	NA	NA
Female	155	155	100%	155	100%	155	100%	NA	NA	0	0%
Total	**2546**	**2546**	**100%**	**2546**	**100%**	**155**	**100%**	**2391**	**100%**	**0**	**0%**
Other than Permanent employees											
Male	9	0	0%	0	0%	0	0%	0	0%	NA	NA
Female	0	0	0%	0	0%	NA	NA	0	0%	0	0%
Total	**9**	**0**	**0%**	**0**	**0%**	**0%**	**0%**	**h 0**	**0%**	**0**	**0%**

b. ***Details of measures for the well-being of workers:***

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	1316	1316	100%	1316	100%	0	0%	1316	100%	0	0%
Female	45	45	100%	45	100%	45	100%	0	0%	45	100%
Total	**1361**	**1361**	**100%**	**1361**	**100%**	**45**	**4%**	**1316**	**97%**	**45**	**3%**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Other than Permanent workers											
Male	5755	5755	100%	5755	100%	0	-	0	0%	0	0%
Female	1519	1519	100%	1519	100%	1519	0%	0	0%	1519	100%
Total	**7274**	**7274**	**100%**	**7274**	**100%**	**1519**	**0%**	**0**	**0%**	**1519**	**21%**

c. ***Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –***

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Cost incurred on well- being measures as a % of total revenue of the company	0.100%	0.106%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2024 Current Financial Year			FY 2023 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	0%	Yes	NA	NA	NA
Others – please Specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, all the premises / offices of Varroc are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Separate toilets and ramps are available for differently able employees and workers.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, we have a Diversity, Equity, and Inclusion Policy which establishes the company's commitment to maintaining a discrimination-free workplace and promoting a culture of inclusivity among its workforce and stakeholders. The policy can be accessed here. Key aspects of the Diversity, Equity, and Inclusion Policy include:

- Proactive Measures: Identifying, analyzing, and addressing diversity challenges within the company and its units.
- Compliance: Ensuring all business units adhere to legal and regulatory obligations, as well as Varroc's Code of Business Conduct and Values.

- Eliminating Discrimination: Actively working to eliminate discriminatory behavior at all levels of the company.
- Harassment-Free Workplace: Guaranteeing a workplace free from harassment for all employees and service providers.
- Supportive Environment: Creating a supportive workplace where all individuals feel welcome, respected, and able to achieve their full potential, regardless of their diverse backgrounds.
- Adapting Processes: Modifying internal processes and procedures to support diversity and inclusion.
- Training and Awareness: Providing training to promote an understanding of diversity and inclusion, which aims to reduce judgmental behavior and enhance the efficiency of multicultural teams.
- Confidentiality in Complaints: Maintaining confidentiality in the whistleblower process, with strict controls on the disclosure of information related to complaints.
- Enforcement and Discipline: Enforcing policy observance rigorously, with potential disciplinary actions for violations which are conducted through a fair, impartial, and transparent investigation process.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	100%	82%	NA	NA
Female	100%	100%	NA	NA
Total	**100%**	**82%**	**NA**	**NA**

*No parental leaves were availed by the permanent workers

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No ***(If yes, then give details of the mechanism in brief)***
Permanent Workers	Yes, the Internal Committee (IC) conducts quarterly meetings and maintains a register for all the meeting details and incidences. We receive grievances and a thorough process is in place to investigate the grievances. Monthly 'Vartalap' meetings are also conducted with an idea to: • Address group of workers & update them with business challenges and other key issues. • Townhall Meetings: Conducted by Plant head to share the last month results & current/upcoming months challenges with the team
Other than Permanent Workers	Yes, workers can raise complaints through Internal Committee (IC) quarterly meeting, monthly 'Vartalap', townhall meeting or to HR representative. We take necessary measures to investigate and address the grievances.

	Yes/No *(If yes, then give details of the mechanism in brief)*
Permanent Employees	Yes, we have a Whistle Blower Policy in place that defines the mechanism to address all the grievances. For detailed mechanism, please visit our Whistle Blower Policy https://varroc.com/investors/corporate-governance/
Other than Permanent Employees	Yes, we have a Whistle Blower Policy in place that defines the mechanism to address all the grievances. For detailed mechanism, please visit our Whistle Blower Policy https://varroc.com/investors/corporate-governance/

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity

Category	FY2024			FY2023		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Permanent Employees						
Male	Not Applicable			Not Applicable		
Female						
Total						
Permanent Workers						
Male	1315	1224	93%	1332	1332	100%
Female	45	41	91%	44	42	95%
Total	**1361**	**1265**	**93%**	**1376**	**1376**	**100%**

8. Details of training given to employees and workers:

Category	FY 2024 (Current Financial Year)					FY 2023 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	2391	2391	100%	196	8%	2175	2175	100%	2175	100%
Female	155	155	100%	11	7%	174	174	100%	174	100%
Total	**2546**	**2546**	**100%**	**207**	**8%**	**2349**	**2349**	**100%**	**2349**	**100%**
Workers										
Male	1316	636	48%	504	38%	1332	1332	100%	1332	100%
Female	45	22	49%	13	29%	44	44	100%	44	100%
Total	**1361**	**658**	**48%**	**517**	**38%**	**1376**	**1376**	**100%**	**1376**	**100%**

9. **Details of performance and career development reviews of employees and worker:**

Category	FY 2024 (Current Financial Year)			FY2023 (Previous Financial Year)		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
Employees						
Male	2391	2250	94%	2175	2117	97%
Female	155	151	97%	174	142	82%
Total	**2546**	**2401**	**94%**	**2349**	**2259**	**96%**
Workers						
Male	1316	532	40%	1332	257	19%
Female	45	23	51%	44	32	73%
Total	**1361**	**555**	**41%**	**1376**	**289**	**21%**

10. **Health and safety management system:**

a. ***Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?***

Yes, we have implemented a comprehensive occupational health & safety management system across all our manufacturing plants as per ISO 45001:2018. This system covers all employees and workers, including those who are not directly employed by us but whose work or workplace is controlled by our organization. Our occupational health and safety management processes include occupational health and safety policy, guidelines, periodic training sessions, strong governance, comprehensive record and monitoring mechanism. We have established a digital portal for recording and monitoring occupational health and safety risks, compliances and other key aspects along with reporting the same to our senior management, for better monitoring and management of health and safety related issues and concerns.

b. ***What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?***

We conduct hazard identification and risk assessment as per the ISO 45001:2018 across our operations to assess all aspects of the work environment, processes, equipment, and the behavior of people for identifying any existing or potential sources of harm and key risks in our operations. Each plant has a dedicated EHS personal who is responsible for health and safety related issues. We regularly undertake workplace inspections and audits to identify any potential safety hazards related to machinery, workflow, and employee behaviors. Furthermore, daily safety walks, monthly self-assessment, cross-plant audits mechanisms help in identifying any potential work-related hazards. We also engage with employees to gather firsthand information about perceived risks and potential hazards they encounter in their daily operations.

c. ***Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)***

Yes, our workers can report health & safety-related concerns to their line supervisor & EHS Officer of the Plant. Further, worksite safety inspections and audits are conducted to ascertain work-related hazards. The process included multiple review meetings and surveys such as - Statutory Audits, Customer Audits, Layered Audit processes, evaluation and review mechanisms with respect to Management Review Meetings (MRM), monthly inspection meetings, transport committee reviews, safety committee meetings, plant stand down meeting etc. We have installed sign boards at all our plants mentioning the emergency phone number to be reported in case of occurrence of any safety related incident.

d. ***Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)***

Yes, all employees and workers of Varroc have access to non-occupational medical and healthcare services which include annual medical check-up, ESIC, access to a factory medical officer, and a health center.

11. Details of safety related incidents, in the following format:

Safety Incident /Number	Category*	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.185	0.55
Total recordable work-related injuries	Employees	0	0
	Workers	2	3
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We have a robust system in place for safety management practices as per the ISO-45001:2018 standard. We conduct HIRA at scheduled intervals and have a process to improve the controls on a continuous basis. We strictly follow the basic hierarchy of safety controls i.e., Eliminate, Substitute, Administrative controls, training, display of signboards and use of PPEs. The Company also has SOPs and work instructions defined for all processes. Further, we plan an annual training calendar, promotional activities at our site to ensure a safe workplace.

Monitoring and reviewing EHS performance is a cornerstone of our health and safety management practices. The Plant Head, Plant Safety Officer, each business unit has a dedicated EHS lead to convene daily to address ongoing safety issues and review current performance metrics. Monthly business review meetings consists of the Managing Director and CEO, prioritize safety discussions.

13. Number of Complaints on the following made by employees and workers:

Category	FY 2023-24 (Current Financial Year)			FY 2023* (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	521	21	NA	333	0	NA
Health & Safety	51	0	NA	60	0	NA

*We have updated the last year's response as we have changed the methodology to track and categorize the complaints on working conditions and health & safety

14. Assessments for the year:

Safety Incident /Number	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The company has taken corrective actions to address the significant risk. Hazard Identification and Risk Assessment (HIRA) is prepared, and SOPs are in place for addressing significant concerns. Fire protection and fire-fighting systems, LPG leakage sensors are installed, occupational health centers, first-aid kits at various touch points across all plants, fire alarm systems are provided with alert calling and manual call points in case of any emergency.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

a. Employees (Yes/No)	Yes
b. Workers (Yes/No)	Yes

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

All the suppliers are required to comply with applicable national laws and regulations as per our agreement. The following measures are taken by the company to ensure that the statutory dues are deducted and deposited by the value chain partners:

- Contractual obligations
- Regular Audits and Inspections
- Compliance Certifications
- Training and Awareness Programs
- Monitoring Systems
- Third-party Verification
- Documentation and Record-Keeping

3. **Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	0	0	0

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No

5. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

PQCDSM stands for Productivity, Quality, Cost, Delivery, Safety and Morale which is a monitoring system that we have put in place for all LTS suppliers. This assessment covers a total of 115 suppliers.

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Our stakeholder-centric approach allows us to identify and engage meaningfully with key internal and external stakeholder groups. We have identified our stakeholder groups as our senior management, employees, customers, communities and vendors to understand and categorize the various stakeholder groups that have a direct and immediate impact on the entity's operations and outcomes.

We analyze each stakeholder group to understand their potential impact and expectations with respect to our overall performance. We engage with various stakeholders through surveys, interviews, and focus groups to gain a nuanced understanding of their needs and expectations as well.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

S. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Shareholders	No	Annual General Meeting, Emails, Newspaper, Website, Press Release	Annual, Periodic	Business Performance, Business Updates
2	Investors (other than shareholders)	No	Investor Calls, meets, emails	Annual, Periodic	Business Performance, Financial Performance
3	Customers	No	Emails, SMS, advertisements, website, social media	Monthly	Offers
4	Employees and Workers	No	Town halls, training sessions, emails, intranet	Monthly	Employee engagement, talent management
5	Distributor channel partner	No	Email, SMS, advertisement, meetings, website	Monthly	Business target, incentives, query resolution
6	Vendors	No	Email, vendor meetings	Monthly	Query and grievance redressal
7	Community	Yes	On site CSR work meetings	Monthly	CSR Developmental Programmes

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

   The company has several avenues for stakeholder interaction on ESG parameters which includes internal designated ESG, EHS and compliance officers. Apart from that, ESG steering committee of the board is the apex body that reviews and approves the ESG policy, ESG goals and ESG performance and has oversight of the ESG activities in the Company. On ground implementation of the ESG policies are conducted and managed by individual operational committees for environment, social and governance.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

   Yes, stakeholder consultation is used in identifying and management ESG-related topics for the entity. As a part of the materiality assessment conducted during the financial year, we engaged with our key stakeholder groups to understand their perspectives on significant material environment, social and governance issues for the entity. We endeavor to maintain regular communication with our stakeholders through various stakeholder communication channels.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

   The Company's CSR initiatives focus on various aspects of community engagement and social welfare. The Company has been able to generate a positive social impact through its CSR initiatives that are focused on education, environmental restoration and sports training and welfare for youth athletes. The CSR strategy is approved and periodically reviewed by CSR Committee of the board and believes in Optimizing Impact on Communities and Beneficiaries. For more information, kindly refer to the Corporate Social Responsibility Report mentioned in Annual Report and Sustainability Report for project details.

PRINCIPLE 5 — **Businesses should respect and promote human rights**

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	2546	2546	100%	2349	2349	100%
Other than permanent	9	9	100%	9	9	100%
Total Employees	**2555**	**2555**	**100%**	**2358**	**2358**	**100%**
Workers						
Permanent	1361	1361	100%	1376	1376	100%
Other than permanent	7274	7274	100%	6658	6658	100%
Total Workers	**8635**	**8635**	**100%**	**8034**	**8034**	**100%**

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2023-24 Current Financial Year					FY 2022-23 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	2391	0	0%	2391	100%	2175	0	0%	2175	100%
Female	155	0	0%	155	100%	174	0	0%	174	100%
Other than permanent										
Male	9	0	0%	9	100%	8	0	0%	8	100%
Female	0	0	0%	0	0%	1	0	0%	1	100%
Workers										
Permanent										
Male	1316	0	0%	1316	100%	1332	87	7%	1245	93%
Female	45	0	0%	45	100%	44	2	4%	42	96%
Other than permanent										
Male	5755	5130	89%	625	11%	5979	5979	100%	0	0%
Female	1519	1423	94%	95	6%	679	679	100%	0	0%

3. **Details of remuneration/salary/wages**

a. Median remuneration / wages:

S. No.	Type of employee	Male		Female	
		Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
1	Board of Directors (BoD)	7	3,500,000	1	3,500,000
2	Key Management Personnel (KMP)	2	23,963,300	0	-
3	Employees other than BoD and KMP	2378	716,414	155	972,682
4	Workers	1316	43,292	45	43,078

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Gross wages paid to females as % of total wages	7.06%	7.09%

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, we have Human rights policy and a focal point to address any human rights issues that are reported wherever we do business. Our policy highlights our commitment to respecting the human rights of our workforce, communities and those affected by our operations wherever we do business. In addition to our policy framework, we have committees such as Health and Safety and POSH which are responsible for overseeing the human rights-related issues and concerns in our organization.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Yes, the following mechanisms provide the employees with secure and 24x7 access to raise their grievances and to report confidentially without any fear of retaliation regarding any breach of policies and procedures in the company:

a) Whistleblower Policy

b) Policy on Prevention and Redressal of Sexual Harassment at Workplace

c) Ethics Committee

6. Number of Complaints on the following made by employees and workers:

Category	FY2024 (Current Financial Year)			FY2023 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	1	1	IC team & External consultant investigated the case and the below action was concluded: This case is upheld as a case of sexual harassment and the respondent is liable for appropriate punishment as per the company's policy. Recommendations shared for Management to take actions: 1.Complainant: Verbal sensitization for displaying professional and personal boundaries at the workplace. 2. Respondent: Respondent should be penalized for his action – written apology and stoppage of increment for one year	2	0	Both the complaints that were filed during the year has been resolved

Category	FY2024 (Current Financial Year)			FY2023 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Discrimination at workplace	0	0	-	0	-	-
Child Labor	0	0	-	0	-	-
Forced Labor/ Involuntary Labor	0	0	-	0	-	-
Wages	0	0	-	0	-	-
Other human rights related issues	0	0	-	0	-	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY2024	FY2023
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	1	2
Complaints on POSH as a % of female employees / workers	0.06%	0.22%
Complaints on POSH upheld	1	0

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   The POSH policy is disclosed on the website. https://varroc.com/investors/corporate-governance/

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

   Yes, Human rights-related issues are covered under the General Purchase Agreement as part of legal compliance.

10. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100%
Forced/involuntary labor	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.**

    To avoid the need of corrective actions, we have implemented process and procedures in the initial stage of resourcing, hiring and deployment. In addition, recognizing the social consequences of discrimination, labor malpractices, harassment, we have regular training sessions arranged for all employees to foster a safe and respectful workplace .

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

   No business process was modified as a result of addressing any human rights-related grievances.

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

   Yes, we conduct human rights due diligence at all plants and offices to identify and address any potential human rights-related risks in our business operations. The focus areas of our human rights due diligence include fair wages, POSH-related trainings and assessment, grievances-related mechanisms, and workplace safety.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Yes, all the offices are accessible to differently abled employees, workers, and visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Within our premises, separate toilets and ramps are available to ensure accessibility to the differently abled.

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	Not Available
Discrimination at workplace	Not Available
Child labor	Not Available
Forced/involuntary labor	Not Available
Wages	Not Available
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   Not Applicable

PRINCIPLE 6

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

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2024 (Current Financial Year)	FY 2023* (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) - GJ	64,495	61,378
Total fuel consumption (B) – GJ	0	0
Energy consumption through other sources (C) – GJ	0	0
Total energy consumed from renewable sources (A+B+C) - GJ	**64,495**	**61,378**
From non-renewable sources		
Total electricity consumption (D) – GJ	355,308	343,582
Total fuel consumption (E) – GJ	72,451	79,121
Energy consumption through other sources (F) – GJ	0	0
Total energy consumed from non-renewable sources (D+E+F) – GJ	**427,759**	**422,703**
Total energy consumed (A+B+C+D+E+F) – GJ	**492,254**	**484,081**

Parameter	FY 2024 (Current Financial Year)	FY 2023* (Previous Financial Year)
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations) – GJ/INR Lakhs	1.08	1.22
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	1.09	1.23
Energy intensity in terms of physical output	NA	NA
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA

*The numbers are updated for the year FY2023 based on change in the methodology to track and categorize energy sources.

b. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

PAT scheme does not apply to Varroc Engineering Limited

3. ***a. Provide details of the following disclosures related to water, in the following format:***

Parameter	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	68,795	8,551
(ii) Groundwater	30,541	22,109
(iii) Third party water	122,653	226,029
(iv) Seawater / desalinated water	0	0
(v) Others	7,683	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	**229,672**	**256,689**
Total volume of water consumption (in kiloliters)	**230,224**	**248,687**
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) – KL/INR Lakhs	0.51	0.63
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	0.51	0.63
Water intensity in terms of physical output	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA

b. Indicate if any independent assessment/ evaluation/assurance has been carried out Water Withdrawal and Consumption data by an external for agency? (Yes/No)

No

4. **Provide the following details related to water discharged:**

Parameter	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third parties - CETP	19,853	17,031
- No treatment	0	0
- With treatment – please specify level of treatment	19,853	17,031
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kiloliters)	**19,853**	**17,031**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, we have successfully implemented Zero Liquid Discharge (ZLD) at our VEL VII plant and are actively exploring suitable opportunities to expand this initiative to our other plants.

6. ***a. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:***

Parameter	Please specify unit	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
NOx	mg/Nm3	29.04	35.46
SOx	mg/Nm3	16.64	16.32
Particulate matter (PM)	mg/Nm3	42.69	41.47
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA

b. Indicate if any independent assessment/evaluation/assurance has been carried out for Air Emissions (other than GHG Emissions) by an external agency? (Yes/No)

No

7. *a.* ***Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:***

Parameter	Please specify unit	FY2024 (Current Financial Year)	FY2023* (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	MtCO2e	5,156	5,591
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	MtCO2e	79,944	77,306
Total Scope 1 and Scope 2 emission intensity per million rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	MtCO2e/INR Lakhs	0.19	0.21
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP	MtCO2e/INR Lakhs	0.19	0.21
Total Scope 1 and Scope 2 emission intensity in terms of physical output	NA	NA	NA
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	NA	NA	NA

* The numbers are updated for the year FY2023 based on the updated calculation methodology as per the energy sources.

b. Indicate if any independent assessment/ evaluation/assurance has been carried out for total GHG Emissions by an external agency? (Yes/No)

No

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Yes, our team leads impactful GHG emission reduction projects, targeting key areas of energy conservation. We have carried out various projects to improve energy efficiency and reduce GHG emissions. Some thematic areas include:

1. Implementation of energy efficiency and conservation programs at all our manufacturing plants: we conduct energy audits each year for all the plants to identify opportunities of reducing consumption in the areas of compressed air systems, furnace heat loss, energy efficient lightings, etc. We are targeting 3% reduction in total energy consumption through the energy audits.

2. Renewable Energy Penetration: we have installed solar rooftop systems in more than 50% of our plants and plan to increase the capacity at all the plants in the coming years. We are also identifying new opportunities to expand the Solar/Wind Captive generation capacity.

3. Environmental Management Systems (EMS): we have implemented an online EMS which helps us track the energy consumption specifically for our products and optimize wherever possible.

4. Optimizing the value chain logistics to reduce our fuel consumption.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	1,150.79	802.18
E-waste (B)	8.12	4.56
Bio-medical waste (C)	0.04	0.03
Construction and demolition waste (D)	0	3.02
Battery waste (E)	22.41	1.76
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	640.63	610.00
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	7,488.95	7,094.00
Total (A+B + C + D + E + F + G + H)	9,310.94	8,515.55
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations) – MT/INR Lakhs	0.0205	0.021
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.0205	0.021
Waste intensity in terms of physical output	NA	NA
Waste intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Parameter	FY2023-24	FY2022-23
(i) Recycled	8,512.16	8,047
(ii) Re-used	83.68	112
(iii) Other recovery operations	1.18	0
Total	**8,597.02**	**8,159**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	161.40	91.84
(ii) Landfilling	84.74	111
(iii) Other disposal operations	339.13	0
Total	**585.27**	**202.84**

b. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

We have adopted waste management practices as per the statutory/regulatory requirements. For managing all the waste coming from the operations, we have clearly bifurcated the hazardous and non-hazardous waste categories and separate collection bins are installed at each shop/cell. Waste remains segregated at all times, including during transit from floor to the storage and within the storage area. Relevant vendors have been identified and authorized to safety and sustainably manage the waste. All waste except E-waste is disposed within 90 days.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No	Location of operations/ offices	Type of Operation	Whether the conditions of environmental approval /clearance are being complied with? (Yes/No)	If no, the reasons thereof and corrective action taken, if any.
Not Applicable				

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

S. No	Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable						

13 **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1	Water (Prevention & Control of Pollution) Act, 1974	No non-compliance	Nil	NA
2	Air (Prevention & Control of Pollution) Act, 1981	No non-compliance	Nil	NA
3	Environmental Protection Act, 1986	Proposed directions received on 17-05-23 (VEL VIII) & 27-04-23 (VEL V) Interim directions received on 22-02-24 (VEL VII)	No fine/ penalty	Compliance submitted and closed
4	Hazardous & Other waste (M and T M) Rules 2016	No non-compliance	Nil	NA

Leadership Indicators

1. ***a. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):***

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kiloliters)	NA	NA
Total volume of water consumption (in kiloliters)	NA	NA
Water intensity per rupee of turnover (Water consumed/turnover?	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) To Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kiloliters)	NA	NA

b. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

We are in the process of identifying material Scope 3 categories as per the GHG Protocol and we will report in coming years.

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)		NA	NA
Total Scope 3 emissions per rupee of turnover		NA	NA
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. **With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

   Not Applicable

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Energy Efficiency	1. Compressed air arresting and optimization 2. Lighting automation (motion sensor) 3. Demand load optimization 4. VFD for MTC pumps 5. Switching off standby pumps 6. LED lighting replacements	More than 1.4 million kWh units saved
2	Renewable Energy	1. Installed solar rooftop systems in more than 50% of the plants. 2. Currently, two of the plants have captive solar/wind plants capacity	Total RE generation in FY24 was more than 18 million kWh
3	Water – Zero Liquid Discharge	Implemented Zero Liquid Discharge systems in one of our plants using ETP systems	Reduction in effluent discharge
4	Water – Recycling for non-process requirements	We have installed STPs, Coolant Treatment Plants (CTPs) at all our plants for recycling the wastewater and the treated water are used for gardening related activities	More than 10% of water recycled/ reused

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   We have developed an OEP (Onsite Emergency plan) for all our sites to ensure business continuity and adequate preparedness for disaster management. We have identified potential emergencies and natural disasters such as Fire, Electrocution, Fall from height, Chemical/ Acid exposure, Earthquake, Natural disasters among others. In order to prevent any adverse impacts as a result of these events, we have incorporated the following key aspects:

   - Formed emergency response teams in our plants
   - Formed firefighting and first aider teams in our plants
   - Deployment of minimum number of first aiders and fire fighters at all times in the plant
   - Conducting mock drills and plant level evacuation at scheduled intervals

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

   Not Applicable

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   Not Applicable

PRINCIPLE 7

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

Essential Indicators

1. a. ***Number of affiliations with trade and industry chambers/ associations.***

6

b. ***List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.***

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Automobile Component Manufacturers Association (ACMA)	National
2	Society of Indian Automobile Manufacturers (SIAM)	National
3	Bajaj Auto Vendor Association (BAVA)	State
4	Confederation of Indian Industries (CII)	National
5	Marathwada Association of Small-Scale Industries & Agriculture (MASSIA)	State
6	Chamber of Marathwada Industries Association (CMIA)	State

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
Not Applicable	Not Applicable	Not Applicable

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/ Quarterly/Others – please specify	Web link, if available
	Not Applicable				

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes /No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No	Name of project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (in INR)
Not applicable						

3. **Describe the mechanisms to receive and redress grievances of the community.**

Since our beginnings, we have consciously and consistently intended to focus on the true CSR concept of protecting the communities we work in. We have identified our focus areas by considering three areas: promoting inclusivity, providing opportunities for social mobility, and empowering the community. Details of our CSR initiatives have been outlined in our Annual Report and Sustainability Report but briefly, we focus on youth empowerment in professional youth sports, in biodiversity conservation alongside our long-term dedicated partner EcoSattva who focuses on conservation through community engagement, and vocational education specifically to support the growing need for talent within the manufacturing industry through our tie up with TISS's bachelor's degree programmes. Grievance redressal mechanisms for these initiatives specifically are available through dedicated POCs for each project.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Parameter	FY 2024 (Current Financial Year)	FY2023 (Previous Financial Year
Directly sourced from MSMEs/ small producers	33%	35%
Directly from within India	95%	94%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.**

Location	FY 2024 (Current Financial Year)	FY2023 (Previous Financial Year
Rural	0%	0%
Semi-urban	5%	7%
Urban	92%	90%
Metropolitan	3%	3%

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not applicable	

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No	State	Aspirational District	Amount spent (in INR)
Nil	Nil	Nil	Nil

3. ***(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?***

   No, at present we do not have preferential procurement policy for suppliers from marginalized/vulnerable groups.

   (b) From which marginalized /vulnerable groups do you procure?

   No procurement was done from marginalized/vulnerable groups.

   (c) What percentage of total procurement (by value) does it constitute?

   0%

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not Applicable, as no intellectual properties owned based on traditional knowledge				

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. **Details of beneficiaries of CSR Projects:**

S. No	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1	**Varroc Vengsarkar Cricket Academy** (VVCA)	547	-
2	**Varroc Interschool & Industrial Cricket Tournament**	1,200	-
3	**Varroc Academy**	250	-

S. No	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
4	**BAJA SAEINDIA Event (PRIZE SPONSORSHIP)**	11,473 students (425 no. of engineering colleges)	-
5	**Kham River Eco Restoration Project**	Chh. Sambhajinagar District	-
6	**Abhinav Bindra Foundation Trust** (ABFT) – It focuses on uplifting the Indian Sporting Ecosystem	7	-

*For more information about CSR projects, please refer to Corporate Social Responsibility section of the Annual Report and Sustainability Report FY2023-24

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   All consumer complaints that are received are duly acknowledged on receipt and attended on priority to ensure resolution as per the defined schedule and organizational hierarchy. An individual Key Account Manager is assigned to each customer to ensure that their complaint and feedback are duly received and adequately addressed in a timely manner.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	Not Applicable
Recycling and/or safe disposal	Not Applicable

3. **Number of consumer complaints in respect of the following:**

	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. **Details of instances of product recalls on account of safety issues:**

   Not applicable since the products are sold to OEMs and aftermarkets and not directly to end customers. The primary control for the product is with the OEMs/customers.

	Number	Reasons for recall
Voluntary recalls	Not Applicable	Not Applicable
Forced recalls	Not Applicable	Not Applicable

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, the company has an internal IT policy that establishes guidelines for the company's employees and end users regarding the use of the company's IT facilities and services in the intranet. Data Security is one of the key elements of the policy, aimed at ensuring the confidentiality, integrity, and availability of data while effectively managing risks. Further, the company has obtained ISO 27001:2022 for managing and continually improving information security. Our corporate office in Pune has obtained Tisax certification.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   No such issues were reported in the current financial year; hence no corrective actions were required to be undertaken.

7. **Provide the following information relating to data breaches:**

   a. ***Number of instances of data breaches: 0***

   b. ***Percentage of data breaches involving personally identifiable information of customers: 0***

   c. ***Impact, if any, of the data breaches: 0***

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   All the products and services of Varroc Engineering can be accessed on the company website www.varroc.com

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   These are part specifications that are mutually agreed upon and signed off with customers.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Not applicable

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey about consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Not Applicable

Standalone Financial Statements

Independent Auditor's Report

To the Members of Varroc Engineering Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Varroc Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Recoverability of investment in VarrocCorp Holding BV, Netherlands (as described in note 7(a) of the standalone financial statements)	
The Company has equity investment of ₹7,771.23 Million (net of impairment provision of ₹ 1,894.35 Million) in its wholly owned subsidiary VarrocCorp Holding BV Netherlands ('VCHBV') as at March 31, 2024. As required by Ind AS 36 "Impairment of assets", at each reporting period end, management assesses the existence of impairment indicators for investments in subsidiaries. In case of existence of impairment indicators, the investment balances are subjected to impairment test. VCHBV holds equity investments in overseas subsidiaries - primarily in Italy, Vietnam, Romania and in China JV. Hence for impairment testing, the management has assessed the recoverability of the aforesaid underlying investments in overseas subsidiaries as at March 31, 2024. The recoverable amount of investment in each of these overseas subsidiaries is determined based on the discounted cash flow model which has sensitivity around key assumptions such as revenue growth, operating margins, discount rate, terminal growth rate and also involves significant judgements and estimates. We identified this as a key audit matter in our audit of the standalone financial statements considering the complexity in determining the recoverable amounts and the quantum of such equity investments as at March 31, 2024.	The audit procedures performed by us included the following: • Obtained an understanding, evaluated the design and tested the operating effectiveness of controls the Company has in relation to impairment assessment process; • Evaluated the competence and objectivity of Company's external specialist involved in the process; • Involved valuation specialist where necessary to assist in assessing the appropriateness of the valuation model including the independent assessment of the underlying key assumptions; • Performed sensitivity testing of key assumptions used; • Tested the arithmetical accuracy of the models; • Assessed the adequacy of disclosures in the standalone financial statements.
Allowability of deduction on write-off of loans to subsidiary under the Income Tax Act, 1961 (as described in note 24 of the standalone financial statements)	
During the year, the Company has derecognised (written-off) loans given to VCHBV and interest accrued on such loans aggregating to ₹ 11,796.44 million. These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) and were fully provided for during the period ended Sep 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium. During the current year, the management has considered the aforesaid write-off as an allowable business loss for computation of current tax provision, as it believes that these loans extended to VCHBV were in the nature of trade investments to advance the Company's business. Accordingly, the same has been considered as deduction for computation of current tax provision for the year ended March 31, 2024 and consequently a deferred tax asset of ₹ 2,448.03 million (after adjusting other taxable income pertaining to current financial year) has been recognized as at March 31, 2024.	The audit procedures performed by us included the following: • Read the tax opinions obtained by the Company from two senior tax counsels supporting the allowability of tax deduction on write-off of the said loans; • Involved tax experts to assist in evaluating the allowability of deduction on write-off of loans to subsidiary; • Assessed the forecast of future taxable income prepared by the management to test the recoverability of deferred tax asset as at March 31, 2024; • Assessed the adequacy of disclosures in the standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
We identified this as a key audit matter in our audit of the standalone financial statements considering quantum of the deduction and the significant judgement involved with respect to deductibility of such expenditure under Income tax Act, 1961.	
Derecognition of trade receivables under factoring arrangements (as described in Note 2A of the standalone financial statements)	
The Company enters into non-recourse factoring arrangements for its trade receivables with various banks/ financial institutions. As at March 31, 2024, the Company derecognised trade receivables amounting to ₹ 3,972.91 million. The Company derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of derecognition of trade receivables under the factoring arrangements is complex and requires judgement. Accordingly, this has been identified as a key audit matter in our audit of the standalone financial statements.	The audit procedures performed by us included the following: • Evaluated the assessment made by management in respect of transfer of substantially all risks and rewards of ownership of the financial assets under the factoring contracts; • Read samples of factoring contracts to understand the terms and assessed if they qualify as non-recourse agreements and further assessed the accounting treatment as per the requirements of Ind AS 109, "Financial Instruments"; • Assessed the adequacy of disclosures in the standalone financial statements for compliance with the relevant accounting standard requirements.
Testing of compliance with Debt covenants (as described in note 21 of the standalone financial statements)	
The total borrowings of the Company as at March 31, 2024 was ₹ 12,469.47 million. The Company has availed various long-term borrowings. These borrowings have loan covenants with respect to debt-equity, debt service coverage, etc. non-compliance of which gives right to the lender to demand immediate repayment of the loan and/or penal interest. We identified this as a key audit matter in our audit of the standalone financial statements considering the quantum of borrowings and the significant implications in case of non-compliance with debt covenants.	The audit procedures performed by us included the following: • Evaluated the Company's assessment and workings for compliance with the relevant debt covenants as applicable to various borrowings of the Company; • Tested the underlying calculations used in the Company's assessment of debt covenants for a sample of loan contracts; • In case of non-compliance with any of the debt covenants, we read the covenant waiver letters from lenders where available. In the absence of waiver letters, we assessed the consequent reclassification of the respective borrowing from non-current to current. • Assessed the adequacy of disclosures in the standalone financial statements for compliance with the relevant accounting standard requirements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section

143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matter stated in the paragraph (i)(vi) below on reporting under Rule 11(g);

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g);

(g) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 51 to the standalone financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 and 16 to the standalone financial statements;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. Based on our examination which included test checks, the Company has used SAP accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility in respect of the application and the same has operated throughout the year for all relevant transactions. We did not come across any instance of the audit trail feature being tampered with in respect of this accounting software. Normal/Regular users are not granted direct database or super user level access. However, changes to the database by a super user specifically does not carry the feature of a concurrent real time audit trail.

Further, in the absence of Service Organization Controls report in respect of payroll processing software which is operated by a third party service provider, we are unable to comment whether the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the payroll processing software or whether there were any instances of the audit trail feature being tampered with.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 24105754BKBZNK3214

Place of Signature: Pune
Date: May 17, 2024

Annexure 1

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

Re: Varroc Engineering Limited (the "Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a) (B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment were physically verified by management in accordance with a planned program of verifying them once in three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024 since the Company follows cost model for measurement after recognition for Property, Plant and Equipment and Intangible Assets.

(e) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification except for 'Packing material' which have been properly dealt with in the books of account. Inventories lying with third parties have been confirmed by them as at or near year end and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.

(b) As disclosed in note 22 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crore in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of account of the Company except for cases disclosed in Appendix A.

(iii) (a) During the year, the Company has provided loans to companies as disclosed below. According to the information and explanations given to us and audit procedures performed by us, the Company has not provided advances in the nature of loans or security or guarantee to companies, firms, Limited Liability Partnerships or any other parties

(₹ in million)

	Subsidiaries/ Joint Ventures/ Associates/ Others	Loans
Aggregate amount granted/ provided during the year	Subsidiaries	54.93
Balance outstanding as at balance sheet date pertaining to parties to whom loan provided during the year as above	Subsidiaries	30

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

(c) In respect of loans where schedule of repayment of principal has been specified, there was no amount which was due during the year. Further, in respect of loans repayable on demand, no principal amounts were demanded during the year. In respect of payment of interest where due dates are stipulated, the delays in receipt of interest as of balance sheet date are mentioned below:

Name of the Subsidiary	Amount (₹ in Million)	Due date	Extent of delay
VEHBV	0.56	30-04-2022	701
VEHBV	1.30	30-07-2022	610
VEHBV	1.63	30-10-2022	518
VEHBV	2.50*	30-01-2023	426
VEHBV	3.25*	30-04-2023	336
VEHBV	3.46*	30-07-2023	245
VEHBV	3.73*	30-10-2023	153
VEHBV	3.61*	30-01-2024	61
CarIQ Technologies Private Limited	0.77	31-03-2020	1461
CarIQ Technologies Private Limited	2.00	31-03-2021	1096
CarIQ Technologies Private Limited	2.06	31-03-2022	731
CarIQ Technologies Private Limited	2.25	31-03-2023	366

1. The above does not include Loans to Varroc Corp Holding B.V. Netherlands aggregating ₹11,388.30 million and interest aggregating ₹284.64 million which has been written off during the year.
2. * This interest on loans given to VEH B.V. Netherlands ("VEHBV") aggregating ₹16.55 Million has not been accrued in books of account post impairment of the underlying loans. The Loan amount granted to VEH BV, Netherlands aggregating ₹199.80 Million outstanding as at March 31, 2024 has been impaired.

(d) The following amounts are overdue for more than ninety days as at the balance sheet date from subsidiaries to whom loans have been granted, and reasonable steps have been taken by the Company for recovery of the overdue amount of interest.

Number of Cases	Principal Amount Overdue	Interest Overdue (Amount ₹ in million)	Total Overdue (Amount ₹ in million)
11	Nil	23.51*	23.51*

*Out of INR 23.51 Million of outstanding interest from subsidiaries, interest amount aggregating ₹12.94 Million has not been accrued in the books of account. Further, ₹3.49 Million has been impaired.

(e) During the year, the Company had extended repayment dates of loans to companies prior to those falling due.

Name of the Parties	Aggregate amount of overdues of existing loans renewed or extended or settled by fresh loans (₹ in million)	Aggregate overdue amount settled by extension of inter-corporate deposit to the same parties (₹ in million)	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
CarIQ Technologies Private Limited	25	5	83%

Other than the above, there were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) As disclosed in note 16 to the financial statements, the company has granted loans which are repayable on demand or without specifying terms of payment.

(₹ in million)

	Subsidiaries
Aggregate amount of loans –	
Repayable on demand	49.93*
Percentage of loans repayable on demand to the total loans	91%

*This excludes ₹199.80 million outstanding from VEH BV (100% subsidiary and hence a related party under section 2(76) of the Companies Act 2013) which has been impaired.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of loans and advances given, investments made and guarantees and securities given.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of its products and generation of electricity and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax cess and other statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues where applicable, which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount* (₹ In Million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	116.90	AY 2008-09 & AY 2013-14	Bombay High Court, Aurangabad Branch
Income Tax Act, 1961	Income Tax	93.64	AY 2015-16 to AY 2020-21	Commissioner of Income Tax (Appeals), Pune
The Central Excise Act, 1944	Excise Duty	118.23	FY 2011-16	Commissioner of Central Excise, Aurangabad
The Central Excise Act, 1944 & The Finance Act, 1994	Excise Duty and Service Tax	10.69	FY 2012-20	Various Tax authorities
Customs Act, 1962	Custom Duty	37.59	FY 2021-22	Commissioner of Customs Mumbai
Goods and Service Act, 2017	Goods and Service Tax	6.73	FY 2017 -18 and FY 2018 -19	Commissioner (Appeals)/ Sales tax Officer

* Against the litigation amounts as mentioned above, ₹38.64 Million have been deposited with the respective authorities. The amounts in the above table are excluding interest/penalties.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans including non-convertible debentures issued on private placement basis were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, the Company has used funds raised on short-term basis in the form of current borrowings/payables aggregating to ₹ 4,754.66 million for loans to overseas subsidiaries which have been written off (hence considered as long-term utilisation).

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries and joint ventures. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). Hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully, partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor / secretarial auditor or by us in Form ADT–4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 53 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37(b) to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37(b) to the financial statements.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 24105754BKBZNK3214

Place of Signature: Pune
Date: May 17, 2024

Appendix A referred to in Annexure 1 of our report clause 2b of even date

1. Inventories:

(₹ in million)

Sr No.	Quarter	Amount as per books of accounts	Amount as per stock statement	Difference	Reconciliation item: Components not considered for the purpose of reporting (Refer Note 1 of Note 22(a) of the standalone financial statement)	Reconciliation item: Post closure adjustments	Net difference
1	Q1	4,248.51	4,367.81	(119.30)	(119.30)	-	-
2	Q2	4,250.42	4,443.58	(193.16)	(193.16)	-	-
3	Q3	4,255.13	4,424.75	(169.62)	(169.62)	-	-
4	Q4	3,892.65	4,190.13	(297.48)	(297.48)	-	-

2. Trade Receivable:

Sr No.	Quarter	Amount as per books of accounts	Amount as per stock statement	Difference	Reconciliation item: Components not considered for the purpose of reporting (Refer Note 2 of Note 22(a) of the standalone financial statement)	Reconciliation item: Post closure adjustments (Refer Note 4 of Note 22(a) of the standalone financial statement)	Net difference (Refer Note 3 of Note 22(a) of the standalone financial statement)
1	Q1	3,295.97	5,713.00	(2,417.03)	(2,284.62)	-	(132.41)
2	Q2	2,707.11	6,041.15	(3,334.04)	(3,153.38)	-	(180.66)
3	Q3	2,231.92	5,748.93	(3,517.01)	(3,373.22)	-	(143.79)
4	Q4	2,262.89	5,565.23	(3,302.34)	(3,244.12)	(50.67)	(7.55)

3. Trade payables:

Sr No.	Quarter	Amount as per books of accounts	Amount as per stock statement	Difference	Reconciliation item: Components not considered for the purpose of reporting (Refer Note 5 of Note 22(a) of the standalone financial statement)	Reconciliation item: Post closure adjustments (Refer Note 6 of Note 22(a) of the standalone financial statement)	Net difference
1	Q1	7,686.14	6,218.92	1,467.22	1,472.59	(5.37)	-
2	Q2	7,803.17	6,570.61	1,232.56	1,246.39	(13.83)	-
3	Q3	7,602.29	6,365.43	1,236.86	1,249.39	(12.53)	-
4	Q4	7,274.22	6,465.45	808.77	808.77	-	-

Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Varroc Engineering Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Varroc Engineering Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2024:

- The Company has not received the Service Organization Controls report in respect of payroll processing which is managed by a third-party service organization. Hence, we are unable to obtain sufficient appropriate audit evidence whether there were adequate internal financial controls with respect to payroll processing at the service organisation and whether such internal financial controls at the service organisation were operating effectively.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2024, and the related Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2024 standalone financial statements of the Company and this report does not affect our report dated May 17, 2024, which expressed an unqualified opinion on those financial statements.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 24105754BKBZNK3214

Place of Signature: Pune
Date: May 17, 2024

Standalone Balance Sheet as at March 31, 2024

Particulars	Notes	As at March 31, 2024 (₹ in Million)	As at March 31, 2023 (₹ in Million)
ASSETS			
Non current assets			
Property, plant and equipment	3	8,702.93	9,711.63
Capital work-in-progress	3	180.63	374.84
Investment properties	4	113.20	118.69
Intangible assets	5	427.70	513.15
Intangible assets under development	5	10.18	56.44
Right-of-use assets	6	1,766.44	1,345.71
Investments in subsidiaries and joint venture	7	8,873.73	9,139.17
Financial assets			
Investments	8	64.96	0.15
Other financial assets	9	102.61	293.47
Income tax assets (net)		200.00	306.77
Deferred tax assets (net)	24	1,913.74	-
Other non-current assets	10	545.80	443.55
Total non-current assets		**22,901.92**	**22,303.57**
Current assets			
Inventories	11	3,892.65	4,109.16
Financial assets			
Investments	12	648.11	300.05
Trade receivables	13	2,262.89	3,033.16
Cash and cash equivalent	14	597.12	1,496.36
Other bank balances		2.53	45.06
Loans	16	39.34	479.58
Other financial assets	17	265.05	58.40
Other current assets	18	1,697.97	650.61
Total current assets		**9,405.66**	**10,172.38**
Total Assets		**32,307.58**	**32,475.95**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	19	152.79	152.79
Other Equity	20	8,951.83	5,390.95
Total equity		**9,104.62**	**5,543.74**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	21	5,439.69	1,473.78
Lease liabilities	6	1,329.89	890.84
Provisions	23	94.04	83.74
Deferred tax liabilities (net)	24	-	799.43
Other non-current liabilities	25	13.11	44.78
Deferred government grant	29A	163.37	144.39
Total non-current liabilities		**7,040.10**	**3,436.96**
Current liabilities			
Financial liabilities			
Borrowings	22	7,029.78	14,986.05
Lease liabilities	6	162.93	112.68
Trade payables			
total outstanding dues of micro enterprises and small enterprises	26	917.58	784.65
total outstanding dues other than micro enterprises and small enterprises	26	6,278.99	5,457.49
Acceptances		77.65	91.01
Other financial liabilities	27	882.25	1,048.87
Provisions	28	207.50	218.20
Other current liabilities	29	538.49	646.22
Deferred government grant	29A	67.69	150.08
		16,162.86	**23,495.25**
Total liabilities		**23,202.96**	**26,932.21**
Total equity and liabilities		**32,307.58**	**32,475.95**

Summary of material accounting policies 2

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune

Date : May 17, 2024

For and on behalf of the Board of Directors

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

Gautam Khandelwal
Director
(DIN 00270717)
Place : Pune

K. Mahendra Kumar
Group CFO
Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 17, 2024

Standalone Statement of Profit and Loss

for the year ended March 31, 2024

Particulars	Notes	For the year ended March 31, 2024 (₹ in Million)	For the year ended March 31, 2023 (₹ in Million)
Income			
Revenue from operations	30	45,349.63	39,401.96
Other income	31	382.77	306.97
Total income		**45,732.40**	**39,708.93**
Expenses			
Cost of materials consumed	32	29,869.75	26,696.99
Changes in stock of finished goods and work-in-progress	33	(62.79)	(158.22)
Employee benefits expense	34	4,200.22	3,661.84
Depreciation and amortization expense	35	1,981.62	1,944.49
Finance costs	36	1,791.48	1,700.98
Other expenses	37	6,850.45	6,318.35
Total expense		**44,630.73**	**40,164.43**
Profit/(Loss) before tax and exceptional items		**1,101.67**	**(455.50)**
Exceptional items (Refer Note 52)		**45.00**	**13,321.90**
Profit/(Loss) before tax		**1,056.67**	**(13,777.40)**
Income tax expense			
Current tax		-	137.66
Excess provision for tax relating to prior periods		195.88	(110.90)
Net current tax		**195.88**	**26.76**
Deferred tax		(2,709.88)	63.78
Total tax expense	39	**(2,514.00)**	**90.54**
Profit/(Loss) for the year		**3,570.67**	**(13,867.94)**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/(losses) of defined benefit obligation		(13.08)	2.81
Income tax relating to these items		3.29	(0.98)
Other comprehensive income for the year (net of tax)		**(9.79)**	**1.83**
Total comprehensive income for the year		**3,560.88**	**(13,866.11)**
Earnings per equity share [Nominal value per share: Re. 1 (Previous year : Re. 1)]	49		
Basic and Diluted		23.37	(90.76)
Summary of material accounting policies	2		

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune

Date : May 17, 2024

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Place : Pune

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Director
(DIN 00270717)
Place : Pune

K. Mahendra Kumar
Group CFO
Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 17, 2024

Standalone Statement of Cash Flows

for the year ended March 31, 2024

Sr. No	Particulars	Year ended March 31, 2024 (₹ in Million)		Year ended March 31, 2023 (₹ in Million)	
A	**Cash flow from operating activities**				
	Net profit/(loss) before tax		**1,101.67**		**(455.50)**
	Adjustments for:				
	Depreciation and amortization expense	1,981.62		1,944.49	
	Provision for doubtful debts / advances	3.42		16.40	
	Unrealised exchange loss on restatement of intercorporate loan	-		529.62	
	Realised exchange gain on intercorporate loan refund	(49.50)		-	
	Finance costs	1,791.48		1,700.98	
	Rent income from investment property	(44.21)		(28.28)	
	Profit on sale of investments current Investment	(11.08)		-	
	Provisions/liabilities no longer required written back	(1.08)		(34.07)	
	(Profit)/Loss on sale of Property, plant and equipment / Intangible assets	(10.97)		(3.26)	
	Increase in surrender value of key man insurance	(27.85)		(17.39)	
	Dividend income	(125.79)		(0.01)	
	Interest income	**(41.94)**	**3,464.10**	**(148.77)**	**3,959.71**
	Operating profits before working capital changes		**4,565.77**		**3,504.21**
	Adjustments for changes in working capital				
	Trade receivables	921.03		771.01	
	Trade payables	942.15		(1,359.32)	
	Inventories	216.51		(492.83)	
	Other financial assets	(47.40)		7.07	
	Other current and non current asset	(1,171.88)		19.52	
	Provisions	(13.48)		21.00	
	Other financial liabilities	68.84		50.23	
	Other current and non current liabilities	(139.40)	776.37	(21.83)	(1,005.15)
	Cash generated from operations		**5,342.14**		**2,499.06**
	Income tax paid (net of refund)		(89.11)		(206.01)
	Net cash flow generated from operating activities		**5,253.03**		**2,293.05**
B	**Cash flow from investing activities**				
	Purchase of current investments	(336.98)		(300.05)	
	Purchase of property, plant and equipment	(927.80)		(1,395.04)	
	Dividend received	125.79		0.01	
	Interest received	39.65		5.47	
	Proceeds from sale of Non current investment	-		65.94	
	Proceeds from sale of property, plant and equipment	454.03		13.54	
	Rent received on investment property and others	44.21		28.28	
	Intercorporate Loans to subsidiaries	(54.93)		(2,632.18)	
	Intercorporate loan repaid by subsidiaries	687.28		-	
	Fixed deposits (placed)/ redeemed (net)	40.78		(59.40)	
	Investment in subsidiary	(69.97)			
	Purchase of non current Investment	(64.81)		-	
	Net cash used in investing activities		**(62.75)**		**(4,273.43)**

Standalone Statement of Cash Flows

for the year ended March 31, 2024

Sr. No	Particulars	Year ended March 31, 2024 (₹ in Million)		Year ended March 31, 2023 (₹ in Million)	
C	**Cash flow from financing activities**				
	Repayment of long term borrowings	(6,799.16)		(1,389.93)	
	Proceeds from long term borrowings	4,500.00		3,171.07	
	Proceeds from /(repayment of) short term borrowings (net)	(368.19)		978.24	
	Payment of principal portion of lease liability	(135.41)		(103.32)	
	Payment of interest on lease liability	(118.15)		(54.57)	
	Intercorporate Deposit/Loan taken from Subsidiaries (gross)	16,178.19		7,391.20	
	Intercorporate Deposit/Loan repaid to Subsidiaries (gross)	(17,501.20)		(5,311.00)	
	Interest paid	(1,845.60)		(1,626.01)	
	Net cash flow generated/(used in) from financing activities		**(6,089.52)**		**3,055.68**
	Net (decrease)/increase in cash and cash equivalents		**(899.24)**		**1,075.30**
	Opening cash and cash equivalents		**1,496.36**		**421.06**
	Closing cash and cash equivalents		**597.12**		**1,496.36**
	Cash and cash equivalents consists of				
	Cash in hand (refer note 14)		0.02		0.01
	Current accounts (refer note 14)		90.38		246.35
	Deposit with maturity of less than 3 months (refer note 14)		506.72		1,250.00
			597.12		**1,496.36**

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.

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune

Date : May 17, 2024

For and on behalf of the Board of Directors

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

Gautam Khandelwal
Director
(DIN 00270717)
Place : Pune

K. Mahendra Kumar
Group CFO
Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 17, 2024

Standalone Statement of changes in equity

for the year ended March 31, 2024

A Equity share capital

(₹ in Million)

Particulars	Note	No of Shares		Equity Share Capital	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Balance at the beginning of the year	19	15,27,86,400	15,27,86,400	152.79	152.79
Add:- issue of new shares		-	-	-	-
Balance at the end of the year		**15,27,86,400**	**15,27,86,400**	**152.79**	**152.79**

B Other equity

(₹ in Million)

Particulars	Note	Retained earnings	General reserve	Capital reserve	Securities premium	Total
Balance at April 1, 2022	20	4,273.23	1,474.38	194.07	13,315.38	19,257.06
Loss for the year		(13,867.94)	-	-	-	(13,867.94)
Remeasurement of defined benefit obligation (net of tax)		1.83	-	-	-	1.83
Balance at March 31, 2023	20	**(9,592.88)**	**1,474.38**	**194.07**	**13,315.38**	**5,390.95**
Profit for the year		3,570.67	-	-	-	3,570.67
Remeasurement of defined benefit obligation (net of tax)		(9.79)	-	-	-	(9.79)
Balance at March 31, 2024	20	**(6,032.00)**	**1,474.38**	**194.07**	**13,315.38**	**8,951.83**

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune

Date : May 17, 2024

For and on behalf of the Board of Directors

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

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Director
(DIN 00270717)
Place : Pune

K. Mahendra Kumar
Group CFO
Place : Pune

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Date : May 17, 2024

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

1 Corporate information

Varroc Engineering Limited (the "Company") (CIN L28920MH1988PLC047335) is engaged in the business of manufacturing of automobile components. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at L-4 M.I.D.C Area, Waluj, Aurangabad-431136. The Company has 15 manufacturing plants, 2 research and development centres, 3 wind power and 1 solar power projects in India and caters to customers both in the domestic and international markets. The above financial statements were authorised for issue in accordance with a resolution of the Board of directors on May 17, 2024.

2 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

(i) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Act. All amounts included in these financial statements are reported in Million of Indian rupees (₹ in Million) except earnings per share data and unless stated otherwise. All amounts in the financial statements have been rounded off to the nearest million or decimal thereof.

(ii) Use of estimates and assumptions

The preparation of the financial statements requires the management to make certain judgments, estimates and assumptions. It also requires the management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2A.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value (refer accounting policy on financial instruments for details); and
- defined benefit plans, plan assets measured at fair value (refer accounting policy on defined benefit plans for details);"

(iv) Current/non-current classification:

All assets and liabilities, other than deferred tax assets and liabilities, have been classified as current or non-current as per the company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities

A) Property, plant and equipment

Tangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred."

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

(₹ in Million)

Class of Asset	Useful life considered
Factory buildings	30 years
Office buildings	60 years
Plant and machinery, factory equipment, tools and electrical installation/fittings	8-12 years
Moulds	2-7 years
Computers	3-6 years
Vehicles	2-5 years
Furniture and fixtures	5-10 years
Office equipment	2-5 years

The useful lives have been determined based on technical evaluation done by the management's expert which are different than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. Depreciation on additions is provided on pro rata basis from the date of such additions. The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses). Capital work in progress is stated at cost, net of accumulated impairment loss, if any. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 30-50 years. The useful life has been determined based on technical evaluation performed by the management's expert. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life of the asset are

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(i) Computer software

Software is amortised over a period of 3 years."

(ii) Technical know how

Expenditure on acquiring technical know-how (including income tax and R & D Cess) is capitalised and amortised over a period of six years.

(iii) Non compete fee

Non compete fee paid is capitalised and amortised over a period of 5 years.

(iv) Intellectual Property Right

Intellectual property right pertains to amount paid to acquire right to use technology for engine components which has been capitalised and amortised over a period of 10 years.

(v) Research and development

Research costs are expensed as incurred Development costs on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the period of development, the asset is tested for impairment annually. Capitalised development costs are amortised over period of underlying project life which is generally 3 years."

B) Investments in subsidiaries/joint venture

The Company accounts for its investments in subsidiaries/joint venture at cost less accumulated impairment losses (if any) in its separate financial statements. The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost. (Refer Note 2.D related to Impairment of Non-Financial Assets).

C) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right of use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and building : 3 to 15 years
- Plant and machinery : 3 to 15 years
- Motor vehicles and other equipment : 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (D) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset."

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term."

D) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used. Impairment losses of non-financial assets are recognized in the statement of profit or loss. "

E) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. There are no general and specific borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset during the year.

F) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials, Stores and spare-parts, Loose tools and Packing materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

b) Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

c) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

d) Duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) are included in the value of inventory.

G) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue. Government grants relating to purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue."

H) Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

for those goods or services. Amounts disclosed as revenue are net of goods and service tax (GST).

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 120 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

Warranty obligations

The Company typically provides warranties for general repairs of defects as per terms of the contract with customers, . These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (L) Provisions.

Sale of services

Income from services is recognised on the basis of time/work completed as per contract with the customers. The Company collects goods and service tax (GST) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy, refer note Q - Financial instruments – Financial assets at amortised cost.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

Wind/solar power generation

Income from the wind / solar power generation is recognised when earned on the basis of contractual arrangements with the buyers.

Export Incentives

Income from duty drawback and export incentives is recognised on an accrual basis.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

I) Foreign currency translation

The Company's financial statements are presented in INR, which is also the functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates t the dates of the initial transactions.

J) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur."

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and

(b) defined contribution plans such as provident fund

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company makes contributions to funds for certain employees to the regulatory authorities. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available."

(iv) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

K) Income tax

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority."

L) Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost."

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually."

Coupon scheme provision

Provision for coupon scheme is recognised based on historical coupon redemption information and any recent trends towards supplies pertaining to other than OEMs. These coupons are expected to be redeemed within 2-3 years.

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

M) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the reporting period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources."

(ii) Diluted earnings per share

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

N) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Bank overdraft are shown within borrowings in current liabilities in the balance sheet.

O) Segment reporting

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

P) Financial Instruments

Financial Assets

Initial Recognition and measurement Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies for Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met: (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Company. After initial measurement, such

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables."

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L."

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e. removed from the Company balance sheet) when:

The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ""pass-through"" arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:-

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Trade receivables or any contractual right to receive cash or another financial asset The Company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition."

In respect of other financial assets E.g.: debt securities, deposits, bank balances etc), the Company generally invests in instruments with high credit rating and consequently low credit risk. In the unlikely event that the credit risk increases significantly, from inception of investment, lifetime ECL is used for recognising impairment loss on such assets.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the company is in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortized cost, contract assets:

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings."

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss."

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Fair value measurement

The Company measures financial instruments, such as, derivatives and investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use."

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. Disclosures for valuation methods, significant estimates and assumptions (Note 2A) Quantitative disclosures of fair value measurement hierarchy (Note 43) Financial instruments (including those carried at amortized cost) (Note 44, 45 and 46)"

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

1Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment 2Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment Hedges of a net investment in a foreign operation- At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Company uses derivative contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Q) Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

R) Changes in accounting policies and disclosures

New and amended standards

Ministry of Corporate Affairs ("MCA") have notified certain amendments to the existing Ind AS which were applicable for the first time with effect from April 01, 2023. The Company has considered its impact on the disclosures of accounting policies.

Amendments to Ind AS 1 - Disclosure of Accounting Policies - The amendments aim to help the entities to provide the accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding a guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's standalone financial statements.

The Company also considered impacts of Amendments to Ind AS 8 - Definition of Accounting Estimates and Amendment to Ind AS 12 - Deferred tax related to assets and liabilities arising from single transaction. These had no impact on the Company's standalone financial statements.

Recent accounting pronouncements

Standards issued but not yet effective Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2024."

Note 2A: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, following are significant judgements made by the management:

1) De-recognition of trade receivables under factoring arrangements

The Company enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. The Company derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of de-recognition of trade receivables under the factoring arrangements is complex and requires judgement.

2) Allowability of deduction on write-off of loans to subsidiary under the Income Tax Act, 1961

During the year, the Company has derecognised (written-off) loans given to VCHBV and interest accrued on such loans aggregating to ₹ 11,796.44 million. These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) and were fully provided for during the period ended Sep 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium. During the current year, the management has considered the aforesaid write-off as an allowable business loss for computation of current tax provision, as it believes that these loans extended to VCHBV were in the nature of trade investments to advance the Company's business. Accordingly, the same has been considered as deduction for computation of current tax provision for the year ended March 31, 2024 and consequently a deferred tax asset of ₹ 2,968.93 million has been recognized as at March 31, 2024.

Significant management judgement involved with respect to deductibility of such expenditure under Income tax Act, 1961 considering the same as business expenditure (refer note 24).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future

These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about gratuity obligation are given in Note 42.

4) Deferred taxes

At each reporting date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize/carry forward deferred tax assets. This assessment requires the use of significant estimates/assumptions with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income change or if changes in current tax regulations are enacted. (Refer note 23 for details)

5) Provision for warranty

Warranties are provided for a specified period of time. The estimated liability for warranties is recorded when the products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and our estimates regarding possible future incidence based on actions on product failures. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Actual claims incurred in the future may differ from the management's original estimates, which may materially affect warranty expenses.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 3 : Property, plant and equipment

For the year ended March 31, 2024

(₹ in Million)

Particulars	Gross carrying amount				Accumulated depreciation				Net Carrying amount	
Asset Class	As at April 1, 2023	Additions	Disposals	As at March 31, 2024	As at April 1, 2023	Depreciation charge for the year	Disposals	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Freehold land	69.12	-	-	**69.12**	-	-	-	**-**	**69.12**	69.12
Factory buildings	2,394.05	21.12	33.38	**2,381.79**	713.36	134.82	31.28	**816.90**	**1,564.89**	1,680.69
Office buildings	792.63	6.65	-	**799.28**	106.16	17.45	-	**123.61**	**675.67**	686.47
Plant and machinery **	13,621.56	742.49	1,026.75	**13,337.30**	6,834.53	1,176.60	595.09	**7,416.04**	**5,921.26**	6,787.03
Electrical installations	324.47	60.19	0.22	**384.44**	202.32	33.73	0.22	**235.83**	**148.61**	122.15
Computers	265.02	8.04	3.97	**269.09**	192.25	31.26	3.97	**219.54**	**49.55**	72.77
Mould and dies	555.49	53.79	6.50	**602.78**	452.34	55.51	6.41	**501.44**	**101.34**	103.15
Electrical fittings	108.66	1.91	5.28	**105.29**	55.80	9.65	4.82	**60.63**	**44.66**	52.86
Vehicles	64.50	36.21	5.16	**95.55**	50.80	9.28	3.73	**56.35**	**39.20**	13.70
Furniture and fixtures	286.26	8.63	65.86	**229.03**	184.68	33.37	58.63	**159.42**	**69.61**	101.58
Office equipments	127.36	7.93	1.40	**133.89**	105.25	10.93	1.31	**114.87**	**19.02**	22.11
Total	**18,609.12**	**946.96**	**1,148.52**	**18,407.56**	**8,897.49**	**1,512.60**	**705.46**	**9,704.63**	**8,702.93**	**9,711.63**

** Disposals made during the year pertain to sale and leaseback transaction of certain plant and machineries amounting to ₹ 645.75 million (net off accumulated depreciation of ₹ 249.17 million) to Varroc Polymers Limited ('VPL'). Refer Note 6 for additions pertaining to leaseback of said plant and machinery from VPL.

Capital work-in-progress as at March 31, 2024

(₹ in Million)

Particulars	Amount
Opening capital work-in-progress	374.84
Add : Addition during the year	752.75
Less : Capitalised during the year	(946.96)
Closing capital work-in -progress	**180.63**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

A. The Capital work-in-progress ageing schedule as at March 31, 2024, is as follows :

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	145.61	34.55	0.47	-	180.63
Total	**145.61**	**34.55**	**0.47**	**-**	**180.63**

There are no CWIP for which completion is overdue or has exceeded its cost compared to its original budget.

Capital work in progress mainly comprises Factory building, plant and machinery and factory equipments under installation.

For the year ended March 31, 2023

(₹ in Million)

Particulars	Gross carrying amount					Accumulated depreciation					Net Carrying amount	
Asset Class	As at April 1, 2022	Additions	Reclassify to Asset held for sale*	Disposals	As at March 31, 2023	As at April 1, 2022	Depreciation charge for the year	Reclassify to Asset held for sale*	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Freehold land	69.12	-	-	-	69.12	-	-	-	-	-	69.12	69.12
Factory buildings	2,338.96	59.62	-	4.53	2,394.05	610.04	107.77	-	4.45	713.36	1,680.69	1,728.92
Office buildings	794.64	-	-	2.01	792.63	89.33	17.09	-	0.26	106.16	686.47	705.31
Plant and machinery	12,520.24	1,090.53	23.81	13.02	13,621.56	5,616.97	1,220.32	2.19	4.95	6,834.53	6,787.03	6,903.27
Electrical installations	301.88	22.59	-	-	324.47	176.08	26.24	-	-	202.32	122.15	125.80
Computers	218.34	36.81	11.71	1.84	265.02	151.48	32.88	9.73	1.84	192.25	72.77	66.86
Mould and dies	517.80	42.07	-	4.38	555.49	395.30	61.35	-	4.31	452.34	103.15	122.50
Electrical fittings	105.88	2.78	-	-	108.66	45.40	10.40	-	-	55.80	52.86	60.48
Vehicles	59.18	5.40	0.99	1.07	64.50	44.42	7.08	0.28	0.98	50.80	13.70	14.76
Furniture and fixtures	245.30	31.43	9.65	0.12	286.26	141.69	37.67	5.40	0.08	184.68	101.58	103.61
Office equipments	125.73	1.70	-	0.07	127.36	91.48	13.84	-	0.07	105.25	22.11	34.25
Total	**17,297.07**	**1,292.93**	**46.16**	**27.04**	**18,609.12**	**7,362.19**	**1,534.64**	**17.60**	**16.94**	**8,897.49**	**9,711.63**	**9,934.88**

(*)During the year ended March 31,2022 , the Company along with VCHBV entered into a Securities Purchase Agreement ('SPA') dated April 28, 2022 as amended dated July 01, 2022, October 05, 2022 and May 12, 2023 with Compagnie Plastic Omnium SE, France to divest the Sellers 4-Wheeler lighting business in the Americas and Europe (""VLS Business"). The deal also included transfer of India R&D centre for four-wheeler lighting business which had assets of ₹ 36.37 Million as on March 31, 2022. On October 6, 2022 out of ₹ 36.37 millions asset sold to VL Lighting Solution Pvt. Ltd. step down subsidiary Compagnie Plastic Omnium SE, France of ₹ 6.51 million and balance assets of ₹ 29.86 millions which were not transferred as a part of sale transaction have been reclassified to Property Plant & Equipments during the year ended March 31, 2023.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Capital work-in-progress as at March 31, 2023

(₹ in Million)

Particulars	Amount
Opening capital work-in-progress	549.25
Addition during the year	1,118.52
Transfer to asset held for sale	-
Capitalised during the year	(1,292.93)
Closing capital work-in -progress	**374.84**

A. The Capital work-in-progress ageing schedule as at March 31, 2023, is as follows :

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	342.85	31.02	0.97	-	374.84
Total	**342.85**	**31.02**	**0.97**	**-**	**374.84**

There are no CWIP for which completion is overdue or has exceeded its cost compared to its original budget.

Capital work in progress mainly comprises plant and machinery and factory equipments under installation.

Notes:

(i) Refer note 48 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Office building includes premises on ownership basis in a Co-operative Society ₹ 6.3 Million, including cost of shares therein of ₹ 125/- per share.

(iii) Refer note 21 for disclosures relating to charges/securities created against PP&E

(iv) The title deeds for all the immovable properties are in the name of the Company.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 4 - Investment properties

Year ended March 31, 2024

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at April 1, 2023	Additions	As at March 31, 2024	As at April 1, 2023	Depreciation charge for the year	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Leasehold land	13.08	-	13.08	1.13	0.16	1.29	11.79	11.95
Factory buildings	149.24	-	149.24	42.50	5.33	47.83	101.41	106.74
Total	**162.32**	**-**	**162.32**	**43.63**	**5.49**	**49.12**	**113.20**	**118.69**

Year ended March 31, 2023

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at April 1, 2022	Additions	As at March 31, 2023	As at April 1, 2022	Depreciation charge for the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Leasehold land	13.08	-	13.08	0.97	0.16	1.13	11.95	12.11
Factory buildings	149.24	-	149.24	37.17	5.33	42.50	106.74	112.07
Total	**162.32**	**-**	**162.32**	**38.14**	**5.49**	**43.63**	**118.69**	**124.18**

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

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rental income	20.91	19.92
Less : Depreciation expense	5.49	5.49
Profit from investment properties	**15.42**	**14.43**

(ii) Leasing arrangements

Certain investment properties located at M139-140 MIDC Waluj Aurangabad are sub-leased to tenants under long-term cancellable operating leases with rentals payable monthly. There is escalation of 5% in lease rentals during the lease terms.

(iii) Fair value

Fair value of the investment property as on March 31, 2024 is ₹ 139.47 million (March 31,2023 ₹ 138.70 million).

Estimation of fair value

These valuations are based on valuations performed by Mr N G Karkhane Consulting Civil Engineers and Structural Designers, an accredited independent valuer. Valuer is a specialist in valuing these types of investment properties and is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. Fair value of investment property is based on the replacement cost method. The best evidence of fair value is current prices in an active market for similar properties.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 5 - Intangible assets

Year ended March 31, 2024

(₹ in Million)

Asset class	Gross carrying amount				Amortisation				Net carrying amount	
	As at April 1, 2023	Additions	Disposals	As at March 31, 2024	As at April 1, 2023	Amortisation charge for the year	Disposals	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Software	399.78	145.21	0.03	544.96	305.43	70.53	0.03	375.93	169.03	94.35
Technical Knowhow	28.06	-	-	28.06	26.47	1.58	-	28.05	0.01	1.59
Non Compete Fees	74.00	-	-	74.00	52.56	14.81	-	67.37	6.63	21.44
Intellectual Property Right	301.99	-	-	301.99	95.37	31.37	-	126.74	175.25	206.62
Capitalised development costs	537.18	28.89	-	566.07	348.03	141.26	-	489.29	76.78	189.15
Total	**1,341.01**	**174.10**	**0.03**	**1,515.08**	**827.86**	**259.55**	**0.03**	**1,087.38**	**427.70**	**513.15**

Intangible assets under development as at March 31, 2024

(₹ in Million)

Particulars	Amount
Opening balance	56.44
Addition during the year	127.84
Capitalised during the year	(174.10)
Closing balance	**10.18**

Intangible assets under development pertain to a software related to payroll function.

A. The intangible assets under development ageing schedule as at March 31, 2024, is as follows :

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	9.93	0.25	-	-	10.18
Total	**9.93**	**0.25**	**-**	**-**	**10.18**

There are no intangible assets under development for which completion is overdue or has exceeded its cost compared to its original budget

Year ended March 31, 2023

(₹ in Million)

Asset class	Gross carrying amount					Accumulated depreciation					Net carrying amount	
	As at April 1, 2022	Additions	Reclassify to Asset held for sale*	Disposals	As at March 31, 2023	As at April 1, 2022	Depreciation charge for the year	Reclassify to Asset held for sale*	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Software	331.69	68.20	1.24	1.35	399.78	264.23	41.18	1.19	1.17	305.43	94.35	67.46
Technical Knowhow	28.06	-	-	-	28.06	23.28	3.19	-	-	26.47	1.59	4.78
Non Compete Fees	74.00	-	-	-	74.00	37.75	14.81	-	-	52.56	21.44	36.25
Intellectual Property Right	301.99	-	-	-	301.99	64.00	31.37	-	-	95.37	206.62	237.99
Capitalised development cost	487.60	49.58	-	-	537.18	155.45	192.58	-	-	348.03	189.15	332.15
Total	**1,223.34**	**117.78**	**1.24**	**1.35**	**1,341.01**	**544.71**	**283.13**	**1.19**	**1.17**	**827.86**	**513.15**	**678.63**

(*)During the year ended March 31,2022 , the Company along with VCHBV entered into a Securities Purchase Agreement ('SPA') dated April 28, 2022 as amended dated July 01, 2022, October 05, 2022 and May 12, 2023 with Compagnie Plastic Omnium SE, France to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ("VLS Business"). The deal also included transfer of India R&D centre for four-wheeler lighting business which had assets of ₹ 36.37 Million as on March 31, 2022.

On October 6, 2022 out of ₹ 36.37 millions asset sold to VL Lighting Solution Pvt. Ltd. step down subsidiary Compagnie Plastic Omnium SE, France of ₹ 6.51 million and balance assets of ₹ 29.86 millions which were not transferred as a part of sale transaction have been reclassified to Property Plant & Equipments during the year ended March 31, 2023.

Intangible assets under development as at March 31, 2023

(₹ in Million)

Particulars	Amount
Opening balance	69.42
Addition during the year	104.80
Capitalised during the year	(117.78)
Closing balance	**56.44**

Intangible assets under development mainly include development costs

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

A. The intangible assets under development ageing schedule as at March 31, 2023, is as follows :

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	45.20	11.24	-	-	56.44
Total	**45.20**	**11.24**	**-**	**-**	**56.44**

There are no intangible assets under development for which completion is overdue or has exceeded its cost compared to its original budget

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 6 - Right of use assets

The Company has lease contract for plant and machinery with lease term of 2-10 years, premises/building used for its operations with lease terms of 2-10 years, and for lease hold land with lease term of 95-99 years The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets. The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (mainly Laptops) (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option)

(i) Amounts recognised in balance sheet

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period

(₹ in Million)

Particulars	As at March 31, 2024			As at March 31, 2023	
	Plant and Machinery **	Land and Building	Total	Land and building	Total
Opening balance	-	1,345.71	1,345.71	544.64	544.64
Add: Additions during the year	387.93	258.59	646.52	922.41	922.41
Less: Deduction during the year	-	(54.89)	(54.89)	-	-
Add: Stamp duty, Prepaid rent	-	33.08	33.08	(0.11)	(0.11)
Less: Depreciation for the year (refer note 35)	(31.13)	(172.85)	(203.98)	(121.23)	(121.23)
Closing balance	**356.80**	**1,409.64**	**1,766.44**	**1,345.71**	**1,345.71**

** Pertain to sale and leaseback transaction of certain plant and machineries from Varroc Polymers Limited ('VPL'). Refer note 3.

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

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	1,003.52	184.54
Add: Addition during the year	687.01	898.20
Add: Accretion of interest (refer note 36)	118.15	54.57
Less:- Deduction during the year	(58.82)	-
Less: Payments during the year	(257.04)	(133.79)
Closing balance	**1,492.82**	**1,003.52**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Current	162.93	112.68
Non Current	1,329.89	890.84
Total closing lease liability	**1,492.82**	**1,003.52**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Following is maturity profile of Contractual undiscounted cash flows as on March 31, 2024:*

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non-current					
			2025-26	2026-27	2027-28	2028-29	More than 5 years	Total of Non-Current
Lease liabilities	10%	298.10	306.15	311.26	255.36	247.95	662.00	1,782.72

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Following is maturity profile of Contractual undiscounted cash flows as on March 31, 2023:*

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non-current					
			2024-25	2025-26	2026-27	2027-28	More than 5 years	Total of Non-Current
Lease liabilities	10%	199.28	181.19	184.33	184.79	122.48	569.23	1,242.02

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount

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

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

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expense of right-of-use assets (refer note 35)	203.98	121.23
Interest expense on lease liabilities (refer note 36)	118.15	54.57
Amounts included in Rent expense (refer note 37)		
Expense relating to leases of low-value assets	96.47	69.21
Total amount recognised in statement of profit and loss	**418.60**	**245.01**

The Company had total cash outflows for leases of ₹ 353.51 million for the year ended March 31, 2024 (previous year : ₹ 203 million). The company does not have non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2024

(iii) Extension and termination options

As at March 31, 2024, the Company has no potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 7

(a) Investments in subsidiaries and joint venture

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at	As at
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Investment in subsidiaries- equity instruments at cost fully paid up (unquoted)					
Durovalves India Private Limited	₹10.00	31,44,730	31,44,730	324.78	324.78
Varroc Polymers Limited	₹10.00	5,29,100	5,29,100	500.00	500.00
Varroc European Holding B.V.	€ 100.00	2,07,670	2,07,670	1,300.42	1,300.42
VarrocCorp Holding B.V.	€ 100.00	5,67,045	5,67,045	9,665.58	9,665.58
Varroc Japan Co. Ltd	¥10.00	10,000	10,000	0.10	0.10
CarIQ Technologies Private Limited	₹1.00	3,10,807	2,42,108	262.37	192.40
Total (A)				**12,053.25**	**11,983.28**
Less : Provision for impairment in equity investment in subsidiaries (B)					
VarrocCorp Holding B.V. (refer note 52)				(1,894.35)	(1,558.94)
Varroc European Holding B.V.				(1,300.42)	(1,300.42)
Total (B)				**(3,194.77)**	**(2,859.36)**
Total non current investment (A+B)				**8,858.48**	**9,123.92**

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

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at	As at
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Varroc Dell'Orto Private Limited	₹10.00	15,25,000	15,25,000	15.25	15.25
Total (C)				15.25	15.25
Total (A+B+C)				**8,873.73**	**9,139.17**

Note 8 - Non-current investments

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at	As at
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Investment in fully-paid equity instruments valued at Fair Value through Profit or Loss (unquoted)					
The Saraswat Co-operative Bank Limited	₹10.00	8,500	8,500	0.09	0.09
AMP Energy C&I Twenty One Private Limited	₹10.00	64,80,000	-	64.80	-
Investment in Government securities valued at amortised cost (unquoted)					
National Saving Certificates				0.07	0.06
Total non-current investments				**64.96**	**0.15**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 9 - Non-current - Other financial assets (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits (considered good, unsecured)	83.96	110.98
Surrender value of keyman insurance receivable	-	165.52
Insurance claim receivable	-	0.07
Deposits with original maturity more than 12 months	18.65	16.90
Total non-current other financial assets	**102.61**	**293.47**

Note 10 - Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital advances	50.97	69.29
Provision for capital advances	(11.63)	(7.68)
Net capital advances	**39.34**	**61.61**
Amount paid under protest	48.69	48.61
Prepaid expenses	92.80	7.99
VAT recoverable	0.03	6.91
Government grant receivable	364.94	318.43
Total other non-current assets	**545.80**	**443.55**

Note 11 - Inventories

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials [includes material in transit of ₹ 25.48 million (March 31, 2023 : ₹ 57.06 million)]	1,417.14	1,709.85
Work-in-progress	563.73	567.71
Finished goods [includes finished goods in transit of ₹ 448.06 million (March 31, 2023 : ₹ 378.74 million)]	1,673.57	1,606.80
Stores and spare-parts [includes stores-spares in transit of ₹ NIL million (March 31, 2023 : ₹ 0.7 million)]	136.75	125.47
Loose tools	78.56	74.67
Packing material	22.90	24.66
Total inventories	**3,892.65**	**4,109.16**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 12 - Current investments

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in Mutual Funds (valued at Fair Value through Profit or Loss) (quoted)		
SBI Overnight Fund Regular Growth (Number of units : Nil, March 31, 2023 : 83,153.772)	-	300.05
HSBC Overnight Direct Fund (Number of Units : 4,76,920.040, March 31, 2023 : Nil)	597.54	-
HSBC Liquid Direct Fund (Number of Units : 21,018.700, March 31, 2023 : Nil)	50.57	-
Aggregate book value and market value of quoted investments	**648.11**	**300.05**

Note 13 - Trade receivables (valued at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables	1,997.81	2,764.85
Receivable from related parties (refer note 47)	265.08	268.31
Total trade receivables	**2,262.89**	**3,033.16**
Break-up of trade receivables		
External receivables (Unsecured, considered good)	1,997.81	2,764.85
External receivables (credit impaired)	16.85	17.76
Related Party (Unsecured, considered good)	265.08	268.31
Related Party (credit impaired)	-	169.42
Total	**2,279.74**	**3,220.34**
Less : Impairment allowance (external receivables - credit impaired)	(16.85)	(17.76)
Less : Impairment allowance (Related party - credit impaired) (refer note 52)	-	(169.42)
Total	**2,262.89**	**3,033.16**
Presented as -		
Current Portion	2,262.89	3,033.16
Non-Current Portion	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

For outstanding Trade Receivables, the ageing schedule is as follows :

As at March 31, 2024

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment							Total
	Unbilled*	Not Due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
A) Receivables from external parties								
1) Undisputed Trade Receivables - considered good	61.11	1,051.65	885.05	-	-	-	-	1,997.81
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired	-	-	-	-	3.04	0.56	13.25	16.85
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
B) Receivable from related parties								
1) Undisputed Trade Receivables - considered good	-	105.13	81.68	3.88	20.29	45.83	8.27	265.08
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total	**61.11**	**1,156.78**	**966.73**	**3.88**	**23.33**	**46.39**	**21.52**	**2,279.74**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

As at March 31, 2023

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment							Total
	Unbilled*	Not Due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
A) Receivables from external parties								
1) Undisputed Trade Receivables - considered good	346.64	2,316.25	72.58	14.90	-	0.21	14.26	2,764.85
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired	-	-	-	1.68	2.48	-	13.60	17.76
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
B) Receivable from related parties								
1) Undisputed Trade Receivables - considered good	-	47.99	102.99	61.40	47.37	8.41	0.15	268.31
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired	-	-	24.15	28.67	64.91	51.69	-	169.42
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total	**346.64**	**2,364.24**	**199.72**	**106.65**	**114.76**	**60.31**	**28.01**	**3,220.34**

*Unbilled trade receivables majorly includes price variation adjustment.

Credit risk

There are no trade receivables which have significant increase in credit risk as at March 31, 2024 and March 31, 2023 other than disclosed above

Credit period

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 120 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 47

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 14 - Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash in hand	0.02	0.01
Bank balances		
In current accounts	90.38	246.35
Deposits with original maturity of less than 3 months	506.72	1,250.00
Total cash and cash equivalents	**597.12**	**1,496.36**

Note 15 - Other bank balances

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits with original maturity more than 3 months but less than 12 months	2.53	45.06
Total other bank balances	**2.53**	**45.06**

Note 16 - Loans (Current) (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loan to Subsidiaries (refer note 47)	30.00	472.45
Interest receivable on loan to subsidiaries (refer note 47)	9.16	6.87
Loans to employees	0.18	0.26
	39.34	**479.58**
Unsecured, considered doubtful		
Loan to subsidiary (refer note 47)	199.80	13,181.88
Provision for impairment (refer note 52)	(199.80)	(13,181.88)
Interest receivable on loan to subsidiary (refer note 47)	3.41	318.49
Provision for impairment of interest on loan to subsidiaries (refer note 52)	(3.41)	(318.49)
	-	**-**
Total current loans	**39.34**	**479.58**

Loan to subsidiary is non-derivative financial asset and the loan is repayable on demand. (refer note 54)

The particulars of loans are disclosed below as required by Sec 186(4) of the Companies Act 2013

(₹ in Million)

Name of the borrower	Interest rate	Due Date	Secured/ unsecured	As at March 31, 2024*	As at March 31, 2023*
CarIQ Technologies Private Limited	10%	Earlier of September 2026 or on demand	Unsecured	30.00	25.00
VarrocCorp Holding B.V.#	2.50%	Repayable on Demand	Unsecured	-	13,405.60
Varroc European Holding B.V.#	2.50%	Repayable on Demand	Unsecured	199.80	223.73
Total				**229.80**	**13,654.33**

*These loans have been utilized for meeting their working capital requirements and further investment in subsidiaries (refer note 54)

#Represents loan amounts before impairment provision.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Details of loans and advances given

As at March 31, 2024

Type of Borrower	Interest rate	Amount of Loan outstanding	Amount of Interest outstanding	Total Principal and Interest outstanding	Percentage to the total loans and advances in the nature of loans
Subsidiary Company within India	10%	30.00	9.16	39.16	16.00%
Subsidiary Company outside India	2.50%	199.80	3.41	203.21	84.00%
Total		**229.80**	**12.57**	**242.37**	**100.00%**

As at March 31, 2023

Type of Borrower	Interest rate	Amount of Loan outstanding	Amount of Interest outstanding	Total Principal and Interest outstanding	Percentage to the total loans and advances in the nature of loans
Subsidiary Company within India	10%	25.00	6.87	31.87	0.23%
Subsidiary Company outside India	2.50%	13,629.33	318.49	13,947.82	99.77%
Total		**13,654.33**	**325.36**	**13,979.69**	**100.00%**

Note 17 - Other financial assets (Current)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Derivative instruments at Fair Value through Profit and Loss		
Foreign exchange forward contracts	1.02	1.70
Non-derivative financial asset at amortised cost		
Earmarked balances with banks		
Balance with bank for unpaid dividend	0.13	0.04
Security deposits	70.53	56.43
Surrender value of keyman insurance receivable	193.37	-
Others	-	0.23
Total other current financial assets	**265.05**	**58.40**

Note 18 - Other current assets

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance to suppliers	171.84	158.65
Prepaid expenses	110.25	63.83
Balance with government authorities	37.31	118.66
Government grant receivable	1,237.39	216.42
Export and other incentives	28.75	19.01
Contract assets	0.88	1.37
Others	111.55	72.67
Total other current assets	**1,697.97**	**650.61**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 19 Share capital

Movement in authorised capital

(₹ in Million)

Particulars	Number of Shares as at		As at	As at
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Authorized:				
Equity shares of Re.1 each (previous year Re.1 each)	25,45,00,000	25,45,00,000	254.50	254.50
Preference shares of Re 1 each (previous year Re.1 each)	25,00,00,000	25,00,00,000	250.00	250.00
	50,45,00,000	**50,45,00,000**	**504.50**	**504.50**
Issued, subscribed and paid-up:				
Equity shares of Re. 1 each (previous year Re. 1 each) fully paid up	15,27,86,400	15,27,86,400	152.79	152.79
	15,27,86,400	**15,27,86,400**	**152.79**	**152.79**

(a) Movement in share capital

Equity shares

Particulars	Numbers	₹ in Million	Numbers	₹ in Million
	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2023
Outstanding at the beginning of the year	15,27,86,400	152.79	15,27,86,400	152.79
Add/(Less):- Movement during the year	-	-	-	-
Outstanding at the end of the year	**15,27,86,400**	**152.79**	**15,27,86,400**	**152.79**

(b) Rights, preferences and restrictions attached to equity shares

The Company has equity shares having a par value of Re. 1 per share (previous year Re.1 per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholders	As at March 31, 2024		As at March 31, 2023	
	Numbers of shares Face value Re. 1	% of shareholding	Numbers of shares Face value Re. 1	% of shareholding
Equity shares				
Mr. Tarang Jain	6,07,29,800	39.75%	6,07,29,800	39.75%
TJ Holdings Trust	3,38,50,000	22.16%	3,38,50,000	22.16%
Naresh Chandra Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
Suman Jain Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(d) Details of shares held by Promoters in the Company

Name of the Shareholder	As at March 31, 2024		As at March 31, 2023		Change During the year	
	Numbers of shares Face value Re. 1	% of shareholding	Numbers of shares Face value Re. 1	% of shareholding	Numbers of shares Face value Re. 1	% of shareholding
Equity shares						
Promoter						
Mr. Tarang Jain*	6,07,29,800	39.75%	6,07,29,800	39.75%	-	-

*Mr. Tarang Jain additionally holds 33,850,000 Equity Shares in his capacity as the Trustee of TJ Holding Trust.

(e) Aggregate number of bonus shares issued during the five years immediately preceding March 31, 2024

The Company during the preceding 5 years:

i. Has not allotted shares pursuant to contracts without payment received in cash.

ii. Has not issued shares by way of bonus shares.

iii. Has not bought back any shares.

Note 20 Other equity

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Retained earnings		
Balance at the beginning of the year	(9,592.88)	4,273.23
Add/ (Less) : Profit/(Loss) for the year	3,570.67	(13,867.94)
Add/ (Less) : Remeasurement of post-employment benefit obligation (net of tax)	(9.79)	1.83
Balance at the end of the year	**(6,032.00)**	**(9,592.88)**
General reserve		
Balance at the beginning of the year	1,474.38	1,474.38
Balance at the end of the year	**1,474.38**	**1,474.38**
Capital reserve		
Balance at the beginning of the year	194.07	194.07
Balance at the end of the year	**194.07**	**194.07**
Securities premium		
Balance at the beginning of the year	13,315.38	13,315.38
Balance at the end of the year	**13,315.38**	**13,315.38**
Total reserves and surplus	**8,951.83**	**5,390.95**

Nature and purpose of reserves

General reserve

General reserve is the retained earning of the Company which is kept aside out of the Company's profits to meet future (known or unknown) obligations

Capital reserve

Capital reserve is not available for distribution as dividend.

Securities premium

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 21 - Non-current-Borrowings

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Debentures		
25,000 8.60% Non-convertible debentures of ₹100,000 each	2,162.70	-
Term loans		
Rupee loans from banks	2,812.47	853.16
Rupee loans from financial Institutions	464.52	620.62
Total non-current borrowings	**5,439.69**	**1,473.78**

Maturity profile of borrowings as at March 31, 2024

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non-Current					
			2025-26	2026-27	2027-28	2028-29	More than 5 years	Total of non-current
Non-Convertible Debentures	8.60%	305.50	618.00	618.00	618.00	308.70	-	2,162.70
Term Loans	8.25 % to 10.10%	1,697.04	1,411.60	864.96	721.01	279.42	-	3,276.99
Total		**2,002.54**	**2,029.60**	**1,482.96**	**1,339.01**	**588.12**	**-**	**5,439.69**

Maturity profile of borrowings as at March 31, 2023

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non-Current					
			2024-25	2025-26	2026-27	2027-28	More than 5 years	Total of non-current
Non Convertible Debentures	8.25%	3,734.25	-	-	-	-	-	-
Term Loans	6.75 % to 11.50%	4,257.76	675.02	506.94	219.32	72.50	-	1,473.78
Buyers Credit	1.75%	275.60	-	-	-	-	-	-
Total		**8,267.61**	**675.02**	**506.94**	**219.32**	**72.50**	**-**	**1,473.78**

Nature of Security

1) Rupee Term Loans from Banks are secured by:

(a) Kotak Mahindra Bank Limited, Rupee Term Loan 2 outstanding Balance of ₹ 175 million secured by exclusive first charge by way of hypothecation on movable fixed assets of the following plants :

(1) Varroc Engineering Limited, Plant VIII, Plot No. M-191/3, MIDC Industrial Area, Waluj, Aurangabad - 431136, Maharashtra

(2) Varroc Engineering Limited, Exhaust Plant, Plot No. B-14, MIDC Industrial Area, Chakan, Tal. Khed, Dist. Pune - 410501, Maharashtra

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(b) HSBC BANK

(i) Working Capital Term Loan (WCTL) of ₹ 400 Million and INR 435 Million having outstanding balance of ₹ 200.00 Million and ₹ 398.75 Million respectively, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) are secured by way of second pari-passu charge on current assets of the Company along with other banks. Further secured by second charge on movable fixed assets of the Company situated at:

(1) Varroc Engineering Limited, Plant IV - Plot No. M-140-141, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra

(2) Varroc Engineering Limited, Corporate Office, Plot No. L-4, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra

(3) Varroc Engineering Limited, Pant Nagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udhamsingh Nagar, Uttarakhand

(4) Varroc Engineering Limited, Plant V – Plot No. L-6/2, MIDC Industrial Area, Waluj Aurangabad – 431136

(5) Varroc Engineering Limited, Plant V – R&D, Plot No. L-6/2, MIDC Industrial Area, Waluj Aurangabad – 431136

(ii) Term Loan of ₹ 1,000 Million availed in November 2023 has security creation in process.

(c) (i) ICICI BANK Rupee Term loan of ₹ 1,000 Million having outstanding balance of ₹600.00 million is secured by way of mortgage of immovable properties situated at:

(1) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune, Maharashtra

(2) Plot No. B-14, MIDC, Chakan, Tal. Khed, Dist. Pune, Maharashtra

(3) Plot Nos. K-101-102, M-140-141 and M-191/3, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra

(4) B-3010, 3rd Floor, Marvel Edge, Village Vadagaonsheri Taluka Haveli Dist. Pune, Maharashtra

(5) A-7010 & 7020, B-7010, 7020, 7030 & 7040 at 7th Floor, Marvel Edge, Village Vadagaonsheri Taluka Haveli Dist. Pune, Maharashtra

(ii) ICICI BANK Rupee Term Loan of of ₹ 1250 Million having outstanding balance of ₹1,111.11 million is secured on exclusive charge basis by way of mortgage of immovable properties of subsidiary company Varroc Polymers Ltd. situated at:

(1) B-3020 & 3040, Marvel Edge, Viman Nagar, Pune, Maharashtra

(2) Plot No. 35-A, Udyog Vihar, Greater Noida, Uttar Pradesh

(3) 58th Mile Stone, Opp. Mittal Orchards, Village Binola, Dist. Gurgaon, Haryana State

(4) Plot No. 136-B, Harohalli Industrial Area, Kanakapura Taluk, Ramanagara Distt. Karnataka

(5) Plot No. 271 & 272(P), Nara Sapura Industrial Area, Nara Sapura, Dist. Kolar – 563133 Karnataka State

(d) IndusInd Bank Ltd Rupee Term loan of ₹ 1,000 Million (partially availed of ₹ 500.00 million) is secured on exclusive first charge by way of Hypothecation on Movable Fixed Assets of the following plants of Company situated at :

(1) Plot No. E-4, MIDC, Waluj, Aurangabad – 431136 (M.S.)

(2) Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501 (M.S.)

(3) Gat No. 12/1 and Gat No. 12/2 situated at Village Shivaji Nagar , Tal. Sakri, Dist. Dhule (M.S

(4) Plot No. 103/4, Maswad, GIDC, Expansion Estate, Halol-II, Dist. Panchmahal, Gujarat – 389 350

(5) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

2) Rupee Term Loans from Financial Institution are secured by:

(a) Rupee Term loan of ₹ 1,000 Million availed from Bajaj Finance Limited having outstanding balance of ₹536.39 million as on March 31, 2024 is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot Nos. E-4, L-6/2 and L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra State

(b) Rupee Term loan of ₹ 650 Million having outstanding balance as on March 31, 2024 ₹84.09 million availed from Bajaj Finance Limited is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot No. B-24/25, MIDC, Chakan, Pune - 410501, Maharashtra State and extension of charge on specific immovable properties located at E-4, L-6/2 and L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra State.

(c) Rupee Term loan of ₹ 600 Million availed from Tata Capital and Financial Services Limited having outstanding balance as on March 31, 2024 ₹ 400.00 million is secured by way of mortgage on immovable properties on exclusive charge basis located at Plot No. 20, Sector 9, SIDCUL Industrial area, Pant Nagar, Rudrapur, Uttarakhand 263153

3) 8.60% Non-convertible debentures of ₹100,000 each are Secured by:

Exclusive charge by way of Hypothecation on the specific identified movable properties of the Company situated at

(1) Varroc Engineering Limited, VEL III, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(2) Varroc Engineering Limited, VEL VII (Valves), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(3) Varroc Engineering Limited, VEL VII (Forging), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(4) Varroc Engineering Limited, Lighting Plant, Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra

(5) Varroc Engineering Limited, Lighting Plant, Plot No. 1(P), Gut No. 51 to 59, Village Bhambholi, Tal. Khed, Dist. Pune– 410501, Maharashtra

4) 8.25 % Non convertible debentures of ₹1,000,000 each were Secured by:

Exclusive charge by way of Hypothecation on the specific identified movable properties of the Company situated at:

(1) Varroc Engineering Limited, VEL III, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(2) Varroc Engineering Limited, VEL III (R&D), Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(3) Varroc Engineering Limited, VEL VII (Valves), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(4) Varroc Engineering Limited, VEL VII (Forging), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(5) Varroc Engineering Limited, VEL Chennai, Survey No. 128-1B & 129/1B, Ezhichur Village, Taluka Sriperumbudur, Dist. Kancheepuram, Chennai – 603204, Tamil Nadu

(6) Varroc Engineering Limited, VEL Windmill Satara, 2.10 MW Wind Mills installed at village Vankusawade & Kusawade, Dist. Satara, Maharashtra

(7) Varroc Engineering Limited, VEL Windmill Supa, 4 MW Wind Mills installed at Village Shahajapur, Pimpalgaon & Jamner (Supa), Dist. Ahmednagar, Maharashtra

(8) Varroc Engineering Limited, VEL Windmill Jaisalmer, 2.25 MW Wind Mills installed at Village Badabaugh, Baramsar, Dist. Jaisalmer, Rajasthan

(9) Varroc Engineering Limited, VEL Chakan Lighting Plant, Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra

(10) Varroc Engineering Limited, VEL I, Plot No. E-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(11) Varroc Engineering Limited, VEL II, Plot No. K-101-102, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(12) Varroc Engineering Limited, VEL Halol, Plot No. 103/4, Maswad, GIDC Expansion Estate, Halol-II, Dist. Panchmahal – 389 350, Gujarat

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

5) Debt covenants :

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net borrowings to EBITDA ratio and debt service coverage ratio. Some of the debt covenants in respect of non-current borrowings of ₹ 175.00 million were not complied as at March 31, 2024, which are due for repayment with in the next 12 months and are already classified as current.

The asset cover in respect of the Non-Convertible Debentures of the Company as on March 31, 2024 is 1.38 times of the total due amount which is greater than the requirement of 1.1 times of the said Secured Non-Convertible Debentures.

Note 22 - Current borrowings

(₹ in Million)

Particulars	Maturity Date	Repayment Terms	Interest rate	As at March 31, 2024	As at March 31, 2023
Unsecured					
Working capital facilities					
Pre-shipment credit (PCRE) from banks	Various	6 Month	8.45% to 8.85%	957.99	958.66
Short-term loan from banks	Various	6 Month	8.15% to 8.90%	452.06	819.58
Intercorporate deposit from Related parties (refer note 47)	On or before March 31, 2024	On or before March 31, 2024	10.00%	-	4,940.20
Intercorporate loan from Related parties (refer note 47)	On or before March 31, 2025	On or before March 31, 2025	10.00%	3,617.19	-
Total short term borrowing				**5,027.24**	**6,718.44**
Current maturities of non-current borrowings					
3,750 8.25 % Non convertible debentures of ₹1,000,000 each (refer note 21 for security details)				-	3,734.25
25,000 8.60% Non convertible debentures of ₹ 100,000 each (refer note 21 for security details)				305.50	-
Rupee loans from banks				1,147.19	3,308.52
Rupee loans from financial Institutions				549.85	949.24
Buyers Credit *				-	275.60
Total Current maturities of non current borrowings (refer note 21)				**2,002.54**	**8,267.61**
Total current borrowings				**7,029.78**	**14,986.05**

Cash credit facilities have been sanctioned from Standard Chartered Bank, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Hongkong and Shanghai Banking Corporation Ltd. and IDFC First Bank Ltd. and are secured by first paripassu charge by way of hypothecation of stocks of raw materials, work in progress, finished goods, consumable, stores and spares, packing materials and receivables of the Company both present and future. However, there is no outstanding cash credit balance as at March 31, 2024 and March 31, 2023

Notes to the Standalone Financial Statements
for the year ended March 31, 2024

The Company has borrowings from banks or financial institutions on the basis of security of current assets, and quarterly returns or statements of current assets filed by the Company during the current and previous year with banks or financial institutions are in agreement with the books of accounts except as mentioned in Note 22(a) & 22(b).

* In the previous year The Company had obtained unsecured Buyer's credit of Euro 3,033,187.65 on 13.07.2021 from IDFC First Bank Ltd. for a period of 1 year against capex import LC payment. The Buyer's credit was due and was paid on 03.07.2023 and carried the interest rate of Euribor + 33 BPS, i.e. 0.33% pa.

Net debt reconciliation	**March 31, 2024**	**March 31, 2023**
Non-current borrowings (includes current maturities of non-current borrowings (refer note 21 and 22)	(7,442.23)	(9,741.39)
Current borrowings (refer note 22)	(5,027.24)	(6,718.44)
Lease Liabilities (refer note 6)	(1,492.82)	(1,003.52)
Interest accrued but not due (refer note 27)	(55.89)	(228.16)
Liquid investments (refer note 12)	648.11	300.05
Cash and cash equivalents including cash credit (refer note 14 and 22)	597.12	1,496.36
Net debt	**(12,772.95)**	**(15,895.10)**

Reconciliation of net debt as at March 31, 2024

(₹ in Million)

Particulars	**As at April 1, 2023**	**Additions**	**Cashflows**	**Interest expenses**	**Interest paid**	**Gain on sale of investments**	**As at March 31, 2024**
Non-current borrowings	(9,741.39)	-	2,299.16	-	-	-	(7,442.23)
Current borrowings	(6,718.44)	-	1,691.20	-	-	-	(5,027.24)
Lease Liabilities	(1,003.52)	(628.19)	138.89	(118.15)	118.15	-	(1,492.82)
Interest accrued but not due	(228.16)	-	-	(1,673.33)	1,845.60	-	(55.89)
Liquid investments	300.05	-	336.98	-	-	11.08	648.11
Cash and cash equivalents	1,496.36	-	(899.24)	-	-	-	597.12

Reconciliation of net debt as at March 31, 2023

(₹ in Million)

Particulars	**As at April 1, 2022**	**Additions**	**Cashflows**	**Interest expenses**	**Interest paid**	**Gain on sale of investments**	**As at March 31, 2023**
Non-current borrowings	(7,960.25)	-	(1,781.14)	-	-	-	(9,741.39)
Current borrowings	(3,660.00)	-	(3,058.44)	-	-	-	(6,718.44)
Lease Liabilities	(184.54)	(898.20)	79.22	(54.57)	54.57	-	(1,003.52)
Interest accrued but not due	(207.66)	-	-	(1,646.41)	1,625.91	-	(228.16)
Liquid investments	-	-	300.05	-	-	-	300.05
Cash and cash equivalents	421.06	-	1,075.30	-	-	-	1,496.36

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 22(a) Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Company for the year ended March 31, 2024:

1. Inventories

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 1)	Reconciliation items: Post closure adjustments	Net difference
1	June 30, 2023	4,248.51	4,367.81	(119.30)	(119.30)	-	-
2	Sept 30, 2023	4,250.42	4,443.58	(193.16)	(193.16)	-	-
3	Dec 31, 2023	4,255.13	4,424.75	(169.62)	(169.62)	-	-
4	March 31, 2024	3,892.65	4,190.13	(297.48)	(297.48)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 2)	Reconciliation items: Post closure adjustments (Note 4)	Net difference (Note 3)
1	June 30, 2023	3,295.97	5,713.00	(2,417.03)	(2,284.62)	-	(132.41)
2	Sept 30, 2023	2,707.11	6,041.15	(3,334.04)	(3,153.38)	-	(180.66)
3	Dec 31, 2023	2,231.92	5,748.93	(3,517.01)	(3,373.22)	-	(143.79)
4	March 31, 2024	2,262.89	5,565.23	(3,302.34)	(3,244.12)	(50.67)	(7.55)

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter	Balance as per Financials	Amount as per Stock Statement	Difference	Reconciliation items: Components not considered for the purpose of reporting (Note 5)	Reconciliation items: Post closure adjustments (Note 6)	Net difference
1	June 30, 2023	7,686.14	6,218.92	1,467.22	1,472.59	(5.37)	-
2	Sept 30, 2023	7,803.17	6,570.61	1,232.56	1,246.39	(13.83)	-
3	Dec 31, 2023	7,602.29	6,365.43	1,236.86	1,249.39	(12.53)	-
4	March 31, 2024	7,274.22	6,465.45	808.77	808.77	-	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Difference primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days, and export customer balance revaluation. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 3 Difference is on account of export cut off sales reversal as per Ind AS 115. Also includes some external customer which were identified as intercompany at the time of reporting to banks.

Note 4 Re-classification entry pertaining to netting off of receivables against payables.

Note 5 Mainly includes inter company creditors and provision for expenses and import vendor revaluation.

Note 6 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 22(a) Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Company for the year ended March 31, 2023:

1. Inventories

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2022	4,058.60	4,188.87	(130.27)	(133.71)	3.44	-
2	Sept 30, 2022	5,008.10	5,195.43	(187.33)	(189.51)	2.18	-
3	Dec 31, 2022	4,993.29	5,197.85	(204.56)	(204.56)	-	-
4	March 31, 2023	4,109.16	4,283.16	(174.00)	(212.67)	38.67	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 4)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2022	4,266.89	3,022.76	1,244.13	1,258.81	(14.68)	-
2	Sept 30, 2022	5,157.81	3,333.11	1,824.70	1,828.78	(4.08)	-
3	Dec 31, 2022	3,424.74	3,200.69	224.05	225.73	(1.68)	-
4	March 31, 2023	3,033.16	3,052.02	(18.86)	15.25	(34.11)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter	Balance as per Financials	Amount as per Stock Statement	Difference	Reconciliation items		Net difference (Note7)
					Components not considered for the purpose of reporting (Note 5)	Post closure adjustments (Note 2)	
1	June 30, 2022	8,661.25	6,744.77	1,916.48	1,586.84	(27.18)	356.82
2	Sept 30, 2022	9,621.76	7,605.01	2,016.75	2,040.22	(18.68)	(4.79)
3	Dec 31, 2022	7,425.58	6,218.75	1,206.83	1,464.65	(257.82)	-
4	March 31, 2023	6,333.15	5,267.05	1,066.10	1,074.69	(184.13)	175.54

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 4 The net difference is on account of incorrect adjustments.

Note 5 Mainly includes inter company creditors and provision for expenses.

Note 6 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 7 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) The creditor balance outstanding for more than 90 days has not been considered for the plants in lighting division for the purpose of reporting in stock statement.

ii) For reporting in quarterly statement to banks, incorrect capital creditors amounts were considered for exclusion from total creditors balance.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 23 - Non-current provisions

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Compensated absences	83.99	72.54
Provision for coupon scheme (refer note 28)	10.05	11.20
Total non-current provisions	**94.04**	**83.74**

Note 24 - Deferred tax (Asset)/liabilities (net)

The balance comprises temporary differences attributable to :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax liabilities		
Depreciation and amortisation	677.93	1,088.27
Others	350.86	351.40
Deferred tax liabilities (Net)	**1,028.79**	**1,439.67**
Deferred tax assets		
Expenses allowable on payment basis	64.45	82.52
Provision for doubtful debts and advances	4.24	6.21
Losses available for offsetting against future taxable income (refer note ii below)	2,448.03	-
Lease Liability	375.71	350.67
MAT credit entitlement (refer note ii below)	-	110.39
Others	50.10	90.45
Deferred tax assets (Net)	**2,942.53**	**640.24**
Closing deferred tax (assets)/liabilities (Net)	**(1,913.74)**	**799.43**
Movement in deferred tax (assets)/ liabilities		
Opening deferred tax (assets) / liabilities	799.43	706.35
Tax (Income)/expense during the period recognised in profit or loss	(2,709.88)	63.78
Charged to other comprehensive income		
Tax (Income)/expense during the period recognised in OCI	(3.29)	0.98
MAT Utilisation net of Short/excess provision	-	28.32
Closing deferred tax (Asset)/liability	**(1,913.74)**	**799.43**

Note:

i. Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

ii. During the year, the Company has derecognised (written-off) loans given to VarrocCorp Holding BV ('VCHBV'), Netherlands including interest on such loans aggregating to ₹ 11,796.44 million after making requisite submissions to AD Bank. The Company has claimed this write-off on loans as an allowable business loss, considering that these loans extended to VCHBV were in the nature of trade investments to derive benefits for the Company's businesses rather than for earning dividend/capital appreciation. The Company has obtained legal opinions from two independent senior counsels who have supported their view on claiming this write-off of loans as an allowable business loss. Accordingly,

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

the Company has considered this loss as tax deductible for computation of tax provision and recognised deferred tax asset of ₹ 2,448.03 million (after adjusting other taxable income pertaining to current financial year). These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) which were fully provided for during the period ended September 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium SE, France.

Further, the Company has decided to shift to new tax regime under section 115BAA of Income Tax Act, 1961 from current financial year ended March 31, 2024. As a result, MAT credit of ₹ 265.34 million (opening MAT credit: ₹110.39 million and additional MAT credit as per return of income filed for AY 2023-24 of ₹154.95 million) has been written off and deferred tax liability to the extent of ₹ 254.54 million has been reversed on account of lower tax rate under new regime, which has been included in the Income tax expense for the year ended March 31, 2024.

Note 25 - Other non-current liabilities

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Advances received from customers	13.11	44.78
Total non-current liabilities	**13.11**	**44.78**

Note 26 - Trade payables

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises (refer note 41)	917.58	784.65
Total outstanding dues other than micro enterprises and small enterprises and related parties	6,165.26	5,296.04
Trade payables to related parties (refer note 47)	113.73	161.45
Total Trade Payables	**7,196.57**	**6,242.14**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

For outstanding Trade Payable, the ageing schedule is as follows :

As at March 31, 2024

Particulars	Outstanding for following periods from the due date of payment						
	Unbilled trade payables	Not Due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
A) Payable to third parties							
1) Undisputed payables to micro enterprises and small enterprises	12.02	900.49	4.67	0.40	-	-	917.58
2) Undisputed payables to other than micro enterprises and small enterprises	684.15	4,396.86	1,042.14	28.44	9.69	3.98	6,165.26
B) Payables to Related Parties		62.73	44.31	6.15	0.16	0.38	113.73
Total	**696.17**	**5,360.08**	**1,091.12**	**34.99**	**9.85**	**4.36**	**7,196.57**

As at March 31, 2023

Particulars	Outstanding for following periods from the due date of payment						
	Unbilled trade payables	Not Due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
A) Payable to third parties							
1) Undisputed payables to micro enterprises and small enterprises	31.68	694.31	50.75	6.10	1.78	0.03	784.65
2) Undisputed payables to other than micro enterprises and small enterprises	872.95	3,170.15	1,222.16	11.87	14.85	4.06	5,296.04
B) Payables to Related Parties	-	30.44	123.02	7.88	0.11	-	161.45
Total	**904.63**	**3,894.90**	**1,395.93**	**25.85**	**16.74**	**4.09**	**6,242.14**

Note 27 Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Financial liabilities at amortised costs		
Interest accrued but not due on borrowings	55.89	228.16
Payable for purchase of capital goods	186.45	249.64
Customer security deposits	92.84	89.07
Employee benefits payable	547.07	482.00
Total other financial liabilities	**882.25**	**1,048.87**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 28 - Current - Provisions

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Gratuity (refer note 42)	51.76	43.71
Compensated absences	76.00	66.91
Others		
Provision for warranties**	64.67	90.78
Provision for coupon scheme***	15.07	16.80
Total current provision	**207.50**	**218.20**

Particulars	Warranties		Provision for coupon scheme	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Balance as at the beginning of the year	90.78	76.58	28.00	46.45
Additions during the year	50.25	60.63	23.60	18.94
Utilization/Reversed during the year	(76.36)	(46.43)	(26.48)	(37.39)
Balance as at the end of the year	**64.67**	**90.78**	**25.12**	**28.00**
Current Portion	64.67	90.78	15.07	16.80
Non-Current Portion	-	-	10.05	11.20
Total	**64.67**	**90.78**	**25.12**	**28.00**

** Provision for warranties - The Company provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period. The impact of discounting of these provisions is not material.

*** Provision for coupon scheme - Provision is made for supplies to other than OEMs on estimated cost of coupons redemption. These coupons are expected to be redeemed with in 2-3 years. Management estimates the provision based on historical claims information and any recent trends. The impact on discounting of the provision is not material.

Note 29 - Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance received from customers	58.07	130.34
Statutory dues payable (includes GST, TDS, PF payables)	271.59	364.78
Unclaimed dividends	0.13	0.04
Other payables#	208.70	151.06
Total other current liabilities	**538.49**	**646.22**

#Other payables Includes Provision for Schemes & Discounts payable of ₹156.54 Million (March 31, 2023 ₹134.6 Million) for supplies to other than OEMs.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 29(A) - Deferred government grant

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance as at the beginning of the year	294.47	318.17
Recognised during the year*	196.42	199.36
Released to statement of profit and loss (refer note 31)	259.83	223.06
Balance as at the end of the year	**231.06**	**294.47**
Current portion	67.69	150.08
Non-current portion	163.37	144.39

***Deferred government grant**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue.

Note 30 - Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers	43,658.31	38,619.91
Other operating revenue	1,691.32	782.05
Total Revenue from operations	**45,349.63**	**39,401.96**

Revenue from contracts with customers

A Disaggregated revenue information

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Timing of revenue recognition		
Goods transferred at a point in time		
Finished goods		
Electrical & Lighting Auto Parts	27,100.03	22,936.00
Steel Forged Products	5,881.65	5,596.87
Polymer Auto Parts	2,973.20	2,435.12
Engine Valves	1,292.38	1,098.80
After Market Auto Parts	6,044.27	5,587.04
Toolings	274.09	740.90
Job work	19.03	8.47
Goods/services transferred over period of time		
Sale of Engineering Services	73.66	216.71
Total revenue from contracts with customers	**43,658.31**	**38,619.91**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue by region		
India	41,340.71	35,907.57
Asia Pacific	423.11	415.59
Europe	1,070.88	1,397.51
North America	299.00	366.75
Others	524.61	532.49
Total revenue from contracts with customers	**43,658.31**	**38,619.91**

B Contract balances

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Trade receivables	2,262.89	3,033.16
Contract assets	0.88	1.37
Contract liabilities	58.07	130.34

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 120 days.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities include advances received from customers for delivery of goods, engineering design and development of tools

Set out below is the amount of revenue recognised from :

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Amounts included in contract liabilities at the beginning of the year	130.34	514.72

C Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Revenue as per contracted price	43,997.09	38,930.15
Adjustments		
Discount	(338.78)	(310.24)
Revenue from contracts with customers	**43,658.31**	**38,619.91**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

D Performance obligation

Revenue from contracts with customers include revenue from finished goods, tooling, engineering services and Job work.

Finished goods / tooling / engineering services

For the sale of finished goods the performance obligation is generally satisfied upon its delivery or as per the terms of the customer contract and payment is generally due within 30 to 120 days from delivery.

For sale of toolings, the performance obligation is considered satisfied on billing after approval of the part(s) by the customer. The Company generally receives advance for toolings contracts ranging from 30 % to 50% of the contracted price. The revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Product development/engineering services are considered as related to sale of parts rather than a separate performance obligation. As a result, revenue from engineering services is recognised over the period of production from the date of start of production. Costs incurred in respect of providing engineering services are recognised as intangible assets and amortised over the period of production from the date of start of production. Payments received from customers in respect of product development/engineering services are presented as contract liabilities.

For supply of engineering services to group companies, performance obligation is generally satisfied on the basis of time/work completed as per the contract with the group companies and payment is generally due within 30-60 days.

The Company provides normal warranty provisions on some of its products sold, in line with the industry practice. The Company considers that the contractual promise made to the customer in the form of warranties for the parts supplied does not meet the definition of separate performance obligation as it does not give rise to additional service.

Job work revenue is recognised when the work is completed and billed to customer.

Other operating revenue

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Government grants (refer note below)	1,249.54	223.06
Scrap sales	215.02	226.49
Wind and solar power generation	94.25	90.76
Export Incentives	67.12	80.55
Management fees	17.43	95.33
Others	47.96	65.86
Total other operating revenue	**1,691.32**	**782.05**

Note :

In the current year, the Company received eligibility certificates (ECs) in respect of three plants in Aurangabad/ Pune under the Maharashtra Electronic Policy 2016 effective from April 1, 2022 and valid for 10 years. Under these ECs, the Company is eligible to claim incentive in the form of taxes payable under SGST on finished goods eligible for incentives from the respective plants. The Company has considered these as grants related to income under Ind AS 20 by recognizing the same as income in profit and loss based on SGST collected for the period/year. The amount of income recognised in the current year in respect of the aforesaid ECs is ₹ 989.71 million pertaining to the period April 1, 2022 to March 31, 2024.

Further, during the year, management has also changed the presentation of income from government grants in the statement of profit and loss and has re-classified it from other income to other operating income included within 'Revenue from Operations'. Accordingly, income of ₹ 1,249.54 million has been presented under other operating income. Further other income of comparative periods for year ended March 31, 2023 have also been reclassified by ₹223.06 million, Further cashflows have also been reclassified from investing activity to operating activity in the cashflow statement.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 31 - Other income

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent income		
- from investment properties (refer note 4)	20.91	19.92
- from others	23.30	8.36
Dividend Income from equity investments carried at cost		
- from investments in subsidiaries	125.79	-
- from investments mandatorily measured at fair value through profit or loss	-	0.01
Interest income		
- from Financial assets measured at amortised cost	25.37	1.38
- from loan to subsidiaries (refer note 47)	2.54	143.30
- from others	8.39	1.82
- on Unwinding of discount on security deposits	5.64	2.27
Net gain on disposal of property, plant and equipment	10.97	3.26
Net gain on sale of investments	11.08	0.09
Net foreign exchange gain	109.30	-
Commission on corporate guarantees	3.27	41.34
Liabilities no longer required written back	1.08	34.07
Increase in surrender value of key man insurance	27.85	17.39
Miscellaneous income	7.28	33.76
Total other income	**382.77**	**306.97**

Note 32 - Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw material at the beginning of the year	1,709.85	1,396.24
Add: Purchases	29,577.04	27,010.60
	31,286.89	**28,406.84**
Less: Raw material at the end of the year	1,417.14	1,709.85
Total cost of materials consumed	**29,869.75**	**26,696.99**

Note 33 - Changes in Inventories of work-in-progress and finished goods

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance		
Work-in-progress	567.71	538.58
Finished goods	1,606.80	1,477.71
Total opening balance	**2,174.51**	**2,016.29**
Closing balance		
Work-in-progress	563.73	567.71
Finished goods	1,673.57	1,606.80
Total closing balance	**2,237.30**	**2,174.51**
Total changes in inventories of work-in-progress and finished goods	**(62.79)**	**(158.22)**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 34 - Employee benefits expense

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	3,777.05	3,278.75
Contribution to gratuity and other funds (refer note 42)	227.23	200.94
Staff welfare expenses	195.94	182.15
Total employee benefits expense	**4,200.22**	**3,661.84**

Note 35 - Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (refer note 3)	1,512.60	1,534.64
Depreciation of investment property (refer note 4)	5.49	5.49
Amortisation of intangible assets (refer note 5)	259.55	283.13
Amortisation of right of use assets (refer note 6)	203.98	121.23
Total depreciation and amortisation	**1,981.62**	**1,944.49**

Note 36 - Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on debts and borrowings	1,632.89	1,620.18
Interest and finance charges paid/payable for lease liabilities (refer note 6)	118.15	54.57
Other borrowing cost	40.44	26.23
Total finance cost	**1,791.48**	**1,700.98**

Note 37 - Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Consumption of stores and spares and loose tools	617.95	560.67
Consumption of packing materials	440.79	424.43
Repairs to		
Buildings	7.20	8.74
Machinery	239.77	182.05
Others	279.92	255.87
Communication expenses	26.65	36.25
Water and electricity charges	1,125.79	1,051.20
Rent charges	96.47	69.21
Rates and taxes	25.75	24.43
Contract labour cost	1,521.19	1,261.19
Legal and professional fees	631.56	331.77
Exchange loss (net)	-	495.92
Travelling and conveyance	227.21	227.78

Notes to the Standalone Financial Statements
for the year ended March 31, 2024

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Insurance	69.30	67.28
Payment to auditors (refer note (a) below)	9.25	11.67
Corporate social responsibility expenditure (refer note (b) below)	15.22	19.42
Provision for doubtful loans, advances and debts (net)	3.42	16.40
Sales promotion, marketing and advertisement cost	157.52	131.28
Freight and forwarding expenses	485.61	505.59
Royalty	94.10	122.83
Warranties	50.25	78.63
Miscellaneous expenses	725.53	435.74
Total other expenses	**6,850.45**	**6,318.35**

(a) Payment to auditors

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Statutory audit fees (including limited reviews)	8.50	10.00
Others (including certification fees)	0.75	1.10
Re-imbursement of expenses	-	0.57
Total payment to auditors	**9.25**	**11.67**

(b) Corporate social responsibility expenditure

(₹ in Million)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
1	Gross amount required to be spent by the Company during the year	7.38	15.00
2	Amount approved by the Board to be spent and actual spent during the year	15.22	19.42

Sr. No.	Particulars	Amount paid	Amount yet to be paid	Total
3	Amount spent during the year ending March 31, 2024			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	15.22	-	15.22
4	Amount spent during the year ending on March 31, 2023			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	19.42	-	19.42
5	Details related to spent / unspent obligations for March 31, 2024			
	i) Contribution to Public Trust	1.14	-	1.14
	ii) Contribution to Charitable Trust (Refer Note 47)	14.08	-	14.08
	iii) Unspent amount in relation to:			
	Ongoing project	-	-	-
	Other than ongoing project	-	-	-
6	Details related to spent / unspent obligations for March 31, 2023			
	i) Contribution to Public Trust	-	-	-
	ii) Contribution to Charitable Trust (Refer Note 47)	19.42	-	19.42
	iii) Unspent amount in relation to:			
	Ongoing project	-	-	-
	Other than ongoing project	-	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2024

Excess amount for set off, if any

(₹ in Million)

Sr. No.	Particulars	Total
(i)	Two percent of average net profit of the company as per sub-section 5 of section 135	7.38
(ii)	Total amount spent for the financial year	15.22
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7.84
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years if any	Nil
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)] (available till March 31,2027)	7.84
(vi)	Amount available for set-off in succeeding financial years of earlier years (available till March 31, 2026)	4.42
(vii)	Amount available for set-off in succeeding financial years of earlier years (available till March 31, 2025)	4.26

Note 38 - Segment information

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

Note 39 - Income tax expense

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Profit and loss section		
Current tax		
Current tax on profits for the year	-	137.66
Adjustments for current tax of prior periods	195.88	(110.90)
Total current tax expense	**195.88**	**26.76**
Deferred tax	(2,709.88)	63.78
Total income tax expenses recognised in statement of profit and loss	**(2,514.00)**	**90.54**
(ii) Other comprehensive income (OCI) section		
(a) Remeasurement of defined benefit obligation		
Income tax charged/(reversed) to OCI	3.29	(0.98)
Total deferred tax charged to OCI	**3.29**	**(0.98)**
Reconciliation of tax expense and the accounting profit :		
Profit before tax	1,056.67	(455.50)
Tax rate	0.25	0.35
Income tax expense as per applicable tax rate	**265.94**	**(159.17)**
Tax effect of amounts which have been excluded in calculating taxable income:		
Non-deductible expenses for tax purposes:		
Corporate social responsibility expenditure	3.83	7.43
Non deductible depreciation	14.22	21.53
Other non-deductible expenditure	100.92	-
Other adjusting items:		
Difference in tax rates for income subject to capital gains	-	20.42
Foreign exchange loss on loans given to subsidiaries	-	194.75
Effect of change in deferred tax rate under new regime	(254.54)	-
MAT Credit written off	265.34	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Short/ (excess provsion of earlier years)	40.94	-
Deduction for loan and interest write-off against which provision for impairment was created in previous year *	(2,936.99)	-
Expenses related to divestment- accounted in FY 22-23	(20.61)	-
Others	6.95	5.58
	(2,779.94)	**249.71**
Total tax expense	**(2,514.00)**	**90.54**

* Refer note 24 for deduction for write-off of loans given to subsidiaries and interest thereon

Note 40 - Expenditure incurred on Research and Development

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Revenue expenditure- charged to Statement of Profit and Loss	915.31	747.18
(b) Capital expenditure- excluding building	87.07	113.04
(c) Capital expenditure- building	2.22	0.73

The revenue expenditure as above comprise of employee benefit costs relating to personnel engaged in R&D activities, consumption of raw materials, stores and spares, power and fuel and other expenses and depreciation directly related to R&D. These expenses have been booked under the respective heads in the statement of profit and loss. Capital expenditure comprises of expenditure on Plant & machinery, factory equipments and software pertaining to R&D.

Note 41 - Disclosure under Micro, Small and Medium Enterprises Development Act 2006

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
a)	Principal amount due to Micro and small enterprises and remaining unpaid as at year end	905.56	753.36
b)	Interest due to Micro and small enterprises and remaining unpaid as at year end	-	2.01
c)	Principal amounts paid to Micro and small enterprises, beyond the appointed day during the year	8,673.79	8,551.90
d)	Interest paid, other than under section 16 of MSMED Act, to Micro and small enterprises, beyond the appointed day during the year	-	-
e)	Interest paid, under section 16 of MSMED Act, to Micro and small enterprises, beyond the appointed day during the year	29.76	53.92
f)	Interest due and payable towards Micro and small enterprises, for payments already made	5.17	20.37
g)	Further interest remaining due and payable for earlier years	6.85	8.91

Note : The Company has a process of sending out confirmations to all vendors, regarding their status as Micro and small enterprises. Based on responses received, the Company marks vendors as Micro, Small and Medium Enterprises and others.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 42 - Employee benefit obligation

A Defined contribution plans:

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is as under :

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
(I) Contribution to Employees' provident fund	115.23	96.07
(II) Contribution to Employees' family pension fund	50.85	49.29
Total	**166.08**	**145.36**

B Defined benefit plan (Gratuity)

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary plus dearness allowance per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Change in present value of benefit obligations

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Liability at the beginning of the year	433.83	390.55
Service cost	59.13	51.65
Interest expense	30.80	26.20
Transfer of obligation	(0.32)	(6.06)
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	13.14	(2.07)
Benefits paid	(23.59)	(26.44)
Liability at the end of the year	**512.99**	**433.83**

(b) Change in fair value of plan assets

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at the beginning of the year	390.13	350.09
Interest income	30.09	25.12
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	0.06	0.74
Contributions	67.62	43.84
Morality Charges and Taxes	(3.07)	(3.22)
Benefits paid	(23.59)	(26.44)
Fair value of plan assets at the end of the year	**461.24**	**390.13**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(c) The net liability disclosed above relates to funded plan is as follows

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of funded obligations	512.99	433.83
Fair value of plan assets	461.24	390.13
(Surplus)/Deficit of funded plan	**51.75**	**43.70**

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Service cost	59.13	51.65
Net interest (income)/expense	0.71	1.09
Transfer In/(Out)	(0.32)	0.66
Net gratuity cost	**59.52**	**53.40**

(e) Expenses to be recognized in statement of other comprehensive income

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Remeasurement		
Experience (Gain)/ Losses on plan liabilities	1.13	13.48
Experience (Gain)/ Losses on plan assets	1.18	(0.38)
Financial(Gain)/ Losses on plan assets	(1.24)	(0.36)
Financial (Gain)/ Losses on plan liabilities	12.01	(15.55)
Total expenses to be recognized in statement of Other Comprehensive Income	**13.08**	**(2.81)**

(f) Valuation in respect of gratuity has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.20%	7.30%
Salary growth rate	10.50%	10.00%
Expected rate of return on plan assets	7.30%	7.00%
Expected average remaining working life of employees (in years)*	5.03	5.04
Withdrawal Rate		
Service below 5 years	19.00%	19.00%
Service 5 years & above	19.00%	19.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance.

*It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Quantitative sensitivity analysis for significant assumptions are as follows

Particulars	As at March 31, 2024	As at March 31, 2023
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-4.69%	-4.61%
(ii) 1% decrease in discount rate	5.15%	5.07%
(iii) 1% increase in rate of salary escalation	3.91%	3.90%
(iv) 1% decrease rate of salary escalation	-3.68%	-3.65%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Particulars	March 31, 2024	March 31, 2023
Major categories of Plan Assets (as % of Total Plan Assets)		
Funds managed by insurer (in %)	100%	100%
Funds managed by insurer (₹ in Million)	461.24	390.13
Actual Return on plan assets (₹ in Million)	30.14	25.86
Average Duration		
Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate)	6.10 years	6.08 years

Maturity profile of defined benefit obligation :

The following benefits payments are expected for each of the next five years and the aggregate five years thereafter :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	93.82	81.59
1-2 year	82.40	73.00
2-3 year	84.01	70.28
3-4 year	82.29	71.06
4-5 year	81.93	72.13
5-10 years	383.48	319.48

Expected contributions for the next year

The Company intends to contribute ₹ 40 million towards its gratuity fund during the year ending March 31, 2025. During the year ended March 31, 2024, the Company has contributed ₹ 67.77 million to its gratuity fund.

RISK EXPOSURE AND ASSET LIABILITY MATCHING

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under as companies take on uncertain long-term obligations to make future benefit payments.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

1) Liability Risks

Asset-Liability mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

Discount rate risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities

Future salary escalation and inflation risk -

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risk

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 43 - Fair Value Measurement

Financial instruments by category

The following table provides the fair value measurement hierarchy of the Company's asset and liabilities:

(₹ in Million)

Particulars	March 31, 2024		March 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Amortized cost				
Investments				
- Government securities	0.07	0.07	0.06	0.06
Trade receivables	2,262.89	2,262.89	3,033.16	3,033.16
Loans	39.34	39.34	479.58	479.58
Cash and bank balances	599.65	599.65	1,541.42	1,541.42
Other financial assets	366.64	366.64	350.17	350.17
FVPL				
Investments				
- Equity instruments	64.89	64.89	0.09	0.09
- Mutual Funds	648.11	648.11	300.05	300.05
Derivative contracts	1.02	1.02	1.70	1.70
Total financial assets	**3,982.61**	**3,982.61**	**5,706.23**	**5,706.23**
Financial liabilities				
Amortized cost				
Fixed Rate Borrowings	7,464.14	7,442.02	3,734.25	3,730.98
Other Borrowings	5,005.33	5,005.33	12,725.58	12,725.58
Lease liabilities	1,492.82	1,492.82	1,003.52	1,003.52
Security deposits	92.84	92.84	89.07	89.07
Trade payables	7,196.57	7,196.57	6,242.14	6,242.14
Acceptances	77.65	77.65	91.01	91.01
Other financial liabilities	789.41	789.41	959.80	959.80
Total financial liabilities	**14,654.62**	**14,654.62**	**21,111.12**	**21,111.12**

(i) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2024	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at Fair Value				
Investments - Equity instruments	-	0.09	64.80	64.89
Investments - Mutual funds	648.11	-	-	648.11
Derivative contracts	-	1.02	-	1.02
Total	**648.11**	**1.11**	**64.80**	**714.02**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Financial Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2024	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments- Government Securities	0.07	-	-	0.07
Total financial assets	**0.07**	**-**	**-**	**0.07**
Financial Liabilities				
Fixed rate Borrowings	-	7,464.14		7,464.14
Other Borrowings	-	5,005.33	-	5,005.33
Lease Liabilities	-	1,492.82	-	1,492.82
Total financial liabilities	**-**	**13,962.29**	**-**	**13,962.29**

Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2023	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at Fair Value				
Equity instruments	-	0.09	-	0.09
Investments - Mutual funds	300.05	-	-	300.05
Derivative contracts	-	1.70	-	1.70
Total	**300.05**	**1.79**	**-**	**301.84**

Financial Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments- Government Securities	0.06	-	-	0.06
Total financial assets	**0.06**	**-**	**-**	**0.06**
Financial Liabilities				
Fixed rate Borrowings	-	3,730.98	-	3,730.98
Other Borrowings	-	12,725.58	-	12,725.58
Lease Liabilities	-	1,003.52	-	1,003.52
Total financial liabilities	**-**	**17,460.08**	**-**	**17,460.08**

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair value of the financial instruments included in the above tables:

- The Company enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Commentary

The carrying amounts of trade receivables, loans, other financial assets, cash and bank balances, trade payables/ acceptances and other financial liabilities are considered to be the same as their fair values due to their short-term nature. The fair values of non-current financial assets and non-current financial liabilities also approximate their carrying values.

The borrowings which are at floating rate of interest, fair values as at March 31, 2024 approximate their carrying values

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values

Investment in equity instruments fair valued at Level 3 pertains to investment in equity shares of AMP Energy C&I Twenty one Private Limited. This investment has been made in current financial year and is expected to generate benefits in the form of savings in energy costs over the contracted period. As at March 31, 2024, the underlying project of such SPV is under construction. Management has assessed that based on the present value of estimated future cash flows from the said project, the carrying value approximates its fair value.

Other Assets for which Fair Value is disclosed

The fair value of investment property is based on valuation performed by independent valuer as per significant observable inputs (Level 2).

Note 44 - Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, receivables, payables, deposits, investments and derivative financial instruments.

(a) Foreign currency risk

The Company operates internationally and the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk through its sale and purchase of goods and services, mainly in the North America and Europe . The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The Company evaluates exchange rate exposure arising from these transactions and enters into

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

foreign exchange forward contracts,to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency. The Company has designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure.

The Company's exposure to foreign currency risk as at March 31, 2024 expressed in INR, is as follows:

(₹ in Million)

Particulars	March 31, 2024				
	USD	EURO	JPY	Other currencies	Total
Financial assets					
Trade receivables	202.53	115.96	-	0.23	318.72
Trade receivables External	185.12	43.61	-	0.23	228.96
Trade receivables Intercompany	17.41	72.35	-	-	89.76
Interest receivable (Intercompany)*	-	3.41	-	-	3.41
Loans (Intercompany)*	-	199.80	-	-	199.80
Financial liabilities					
Borrowings	-	-	-	-	-
Trade payables	614.45	26.76	7.03	26.07	674.31
Trade payables External	612.46	10.01	0.74	26.07	649.28
Trade payables Intercompany	1.99	16.75	6.29	-	25.03
Other Financial liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Net assets / (liabilities)	**(411.92)**	**292.41**	**(7.03)**	**(25.84)**	**(152.38)**

*Excluding effect of provision for impairment. Refer note 52.

The Company's exposure to foreign currency risk as at March 31, 2023 expressed in INR, is as follows:

(₹ in Million)

Particulars	March 31, 2023				
	USD	EURO	JPY	Other currencies	Total
Financial assets					
Trade receivables	91.20	201.55	-	0.25	293.00
Interest receivable (Intercompany)*	2.19	316.30	-	-	318.49
Loans (Intercompany)*	-	13,629.33	-	-	13,629.33
Financial liabilities					
Borrowings	-	281.01	-	-	281.01
Trade payables	349.86	44.07	36.07	14.00	444.00
Net assets / (liabilities)	**(256.47)**	**13,822.10**	**(36.07)**	**(13.75)**	**13,515.81**

*Excluding effect of provision for impairment. Refer note 52.

Sensitivity Analysis

For the year ended March 31, 2024 and March 31, 2023, every 5% percentage point appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, would have affected the Company's incremental operating margins by approximately ₹ 20.62 million and ₹ 12.82 million respectively. And for Euro, every 5% point appreciation/depreciation in the exchange rate would have affected the Company's incremental operating margin by approximately ₹ 14.62 million, previous year ₹ 691.11 million. The sensitivity for net exposure in JPY and in other currencies does not have material impact to Statement of Profit and Loss. Sensitivity analysis is computed based on the changes in the receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

For the year ended	Currency	Increase/ decrease in base points	Variable rate CC balance / Term loans	Effect on profit before tax
March 31, 2024	INR	+100	5,005.33	(50.05)
March 31, 2024	INR	-100	5,005.33	50.05
March 31, 2023	INR	+100	6,041.13	(60.41)
March 31, 2023	INR	-100	6,041.13	60.41

(c) Other price risk

The Company does not have material investments in equity securities other than investments in its subsidiaries. Hence, equity price risk is considered to be low. Further, the Company's operating activities require the ongoing purchase of various commodities for manufacture of automotive parts. However, the movement in commodity prices are substantially adjusted through price differences as per customer contracts and hence commodity price risk for the Company is also considered to be low.

B Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company only deals with parties which have good credit rating/worthiness given by external rating agencies or based on the Company's internal assessment.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2024, receivable from Company's top 5 customers accounted for approximately 39.02 % (March 31, 2023: 42.61%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 13. The Company does not hold collateral as security.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's corporate treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties. Credit limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2024 and March 31, 2023 is the carrying amounts as disclosed in note 14 except for financial guarantees. The Company's maximum exposure relating to financial guarantees is disclosed in note 51 (B).

C Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As at March 31, 2024, cash and cash equivalents are held with major banks.

Maturities of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

As at March 31, 2024 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Borrowings	175.00	6,854.78	5,439.69	-
Lease liabilities**	-	298.10	1,120.72	662.00
Trade Payables	-	7,196.57	-	-
Acceptances	-	77.65	-	-
Other financial liabilities	92.84	789.41	-	-

As at March 31, 2023 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Borrowings	6,115.48*	8,870.57	1,473.78	-
Lease liabilities**	-	199.28	672.79	569.23
Trade Payables	-	6,242.14	-	-
Acceptances	-	91.01	-	-
Other financial liabilities	89.07	959.80	-	-

For financial guarantee contracts, refer note 51 (B)

* Includes non-current loans of ₹ 2,381.23 million that have been reclassified as current (on demand) on account of covenant non-compliance.

** Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024

Note 45 - Capital management

(a) Risk management

The Company's capital comprises equity share capital, securities premium, retained earnings and other equity attributable to shareholders.

The Company's objectives when managing capital are to :

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares .

The Company monitors debt-equity ratio, which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and other equity attributable to equity shareholders. The debt-equity ratio at the end of the reporting period was as follows.

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Net debt		
Non-current borrowings (refer note 21)	5,439.69	1,473.78
Current maturities of non-current borrowings (refer note 22)	2,002.54	-
Current borrowings (refer note 22)	5,027.24	14,986.05
Less : Cash and cash equivalents and other bank balances (refer note 14 and 15)	(599.65)	(1,541.42)
Less : Investment in Liquid and overnight Mutual fund (refer note 12)	(648.11)	(300.05)
Net debt (A)	**11,221.71**	**14,618.36**
(B)Total equity		
Equity share capital (refer note 19)	152.79	152.79
Other equity (refer note 20)	8,951.83	5,390.95
Total equity (B)	**9,104.62**	**5,543.74**
Net debt to equity ratio (A/B)	**1.23**	**2.64**

No changes were made in the objectives, policies or processes for managing capital of the Company during the year.

Loan covenants

The Company's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Some of the financial covenants were not complied as at March 31, 2024. Refer note 21 for details.

(a) Dividends not recognised at the end of the reporting period

The Board of Directors have not recommended any dividend during the current year.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 46 - Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2024

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts-EUR	213.93	-	0.46	-	Various Dates	1:1	₹ 90.65	(0.46)	0.46
Foreign exchange forward contracts-USD	74.99	479.65	0.68	0.13	Various Dates	1:1	₹ 83.37	(0.56)	0.56

*Maturity Dates vary on account of multiple hedging contracts which range from April 30, 2024 to September 30, 2024.

March 31, 2023

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts-EUR	91.91	-	-	0.01	Various Dates	1:1	₹ 90.11	0.01	(0.01)
Foreign exchange forward contracts-USD	262.41	-	1.71	-	Various Dates	1:1	₹ 83.20	(1.71)	1.71

*Maturity Dates vary on account of multiple hedging contracts which range from April 28, 2023 to July 31, 2023.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 47 - Related party disclosure

a. Related parties and their relationships

(A) Related parties where control exists

1 Subsidiaries	Varroc Polymers Limited, India Durovalves India Private Limited, India CarIQ Technologies Private Limited, India VL Lighting Solutions Private Limited, India (up to October 6, 2022) Varroc European Holding B.V., The Netherlands VarrocCorp Holding B.V., The Netherlands Varroc Japan Co. Ltd Japan
Step Down Subisidiaries	Industria Meccanica E Stampaggio S.p.a., Italy Varroc Italy SPA, Italy Varroc Romania S.A., Romania Varroc Vietnam Co. Ltd., Vietnam Varroc Lighting Systems Bulgaria EOOD Varroc Germany GmBH, Germany Varroc Poland S.p.Z.o.o, Poland Varroc Electronics Romania SRL, Romania Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd., China Varroc Czech Republic SRO, Czech Republic
Step Down Subisidiaries - up to October 6, 2022	Varroc Lighting Systems SRO, Czech Republic Varroc Lighting Systems GmBH, Germany Varroc Lighting Systems Inc. USA Varroc Lighting Systems S.de.R.L. De. C.V., Mexico Varroc Lighting Systems sp. Z o.o., Poland Varroc Lighting Systems SA, Morocco Varroc do Brasil Industria E Commercia LTDA Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi
2 Jointly Controlled Entities	Varroc Dell'Orto Private Limited, India Varroc TYC Corporation British Virgin Islands, China Varroc TYC Auto Lamps Co. Ltd., China (Subsidiary of Varroc TYC Corporation, BVI) Varroc TYC Auto Lamps Co. Ltd. CQ, China (Subsidiaries of Varroc TYC Auto Lamp Co. Ltd., China) Nuova CTS S.r.L.,Italy

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(B) Other related parties with whom transactions have taken place during the period

3 Key Management Personnel

Chairman & Managing Director	Mr. Tarang Jain
Whole time Directors	Mr. Arjun Jain Mr. Rohit Prakash (up to August 31, 2023) Mr. Tarun Tyagi (w.e.f. September 09, 2023)
Independent Directors	Mr. Gautam Khandelwal Mrs. Vijaya Sampath Mr. Vinish Kathuria Mr. Marc Szulewicz
Non-Executive Director	Mr. Dhruv Jain (w.e.f. September 09, 2022)
Chief Financial Officer	Mr. K. Mahendra Kumar (w.e.f. September 28, 2022) Mr. Tharuvai R. Srinivasan (upto August 31, 2022)
Company Secretary	Mr. Ajay Kumar Sharma
4 Enterprises or entities owned or controlled by/ overwhich the Directors and/or key management personnel (and/or their relatives) of the Company, Subsidiaries or Associate Companies or Joint Venture Companies or Entities, exercise significant influence/control, with whom transactions have taken place	Endurance Technologies Limited Endurance Adler S.P.A. Varroc Foundation Scarpa & Colombo S.r.L Freccia International S.r.L, Italy Dell'Orto S.P.A.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024

b) Transactions with Related parties

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2024	For the year ended March 31, 2023	As at March 31, 2024		As at March 31, 2023	
				Receivable	Payable	Receivable	Payable
A)	**Sale of goods, services and fixed assets***						
	Varroc Polymers Limited, India	676.67	236.90	50.42	-	129.65	-
	Durovalves India Private Limited, India	47.64	28.62	13.37	-	3.22	-
	CarlQ Technologies Private Limited, India**	0.00	-	0.00	-	-	-
	Varroc Italy SPA, Italy	0.13	5.21	62.97	-	62.38	-
	Varroc Romania S.A., Romania	0.03	0.32	0.43	-	1.38	-
	Varroc Vietnam Co. Ltd., Vietnam	6.21	0.19	6.13	-	0.43	-
	Industria Meccanica E Stampaggio S.p.a., Italy	-	0.07	4.92	-	4.95	-
	Varroc Dell'Orto Private Limited, India	166.18	132.95	76.46	-	23.34	-
	Varroc TYC Auto Lamps Co. Ltd. CQ, China	-	1.85	1.90	-	1.87	-
	Endurance Technologies Limited	4.22	6.89	0.18	-	0.63	-
	Endurance Adler S.P.A.	2.06	6.86	-	-	2.32	-
	Varroc Lighting Systems Inc. USA (Upto October 6, 2022)	-	2.54	-	-	-	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (Upto October 6, 2022)	-	0.13	-	-	-	-
	Varroc Lighting Systems SRO, Czech Republic (Upto October 6,2022)	-	96.93	-	-	-	
	Varroc Lighting Systems S.A., Morocco (Upto October 6,2022)	-	2.99	-	-	-	-
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim irketi (Upto October 6,2022)	-	12.51	-	-	-	-
	Varroc Lighting Systems S.p.z.oo. Poland (Upto October 6,2022)	-	14.90	-	-	-	-
	VL Lighting Solution Private Limited	-	6.51	-	-	-	-
B)	**Guarantee commission received**						
	Varroc Electronics Romania SRL	3.27	2.76	10.05	-	6.67	-
	VarrocCorp Holding B.V., The Netherlands#	-	21.33	-	-	169.42	-
	Varroc European Holding B.V., The Netherlands	-	-	-	-	0.21	-
	Varroc Lighting Systems Inc. USA (Upto October 6, 2022)	-	1.38	-	-	-	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (Upto October 6, 2022)	-	10.50	-	-	-	-
	Varroc do Brasil Industria E Commercia LTDA (Upto October 6,2022)	-	2.55	-	-	-	-
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim irketi (Upto October 6,2022)	-	2.83	-	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2024	For the year ended March 31, 2023	As at March 31, 2024		As at March 31, 2023	
				Receivable	Payable	Receivable	Payable
C)	**Management consultancy fees received**						
	Durovalves India Private Limited, India	5.00	5.00	1.35	-	1.35	-
	Varroc Dell'Orto Private Limited, India	12.43	11.30	5.81	-	3.05	-
	Varroc Lighting Systems Inc. USA (Upto October 6, 2022)	-	79.03	-	-	-	-
D)	**Rent received**						
	Varroc Polymers Limited, India	41.22	26.21	12.93	-	1.42	-
	CarlQ Technologies Private Limited, India	0.60	-	-	-	-	-
	Varroc Dell'Orto Private Limited, India	2.27	2.07	0.41	-	0.37	-
E)	**Interest received/ receivable**						
	CarlQ Technologies Private Limited, India	2.54	2.50	9.16	-	6.87	-
	VarrocCorp Holding B.V., The Netherlands	-	137.95	-	-	314.66	-
	Varroc European Holding B.V., The Netherlands	-	2.85	3.41	-	3.82	-
F)	**Loan to Subsidiaries-Given/(Repaid)**						
	CarlQ Technologies Private Limited, India	5.00	-	30.00	-	25.00	-
	VarrocCorp Holding B.V.The Netherlands #	(637.35)	2,632.18	-	-	13,405.60	-
	Varroc European Holding B.V., The Netherlands #	-	-	199.80	-	223.73	-
G)	**Reimbursement of expenses (Received/ Receivable)**						
	Varroc Polymers Limited, India	25.16	16.88	5.97	-	0.60	-
	Durovalves India Private Limited, India	2.89	1.48	1.06	-	0.05	-
	Varroc Dell'Orto Private Limited, India	1.55	0.75	1.51	-	0.75	-
	Varroc Lighting Systems Vietnam Co. Ltd.	-	-	-	-	0.43	-
	Varroc Poland S.p.Z.o.o, Poland	-	0.54	-	-	0.55	-
	Varroc Lighting Systems Inc. USA (Upto October 6, 2022)	-	3.04	-	-	-	-
	Varroc Lighting Systems SRO, Czech Republic (Upto October 6,2022)	-	11.80	-	-	-	-
	VarrocCorp Holding B.V., The Netherlands	8.85	19.71	8.96	-	22.67	-
	VL Lighting Solution Private Limited	-	1.02	-	-	-	-
	CarlQ Technologies Private Limited, India	5.06	-	5.84	-	-	-
H)	**Sale of fixed assets to Key Managerial Personnel**						
	Mr. Tarang Jain	8.08	-	-	-	-	-
	Mr. Rohit Prakash (Until 31.08.2023)	1.48	-	-	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2024	For the year ended March 31, 2023	As at March 31, 2024		As at March 31, 2023	
				Receivable	Payable	Receivable	Payable
I)	**Purchase of goods, services and fixed assets***						
	Varroc Polymers Limited, India	118.31	72.96	-	55.70	-	11.02
	Durovalves India Private Limited, India	38.43	90.24	-	3.71	-	131.72
	CarlQ Technologies Private Limited, India	5.60	32.85	-	0.70	-	-
	Varroc Lighting Systems Electronics Romania SRL	-	-	-	0.04	-	0.04
	Varroc Poland S.p.Z.o.o, Poland	258.40	-	-	-	-	-
	Varroc Japan Co. Limited	28.48	20.60	-	6.29	-	3.68
	Varroc Lighting Systems Italy, SPA	-	12.17	-	12.62	-	12.53
	Varroc TYC Auto Lamps Co. Ltd. CQ, China	-	-	-	0.27	-	0.26
	Endurance Technologies Limited	25.76	9.75	-	3.54	-	1.21
	Varroc Lighting Systems SRO, Czech Republic (Upto October 6,2022)	-	8.94	-	-	-	-
J)	**Commission Paid/Payable**						
	Mr. Gautam Khandelwal	1.92	2.10	-	1.92	-	2.10
	Mr. Marc Szulewicz	1.35	0.97	-	1.35	-	0.97
	Mrs. Vijaya Sampath	2.20	1.70	-	2.20	-	1.70
	Mr. Vinish Kathuria	2.12	1.60	-	2.12	-	1.60
K)	**Key Managerial Personnel remuneration #**						
	Mr. Tarang Jain	64.05	52.27	-	-	-	-
	Mr. Arjun Jain	22.86	19.24	-	-	-	-
	Mr. Karumanchi Mahendra Kumar (w.e.f. September 28,2022)	33.58	11.22	-	-	-	-
	Mr. Tharuvai Srinivasan (upto August 31, 2022)	-	20.12	-	-	-	-
	Mr. Ajay Kumar Sharma	14.34	14.92	-	-	-	-
	Mr. Tarun Tyagi (W.e.f. 01.09.2023)	9.03	-	-	-	-	-
	Mr. Rohit Prakash (Until 31.08.2023)	17.63	26.73	-	-	-	-
L)	**Directors sitting fees**						
	Mr. Gautam Khandelwal	1.40	1.30	-	0.18	-	0.09
	Mr. Marc Szulewicz	0.80	1.20	-	-	-	0.10
	Mrs. Vijaya Sampath	1.30	1.80	-	0.09	-	0.09
	Mr. Vinish Kathuria	1.20	1.80	-	0.09	-	0.09
M)	**Reimbursement of expenses (Paid/Payable)**						
	Varroc Polymers Limited, India	4.39	14.64	-	0.74	-	2.11
	Durovalves India Private Limited, India	0.03	-	-	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2024	For the year ended March 31, 2023	As at March 31, 2024		As at March 31, 2023	
				Receivable	Payable	Receivable	Payable
	CarlQ Technologies Private Limited, India	0.08	-	-	-	-	-
	Varroc Dell'Orto Private Limited, India	-	0.92	-	-	-	-
	Scarpa & Colombo S.r.L	8.38	8.60	-	5.51	-	-
	Freccia International S.r.L, Italy	0.11	0.16	-	0.30	-	-
	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd., China	0.05	-	-	-	-	-
N)	**Guarantee for facilities ^**						
	Varroc Lighting Systems Electronics Romania SRL	-	-	-	316.62	-	357.96
	Varroc Lighting Systems, Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim irketi (Upto October 6,2022)	-	-	-	-	-	574.56
O)	**Other expenses**						
	Varroc Lighting Systems SRO, Czech Republic (Royalty) (Upto October 6,2022)	-	76.52	-	-	-	-
	Varroc Lighting Systems SRO, Czech Republic (R&D, R&M, etc) (Upto October 6,2022)	-	5.64	-	-	-	-
	Varroc Lighting Systems Inc. USA (IT expenses) (Upto October 6, 2022)	-	52.18	-	-	-	-
	Varroc Lighting Systems Inc. USA (R&D Expenses) (Upto October 6, 2022)	-	(0.03)	-	-		-
	Varroc Lighting Systems Inc. USA (Admin & Other expenses) (Upto October 6, 2022)	-	(2.89)	-	-	-	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (R&D Expenses) (Upto October 6, 2022)	-	0.68	-	-	-	-
	Varroc Lighting Systems S.p.z.oo. Poland (Admin expenses) (Upto October 6,2022)	-	1.72	-	-	-	-
P)	**Rent Paid for assets acquired on lease**						
	Varroc Polymers Limited, India	49.95	-	-	24.55	-	-
Q)	**Dividend received**						
	Durovalves India Private Limited, India	125.79	-	-	-	-	-
R)	**Intercorporate Deposit/Loan-Taken/(Repaid)**						
	Varroc Polymers Limited, India (Deposit Repaid- Net)	(4,940.20)	2,080.20	-	-	-	4,940.20
	Varroc Polymers Limited, India (Loan Taken- Net)	3,617.19	-	-	3,617.19	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2024	For the year ended March 31, 2023	As at March 31, 2024		As at March 31, 2023	
				Receivable	Payable	Receivable	Payable
S)	**Interest paid/ payable**						
	Varroc Polymers Limited, India	437.91	412.36	-	26.34	-	36.11
T)	**Corporate Social Responsibility (CSR)**						
	Varroc Foundation	14.08	19.42	-	-	-	-
U)	**Royalty Paid**						
	Dell'Orto S.P.A.	20.48	-	-	5.60	-	-
V)	**Investment in Subsidiaries**						
	VL Lighting Solution Private Limited	-	1.00	-	-	-	-

Notes :

* All the amounts exclusive of taxes, if any.

** Amount below rounding off norm adopted by the Company

^ The balances at year end pertain to guarantees outstanding as at Balance sheet date.

Refer note 16 for provision made for doubtful debts.

This amount is before impairment provision (Refer Note 16). During current year, loans given to VarrocCorp Holding Bv Netherlands have been written off. Refer note 24 for details

There is no provision for doubtful debts related to outstanding balances and no expense has been recognised during the current period in respect of bad or doubtful debts due from related parties except the above.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 48 (a) : Commitments

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Purchase of property, plant and equipment	698.16	500.00

ii) Lease commitments

Company as lessor

The Company has entered into operating leases on its investment properties , with lease terms between three to five years.

Future minimum rentals receivable under non-cancellable operating leases as at March 31, 2024 as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Within one year	21.96	20.91
After one year but not more than five years	-	21.96

Note 49 : Earnings per share

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Earnings per share (EPS)		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million)	3,570.67	(13,867.94)
Weighted average number of shares outstanding	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees)	**23.37**	**(90.76)**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million)	3,570.67	(13,867.94)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees)	**23.37**	**(90.76)**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 50 : Interests in joint venture

Set out below is the joint venture of the Company as at March 31, 2024:

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2024	As at March 31, 2023
Varroc Dell'Orto Private Limited	India	50%	Joint Venture	Equity Method	15.25	15.25
Total					**15.25**	**15.25**

The joint venture entity is primarily engaged in the business of auto components and services in the automotive industry.

Commitments and contingent liabilities in respect of joint venture

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Varroc Dell'Orto Private Limited	-	-

Summarised financial information for joint venture

The summarised financial information for joint venture disclosed below, reflects the amounts presented in the financial statements of the joint venture and not Varroc's share of those amounts.

(i) Summarised balance sheet of Varroc Dell'Orto Private Limited

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Current assets		
Cash and cash equivalents	113.00	66.21
Other assets	170.18	131.45
Total current assets	**283.18**	**197.66**
Total non-current assets	**1.68**	**2.09**
Current liabilities		
Financial liabilities	147.13	80.87
Other liabilities	5.15	8.15
Total current liabilities	**152.28**	**89.02**
Non-current liabilities		
Other liabilities	1.06	0.87
Total non-current liabilities	**1.06**	**0.87**
Net assets	**131.52**	**109.86**

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(ii) Summarised statement of profit and loss

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations	398.53	474.01
Cost of Raw Material and components consumed	334.84	390.98
Depreciation and amortisation	0.83	0.41
Finance costs	0.13	0.22
Employee benefit expenses	11.31	10.01
Other Expenses	22.13	29.00
Profit before tax	**29.29**	**43.39**
Income tax expense	7.61	10.93
Profit /(Loss) for the year	**21.68**	**32.46**
Other comprehensive income	(0.02)	(0.04)
Total comprehensive income	**21.66**	**32.42**
Dividends received	**-**	**-**

Note 51 - Contingent liabilities

A) Contingent liabilities not provided for :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
a) Claim against the group not acknowledged as debt		
Disputed excise, service tax and goods and service tax matters (Refer (i))	445.02	359.64
Income tax matters	210.54	201.06
b) Employee related disputes	29.32	22.49
c) Export Promotion Capital Goods (EPCG) (Export obligation against the above ₹ 859.15 million, previous year ₹ 859.15 Million)	143.19	143.19
d) Provident fund liability	See note (ii) below	See note (ii) below

(i) The Company is contesting Excise, Service Tax and Goods and Service Tax demand/notices and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands/notices raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of the operations. The Company has deposited ₹ 38.64 million (previous year ₹ 38.08 million) with the tax authorities against the above matters to comply with the order of the tax authorities.

(ii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(B) The Company has provided corporate guarantees as at March 31, 2024 :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Corporate guarantees for loan taken by erstwhile foreign subsidiary discontinued on October 6, 2022 [(March 31, 2024 - Nil (March 31, 2023 - USD 7.00 million)] (Amount Drawdown, March 31, 2023 - USD 7.00 million)	-	574.56
Corporate guarantees given for loans taken by foreign subsidiary [(March 31, 2024 - EURO 5.10 million (March 31, 2023 - Euro 5.10 million)] Amount Drawdown as at March 31, 2024: EURO 3.51 million (March 31, 2023 - EURO 4.00 million)	316.62	357.96

The loans taken by the subsidiaries against the above guarantees/standby letter of credit have been utilised by them for setting up of manufacturing facilities, working capital requirements and/or repayment of external loans.

(C) Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 52- Loss on equity investments and loans given to VLS

Year ended March 31, 2024

The Buyer submitted the final adjustments but failed to provide the necessary supporting details to enable the Sellers to understand these adjustments. Hence, Sellers sent a Dispute Notice in accordance with the SPA disputing the proposed adjustments. Subsequently, both the Buyer and the Sellers have entered into Settlement Agreement on July 14, 2023 whereby both the parties have agreed to settle the disagreements on closing adjustments and the final equity value agreed under the Settlement Agreement is Eur 54.5 million. Accordingly VCHBV has received the remaining consideration amount of Eur 13 million on July 17, 2023 pursuant to this final settlement with Buyer.

Exceptional item of ₹45 million for the year ended March 31, 2024 pertains to expenses directly related to sale of investment in VLS business.

Further, the Company has received amount of ₹907 million from VCHBV out of final settlement proceeds received as above. Out of this amount of ₹151.49 million and ₹184.11 million are received towards commission on corporate guarantee and outstanding loans respectively which were already provided for in previous financial year. Accordingly, Company has reversed provision of ₹335.60 million created towards such commission on corporate guarantee and outstanding loans created in previous year and remaining amount of ₹ 11,796.44 million pertaining to above impairment loss on loans and related interest has been written off after making requisite submissions to AD Bank in the current financial year. Further, the Company has also created additional provision for impairment on investment in subsidiaries of ₹335.60 million equivalent to the provision written back on commission on corporate guarantee and loans outstanding.

Year ended March 31, 2023

In previous year, the Company and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of the Company) (together referred to as "Sellers") entered into a Securities Purchase Agreement dated April 29, 2022 as amended dated October 05, 2022 and May 12, 2023 (collectively referred to as "SPA") with Compagnie Plastic Omnium

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

SE, France (referred to as "Buyer"), to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ("VLS Business"). The equity value agreed under the SPA was Eur 69.5 million (subject to closing adjustments as provided under the SPA) and accordingly the loss on equity investments and loans given to VLS business of ₹13,321.90 million was recognised during the year ended March 31, 2023 as exceptional item. Summary of loss on equity and loans given to VLS business is as follows :

(₹ in Million)

Particulars	As of Closing date	Effect of changes in foreign exchange rate	As at March 31, 2023
Provision for loss on loans given to VLS business	11,772.22	1,409.66	13,181.88
Provision for loss on interest on loans given to VLS business	284.65	33.84	318.49
Provision for loss on guarantee commission receivable from VLS business	151.49	17.93	169.42
Provision for loss on expense receivable for sale of VLS business	81.90	-	81.90
Provision on equity investments in VCHBV	1,031.65	58.61	1,090.26
Total provision	**13,321.90**	**1,520.05**	**14,841.95**

Note 53- Ratio Analysis and its elements**

Ratio		March 31, 2024	March 31, 2023	% change	Reason for variance
Current ratio	No. of times	0.58	0.43	34.41%	(A)
Debt-Equity ratio	No. of times	1.37	2.97	-53.87%	(B)
Debt Service Coverage ratio	No. of times	0.57	1.03	-45.02%	(C)
Net Profit ratio	In %	7.87%	-35.20%	-122.37%	(D)
Return on Equity ratio	In %	49.37%	-4.38%	-1228.00%	(E)
Return on Capital Employed	In %	13.48%	-54.32%	-124.81%	(F)
Return on Investment	In %	5.90%	0.43%	1284.61%	(G)
Trade Receivable Turnover ratio	No. of times	17.13	11.25	52.23%	(H)
Inventory Turnover ratio	No. of times	7.45	6.87	8.44%	
Trade Payable Turnover ratio	No. of times	4.35	3.86	12.48%	
Net Capital Turnover ratio	No. of times	(4.52)	(5.81)	-22.27%	

**Based on the requirements of Schedule III

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Formulae for calculation of ratios are as follows:

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

(ii) Debt-Equity Ratio = [Total Debt / Total Equity]

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

(iv) Return on Equity ratio = [(Net Profits after taxes – Preference Dividend/(Average Shareholder's Equity)]

(v) Inventory Turnover ratio= [(cost of goods sold)/(Average Inventory)]

(vi) Trade Receivable Turnover Ratio = [(Revenue from Operation)/(Average Trade receivable)]

(vii) Trade Payable Turnover Ratio = [(Purchases)/(Average Trade payable)]

(viii) Net Capital Turnover Ratio = [(Net Annual Sales)/(Average Working Capital)]

(ix) Net Profit ratio = [(Net Profit after taxes)/ (Revenue from Operation)]

(x) Return on Capital Employed = [(Earning Before Interest and taxes (EBIT))/(Capital employed)

(xi) Return on Investment = [(Income generated from invested funds in bank FDs and mutual funds)/ (Average invested funds in bank FDs and mutual funds)]

(xii) Capital Employed = Tangible Net worth + Total Debt + Deferred Tax Liability

(xiii) Working capital = (Current assets - Current liabilities)

Commentary

A) Increase in Current ratio is mainly due to reduction in current borrowings.

B) Decrease in Debt equity ratio is due to decrease in borrowings during the year and end increase in equity due to current year profits.

C) Decrease in the ratio due to higher repayment of long term borrowings during the year (including repayment of NCDs of ₹ 3,750 million).

D) Increase in the ratio is due to profit in the current year as compared to losses in the previous year.

E) Increase in the ratio is due to profit in the current year as compared to losses in the previous year.

F) Increase in the ratio is due to profit in the current year as compared to losses in the previous year.

G) Increase in the ratio due to increased average investment in fixed deposit and liquid/ overnight Mutual funds during the current year.

H) Increase in the ratio due decrease in average outstanding Trade receivables on account of Factoring, and increase in revenue as compared to previous year.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Note 54 - Ultimate Beneficiary

For the year ended March 31, 2024

In the Financial Year 2023-24, the Company has not advanced or loaned or invested funds, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

For the year ended March 31, 2023

In the Financial Year 2022-23, the company ('Funding party') has loaned to VarrocCorp Holding B.V., The Netherlands ('Intermediary'), which is a wholly owned subsidiary. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	₹ in Million	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	₹ in Million	Name of ultimate Beneficiary
Various Dates	Loan	581.10	VarrocCorp Holding B.V., The Netherlands	Various Dates	Investment in equity shares	80.96	Varroc do Brasil Industria E Commercia LTDA
						36.43	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
						119.39	Varroc Lighting Systems S.A., Morocco
					Loans	344.33	Varroc Electronics Romania SRL (Formerly known as "Varroc Lighting Systems Electronics Romania SRL")

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc do Brasil Industria E Commercia LTDA	13.384.641/0001-39	Subsidiary	Avenida Parana 2879 Sorocaba 18105-00 Brazil
Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	60142	Subsidiary	Av Parque Industrial Monterrey 608, 66600 Apodaca Mexico
Varroc Lighting Systems S.A., Morocco	84097	Subsidiary	Lot 133, Zone Franche Tanger Automotive City, Commune Joumaa, Province of Fahs Anjra Tanger, Morocco
Varroc Systems Electronics Romania SRL (Formerly known as ""Varroc Lighting Systems Electronics Romania SRL"")	40419203	Subsidiary	Street- Calarasilor,112-114 Targu Mures, Romania

The Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

The Company has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries,

Note 55 (a) - Audit Trail

The Company uses SAP ECC R6 as the accounting software. SAP ensures an audit trail, providing standard functionality and logging in all changed data in the system. This functionality and audit trail feature in SAP has been operational throughout the year for all relevant transactions recorded through the application in the Company.

In the Company, accounting documents are used to record all business transactions – posted documents are stored in SAP for every transaction and a financial document once posted cannot be deleted or changed for data points impacting financials. The SAP environment at the Company is appropriately governed and only authorised users can make postings in SAP, while interacting with the system through the application layer. Normal / regular users are not granted nor have direct SAP back-end database (DB) or super user level access which would allow them to make any changes to financial documents directly which have already been posted through the application.

To operate the SAP-application and the SAP-DB, the system necessarily requires a set of super-users to have DB-level accesses. These super-users are obligated to perform system related tasks. They are not allowed to carry out any direct changes / edits to financial transactions in the SAP-DB, which if carried out is illegal. In the event of an unathorised change by a super user specifically, these can be detected through an investigative approach and / or using services provided by SAP as part of their financial data quality check service, which validates the consistency of financials based on the request of the client. Therefore, while the SAP-DB at the moment does not have a concurrent real time audit trail feature in view of its infeasibility, the tracking of changes can be done through a focused enquiry process.

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

The Company has used an accounting software which is operated by a third-party software service provider, for maintaining its payroll records. Management is not in possession of Service Organisation Controls report to determine whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.

Note 55 (b) - Amalgamation of Varroc Polymers Limited with the Company

The Board of Directors of the Company at its meeting dated May 17, 2024 have approved the draft scheme of amalgamation of Varroc Polymers Limited (a wholly owned subsidiary of the Company) with the Company under sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') subject to the requisite approvals under the Act and the sanction of the scheme by National Company Law Tribunal (“NCLT”). The appointed date of the said scheme is April 01, 2024 or such other date as may be approved by the NCLT or any other competent authority .

Note 56 - Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iii) The Company does not have any transactions with companies struck off.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(vi) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.

As per our report of even date

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

per Paul Alvares
Partner
Membership No : 105754
Place : Pune
Date : May 17, 2024

For and on behalf of the Board of Directors

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

Gautam Khandelwal
Director
(DIN 00270717)
Place : Pune

K. Mahendra Kumar
Group CFO
Place : Pune

Date : May 17, 2024

Ajay K. Sharma
Company Secretary
(Membership No: ACS9127)
Place : Pune

Consolidated Financial Statements

Independent Auditor's Report

To the Members of Varroc Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Varroc Engineering Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures comprising of the consolidated Balance Sheet as at March 31, 2024, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, except for the possible effects of the matter described in the "Basis of Qualified Opinion" section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint ventures as at March 31, 2024, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

As disclosed in note 50 to the consolidated financial statements, the financial results and other financial information for the year ended March 31, 2024 in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, is unaudited. Hence, we are unable to determine the impact of Group's share of profit/loss from China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the year ended March 31, 2024 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2024, had the financial results/ other financial information of China JV been audited.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group and its joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Allowability of deduction on write-off of loans to subsidiary under the Income Tax Act, 1961 (as described in note 20 of the consolidated financial statements)	
During the year, the Holding Company and its subsidiary Varroc Polymers Limited (VPL) derecognized (written-off) loans given to VarrocCorp Holding BV Netherlands ('VCHBV') and interest accrued on such loans aggregating to ₹ 13,533.33 million. These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) and were fully provided for in the respective books during the period ended Sep 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium. During the current year, the management has considered the aforesaid write-off as an allowable business loss for computation of current tax provision, as it believes that these loans extended to VCHBV were in the nature of trade investments to advance the Company's business. Accordingly, the same has been considered as deduction for computation of current tax provision for the year ended March 31, 2024 to the extent of ₹ 437.14 and consequently, a deferred tax asset of ₹ 2,448.03 million (after adjusting other taxable income pertaining to current financial year) has been recognized as at March 31, 2024. We identified this as a key audit matter in our audit of the consolidated financial statements considering quantum of the deduction and the significant judgement involved with respect to deductibility of such expenditure under Income Tax Act, 1961.	The audit procedures performed by us included the following: • Read the tax opinions obtained by the Group from two senior tax counsels supporting the allowability of tax deduction on write-off of the said loans; • Involved tax experts to assist in evaluating the allowability of deduction on write-off of loans to subsidiary; • Assessed the forecast of future taxable income prepared by the management to test the recoverability of deferred tax asset as at March 31, 2024; • Assessed the adequacy of disclosures in the consolidated financial statements.
Testing of compliance with Debt covenants (as described in note 17 of the consolidated financial statements)	
The total borrowings of the Group as at March 31, 2024 was ₹ 12,093.78 million. These borrowings have loan covenants with respect to debt-equity, debt service coverage, etc. non-compliance of which gives right to the lender to demand immediate repayment and/or penal interest. We identified this as a key audit matter in our audit of the consolidated financial statements considering the quantum of borrowings and the significant implications in case of non-compliance with debt covenants.	The audit procedures performed by us included the following: • Evaluated the Group's assessment and workings for compliance with the relevant debt covenants as applicable to various borrowings in the Group; • Tested the underlying calculations used in the Group's assessment of debt covenants for a sample of loan contracts. • In case of non-compliance with any of the debt covenants, read the covenants waivers from lenders where available. In the absence of waivers, assessed the consequent reclassification of the respective borrowing from non-current to current. • Assessed the adequacy of disclosures in the consolidated financial statements for compliance with the relevant accounting standard requirements.

Key audit matters	How our audit addressed the key audit matter
De-recognition of trade receivables under factoring arrangements (as described in note 2A of the consolidated financial statements)	
The Group enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. As at March 31, 2024, the Group derecognized trade receivables amounting to ₹ 6,139.71 million. The Group derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of derecognition of trade receivables under the factoring arrangements is complex and requires significant judgement. Accordingly, this has been identified as a key audit matter in our audit of the consolidated financial statements.	The audit procedures performed by us included the following: • Evaluated the assessment made by management in respect of transfer of substantially all risks and rewards of ownership of the financial asset under the factoring contracts; • Read a sample of factoring contracts to understand the terms and assessed if they qualify as non-recourse arrangements and further assessed if the accounting treatment is as per the requirements of Ind AS 109, "Financial Instruments"; • Assessed the adequacy of disclosures in the consolidated financial statements for compliance with the relevant accounting standard requirements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of 5 subsidiaries, whose financial statements (without giving effect of elimination of intra-group transactions) include total assets of ₹7,734 million as at March 31, 2024, and total revenues of ₹6,973 million and net cash outflows of ₹169 million for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 11 million for the year ended March 31, 2024, as considered in the consolidated financial statements, in respect of 1 joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 5 subsidiaries, whose financial statements and other financial information (without giving effect of elimination of intra-group transactions) reflect total assets of ₹1,014 million as at March 31, 2024, and total revenues of ₹1,067 million and net cash inflows of ₹28 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 433 million for the year ended March 31, 2024, as considered in the consolidated financial statements, in respect of 2 joint ventures, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group, except those relating to China JV.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management except those relating to China JV.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of the subsidiary companies and joint venture company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except for the matter stated in the paragraph (j)(vi) below on reporting under Rule 11(g);

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

   (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and joint ventures, none of the directors of the Group's companies and its joint ventures, incorporated in India, is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3) (b) and paragraph (j)(vi) below on reporting under Rule 11(g);

   (h) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies and joint ventures, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (i) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and joint ventures incorporated in India, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Holding Company, its subsidiaries and joint ventures incorporated in India where applicable to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures in its consolidated financial statements – Refer Note 38 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 25 to the consolidated financial statements in respect of such items as it relates to the Group, and its joint ventures.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint ventures, incorporated in India during the year ended March 31, 2024.

iv. a) The respective managements of the Holding Company and its subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of its knowledge and belief, other than as disclosed in the note 52 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and joint venture to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries and joint venture from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The interim dividend paid by one of the subsidiary company incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. No dividend has been declared or paid during the year by the Holding Company or any other subsidiaries or joint venture, incorporated in India.

vi. Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, the Company and its subsidiaries and joint venture (except CarIQ Technologies Private Limited) have used SAP accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility in respect of the application and the same has operated throughout the year for all relevant transactions. We did not come across any instance of the audit trail feature being tampered with in respect of SAP accounting software. Normal/Regular users are not granted direct database or super user level access. However, changes to the database by a super user specifically does not carry the feature of a concurrent real time audit trail.

Further, in respect of the Company, subsidiaries and joint venture as aforesaid (except CarIQ Technologies Private Limited), in the absence of Service Organization Controls report in respect of payroll processing software which is operated by a third party service provider, we are unable to comment whether the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the payroll processing software or whether there were any instances of the audit trail feature being tampered with.

CarIQ Technologies Private Limited has used an accounting software which does not have a feature of recording audit trail (edit log). Accordingly, the requirement to report on tampering does not arise.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 24105754BKBZNN8561

Place of Signature: Pune
Date: May 17, 2024

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

Re: Varroc Engineering Limited (the "Company"), its subsidiaries and joint venture incorporated in India

Clause (xxi) of the Companies (Auditors Report) Order, 2020:

Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No	Name	CIN	Holding company/ subsidiary/ associate/ joint venture	Clause number of the CARO report which is qualified or is adverse
1	Varroc Engineering Limited	L28920MH1988PLC047335	Holding Company	Clause ii(b) Clause iii(c) Clause iii(d) Clause iii(e) Clause vii(a) Clause ix(d)
2	Varroc Polymers Limited	U25209MH1995PTC090037	Subsidiary Company	Clause ii(b) Clause iii(c) Clause iii(e) Clause vii(a)
3	Durovalves India Private Limited	U34300MH1997PTC105518	Subsidiary Company	Clause ii(b)
4	CarIQ Technologies Private Limited	U74900MH2013PTC351817	Subsidiary Company	Clause (xix)

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 24105754BKBZNN8561

Place of Signature: Pune
Date: May 17, 2024

Annexure 2 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Varroc Engineering Limted

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Varroc Engineering Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure 2 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Varroc Engineering Limted (Contd.)

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2024:

- The Holding Company and its subsidiaries and joint venture which are companies incorporated in India, have not received the Service Organization Controls report in respect of payroll processing which is managed by a third-party service organization. Hence, we are unable to obtain sufficient appropriate audit evidence whether there were adequate internal financial controls with respect to payroll processing at the service organisation and whether such internal financial controls at the service organisation were operating effectively.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Group and its joint venture, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the consolidated Balance Sheet as at March 31, 2024, and the related consolidated Statement of Profit and Loss, including the statement of Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2024 consolidated financial statements of the Holding Company and this report does not affect our report dated May 17, 2024, which expressed an unqualified opinion on those financial statements

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 24105754BKBZNN8561

Place of Signature: Pune
Date: May 17, 2024

Consolidated Balance Sheet

as at March 31, 2024

(₹ in Million)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	16,854.95	17,067.34
Capital work-in-progress	3.1	763.52	1,209.40
Investment properties	3.2	-	-
Goodwill	4.1	470.88	469.29
Other intangible assets	4.2	631.36	727.42
Right of use asset	3.3	2,309.71	2,248.95
Intangible assets under development	4.2	35.68	137.38
Investments accounted for using the equity method	49	4,201.03	3,906.20
Financial assets			
Investments	5	136.02	0.20
Other financial assets	6	200.02	1,688.13
Income tax assets (net)		433.08	323.89
Deferred tax assets (net)	20	1,967.25	70.13
Other non-current assets	7	650.30	597.96
Total non-current assets		**28,653.80**	**28,446.29**
Current assets			
Inventories	8	6,744.42	6,710.04
Financial assets			
Investments	9	963.17	300.05
Trade receivables	10	4,918.43	5,971.00
Cash and cash equivalents	11 (a)	1,104.36	3,023.13
Other bank balances	11 (b)	198.56	248.09
Loans	12	0.18	0.26
Other financial assets	13	272.27	85.13
Other current assets	14	2,749.54	1,425.03
Total current assets		**16,950.93**	**17,762.73**
Total assets		**45,604.73**	**46,209.02**
EQUITY AND LIABILITIES			
Equity share capital	15	152.79	152.79
Other equity	16	14,817.58	9,609.20
Equity attributable to owners		**14,970.37**	**9,761.99**
Non-controlling interests		291.46	279.53
Total equity		**15,261.83**	**10,041.52**

Consolidated Balance Sheet (Contd.)

as at March 31, 2024

(₹ in Million)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	17	6,517.24	4,161.38
Lease liabilities	3.3	1,483.83	1,485.61
Other financial liabilities	18	17.89	19.43
Provisions	19	162.64	278.93
Deferred tax liabilities (net)	20	306.55	1,169.28
Other non-current liabilities	21	13.11	44.78
Deferred government grants	27	254.24	264.88
Total non-current liabilities		**8,755.50**	**7,424.29**
Current liabilities			
Financial liabilities			
Borrowings	22	5,576.54	12,188.60
Lease liabilities	3.3	319.58	225.55
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	1,361.36	1,138.95
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	10,723.28	10,734.93
Acceptances		152.47	91.01
Other financial liabilities	24	1,510.05	2,405.32
Provisions	25	302.08	299.51
Current tax liabilities (net)		23.24	92.94
Other current liabilities	26	1,517.52	1,381.36
Deferred government grants	27	101.28	185.04
Total current liabilities		**21,587.40**	**28,743.21**
Total liabilities		**30,342.90**	**36,167.50**
Total equity and liabilities		**45,604.73**	**46,209.02**

Summary of material accounting policies 2

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

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

Gautam Khandelwal
Director
(DIN 00270717)
Place : Pune

per Paul Alvares
Partner
Membership No. : 105754
Place : Pune
Date : May 17, 2024

K. Mahendra Kumar
Group CFO
Place : Pune

Date : May 17, 2024

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

Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Continuing Operations			
Revenue			
Revenue from operations	28	75,519.37	68,912.13
Other income	29	421.37	297.34
Total income		**75,940.74**	**69,209.47**
Expenses			
Cost of materials consumed	30	47,448.87	44,455.49
Changes in inventories of work-in-progress and finished goods	31	(115.60)	(150.02)
Employee benefits expense	32	8,092.21	7,172.97
Finance costs	33	1,938.56	1,902.95
Depreciation and amortisation expenses	34	3,368.18	3,367.41
Other expenses	35	12,503.88	11,685.35
Total expenses		**73,236.10**	**68,434.15**
Profit/(loss) before share of net profit/(loss) of investments accounted for using equity method and tax from continuing operations		**2,704.64**	**775.32**
Share of net profit/(loss) of investments accounted for using the equity method	50	443.96	53.28
Profit/(loss) before tax from continuing operations		**3,148.60**	**828.60**
Income tax expense			
Current tax		177.65	660.95
Short/ (excess) provision in respect of earlier year		215.84	(105.78)
Net current tax		**393.49**	**555.17**
Deferred tax		(2,774.84)	(114.46)
Total tax expense	36	**(2,381.35)**	**440.71**
Profit/(loss) for the year from continuing operations		**5,529.95**	**387.89**
Discontinued operations	51		
Profit/(loss) before tax for the year from discontinued operations		(209.20)	(8,557.23)
Tax expense of discontinued operations		-	1.91
Profit/(loss) for the year from discontinued operations		**(209.20)**	**(8,559.14)**
Profit/(loss) for the year		**5,320.75**	**(8,171.25)**
Other comprehensive income from continuing operations			
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences in translating the financial statements of foreign operations		(156.09)	472.99
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation (net of tax of ₹ 5.74 Million (previous year ₹ 0.80 Million))		103.37	(55.59)
Other comprehensive income from discontinued operations			
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences in translating the financial statements of foreign operations / reclassification of FCTR balance on disposal		-	(2,344.95)
Items that will not be reclassified to profit or loss in subsequent periods		-	-
Total other comprehensive income/(loss), net of tax from continuing and discontinued operations		**(52.72)**	**(1,927.55)**
Total comprehensive income/(loss) for the year		**5,268.03**	**(10,098.80)**

Consolidated Statement of Profit and Loss (Contd.)

for the year ended March 31, 2024

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit/(loss) for the year attributable to:			
Shareholders of the Company		5,260.24	(8,198.35)
Non-controlling interests		60.51	27.10
Other comprehensive income/(loss) attributable to:			
Shareholders of the Company		(51.86)	(1,926.87)
Non-controlling interests		(0.86)	(0.68)
Total comprehensive income/(loss) for the year attributable to:			
Shareholders of the Company		5,208.38	(10,125.22)
Non-controlling interests		59.65	26.42
Earnings per equity share attributable to Owners [Nominal value per share: ₹ 1 (Previous year : ₹ 1)]	48		
- **for continuing operations**			
Basic and diluted (in Rupees)		35.80	2.36
- **for discontinued operations**			
Basic and diluted (in Rupees)		(1.37)	(56.02)
- **for continuing and discontinued operations**			
Basic and diluted (in Rupees)		34.43	(53.66)

Summary of material accounting policies 2

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

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

Gautam Khandelwal
Director
(DIN 00270717)
Place : Pune

per Paul Alvares
Partner
Membership No. : 105754
Place : Pune
Date : May 17, 2024

K. Mahendra Kumar
Group CFO
Place : Pune

Date : May 17, 2024

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

Consolidated Statement of Cash Flows

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
A	**Cash flow from operating activities**				
	Profit/(loss) before tax from continuing operations		**3,148.60**		**828.60**
	Profit/(loss) before tax from discontinued operations		**(209.20)**		**(8,557.23)**
	Adjustments for :				
	Depreciation and amortisation expense	3,368.17		3,367.41	
	Net loss/(gain) on disposal of property, plant and equipment	(64.29)		(76.37)	
	Provision for doubtful debts and advances	220.29		250.36	
	Finance costs	1,938.56		2,437.60	
	Loss on sale of VLS business	89.11		5,709.12	
	Gain on sale of current investments	(18.75)		(0.09)	
	Share in (profit)/loss of Joint Venture accounted for using the equity method	(443.96)		(53.28)	
	Liabilities no longer required written back	(8.48)		(72.80)	
	Increase in surrender value of keyman insurance policy	(27.85)		(18.86)	
	Unrealised exchange (gain)/loss	(145.61)		1,075.96	
	Interest income	(80.41)	**4,826.78**	(16.05)	**12,603.00**
	Operating profits before working capital changes		**7,766.18**		**4,874.37**
	Adjustments for changes in:				
	Inventories	(23.50)		(676.81)	
	Trade receivables	840.94		(253.93)	
	Other assets	(1,363.42)		722.09	
	Trade payables	272.06		(3,680.47)	
	Other liabilities and provisions	(550.40)		6,797.16	
			(824.32)		**2,908.04**
	Cash generated from operations		**6,941.86**		**7,782.41**
	Taxes paid (net of refund received)		(557.19)		(920.66)
	Net cash flow generated from operating activities		**6,384.67**		**6,861.75**
B	**Cash flow from investing activities**				
	Dividend received	13.46		-	
	Interest received	80.33		16.72	
	Proceeds from sale of VLS Business	1,158.43		3,358.82	
	(Purchase of)/proceeds from sale of current investment (net)	(644.37)		(299.96)	
	Purchase of non current investment	(135.82)		-	
	Proceeds from sale of property, plant and equipment	557.85		276.60	
	Purchase of property, plant and equipment	(2,574.34)		(5,305.82)	
	Costs incurred on intangible assets	(168.16)		(675.80)	
	Fixed deposits (with maturity of more than 3 months) redeemed/ (purchased) (net)	47.62		(226.75)	
	Net cash generated from/ (used in) investing activities		**(1,664.99)**		**(2,856.19)**
C	**Cash flow from financing activities**				
	Proceeds from long-term borrowings	4,500.00		7,065.46	
	Repayment of long-term borrowings	(8,221.69)		(7,469.48)	
	Payment of principal portion of lease liability	(239.96)		(283.91)	
	Payment of interest on lease liability	(130.94)		(264.77)	
	Funding support from customers (short term)	-		432.16	
	Proceeds from/(repayment of) short term borrowings (net)	(526.17)		728.07	
	Dividend on equity shares related to non-controlling interest	(47.05)		-	
	Interest paid	(1,948.32)		(2,367.82)	
	Net cash flow generated from/ (used in) financing activities		**(6,640.99)**		**(2,160.29)**
	Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)		**(1,921.30)**		**1,845.27**

Consolidated Statement of Cash Flows (Contd.)

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Opening cash and cash equivalents		**3,023.13**		**2,801.92**
	Cash & cash equivalents transferred pursuant to sale of VLS business		-		(1,525.08)
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		2.54		(98.98)
	Total		**3,025.67**		**1,177.86**
	Closing cash and cash equivalents		**1,104.36**		**3,023.13**

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	Cash and cash equivalents consists of:		
	Cash and cash equivalents		
i.	Cash in hand	0.27	0.16
ii.	Bank balances		
	- Current accounts	532.89	900.22
	- Deposits with maturity of less than three months	571.20	2,122.75
		1,104.36	**3,023.13**

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 out flow of Cash and cash equivalents.

Summary of material accounting policies 2

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

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

Gautam Khandelwal
Director
(DIN 00270717)
Place : Pune

per Paul Alvares
Partner
Membership No. : 105754
Place : Pune
Date : May 17, 2024

K. Mahendra Kumar
Group CFO
Place : Pune

Date : May 17, 2024

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

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

A Equity share capital

(₹ in Million)

Particulars	Notes	No. of shares		Equity Share Capital	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	**15**	**15,27,86,400**	**15,27,86,400**	**152.79**	**152.79**
Add : Issue of new shares during the year		-	-	-	-
Balance at the end of the year	15	**15,27,86,400**	**15,27,86,400**	**152.79**	**152.79**

B Other equity

(₹ in Million)

Particulars	Notes	Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Statutory reserves	Securities premium	Foreign Currency Translation Reserve	Equity attributable to Owners	Non Controlling Interests	Total Other Equity
Balance as at April 01, 2023	**16**	**(13,594.09)**	**4,194.73**	**11.30**	**5,335.08**	**410.80**	**13,024.03**	**227.35**	**9,609.20**	**279.53**	**9,888.73**
Profit/(loss) for the year		5,260.24	-	-	-	-	-	-	5,260.24	60.51	5,320.75
Other comprehensive income											
- Gain/(loss) on remeasurement of defined benefit obligation (net of tax)		104.23	-	-	-	-	-	-	104.23	(0.86)	103.37
- Exchange differences in translating the financial statements of foreign operations		-	-	-	-	-	-	(156.09)	(156.09)	-	(156.09)
Total comprehensive income		**5,364.47**	**-**	**-**	**-**	**-**	**-**	**(156.09)**	**5,208.38**	**59.65**	**5,268.03**
Dividend on equity shares paid by subsidiary company		-	-	-	-	-	-	-	-	(47.72)	(47.72)
Balance as at March 31, 2024	**16**	**(8,229.62)**	**4,194.73**	**11.30**	**5,335.08**	**410.80**	**13,024.03**	**71.26**	**14,817.58**	**291.46**	**15,109.04**

Consolidated Statement of Changes in Equity (Contd.)

for the year ended March 31, 2024

(₹ in Million)

Particulars	Notes	Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Statutory reserves	Securities premium	Foreign Currency Translation Reserve	Equity attributable to Owners	Non Controlling Interests	Total Other Equity
Balance as at April 1, 2022	**16**	**(5,340.83)**	**4,194.73**	**11.30**	**5,335.08**	**410.80**	**13,024.03**	**2,099.31**	**19,734.42**	**253.11**	**19,987.53**
Profit/(loss) for the year		(8,198.35)	-	-	-	-	-	-	(8,198.35)	27.10	(8,171.25)
Other comprehensive income											
- Gain/(loss) on remeasurement of defined benefit obligation (net of tax)		(54.91)	-	-	-	-	-	-	(54.91)	(0.68)	(55.59)
- Exchange differences in translating the financial statements of foreign operations		-	-	-	-	-	-	1,133.74	1,133.74	-	1,133.74
- Reclassification of FCTR balance on disposal of VLS business (refer note 51)		-	-	-	-	-	-	(3,005.70)	(3,005.70)	-	(3,005.70)
Total comprehensive income		**(8,253.26)**	**-**	**-**	**-**	**-**	**-**	**(1,871.96)**	**(10,125.22)**	**26.42**	**(10,098.80)**
Balance as at March 31, 2023	**16**	**(13,594.09)**	**4,194.73**	**11.30**	**5,335.08**	**410.80**	**13,024.03**	**227.35**	**9,609.20**	**279.53**	**9,888.73**

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

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

per Paul Alvares
Partner
Membership No. : 105754
Place : Pune
Date : May 17, 2024

For and on behalf of the Board of Directors

Tarang Jain
Chairman & Managing Director
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Place : Pune

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Director
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Place : Pune

K. Mahendra Kumar
Group CFO
Place : Pune

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

Date : May 17, 2024

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

1. Corporate information

Varroc Engineering Limited (the ""Company""), CIN L28920MH1988PLC047335, is engaged in the business of manufacturing of Automobile components. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the company is located at L-4, M.I.D.C Area, Waluj, Aurangabad - 431 136.

The Company and its subsidiaries (collectively, the Group) are primarily engaged in the business of auto components and services in the automotive industry to Indian and global customers. The Company, its subsidiaries and jointly controlled entities operate from manufacturing plants and technical development centres across 4 continents and 14 countries spread across the globe.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 17, 2024.

2. Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

(i) The Consolidated Financial Statements of the Group, which comprise the consolidated Balance Sheet as at March 31, 2024; consolidated statement of Profit and Loss including the statement of Other Comprehensive Income; consolidated Cash Flow Statement and consolidated Statement of Changes in Equity for the year then ended and other select explanatory notes have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (IND AS compliant Schedule III), as applicable to the Consolidated Financial Statements. All amounts included in these consolidated financial statements are reported in Million of Indian National Rupees (₹ in Million) except earnings per share data and unless stated otherwise. All amounts in these consolidated financial statements have been rounded off to the nearest million or decimal thereof unless otherwise stated.

(ii) Use of estimates and assumptions

The preparation of the Consolidated Financial Statements requires the management to make certain judgments, estimates and assumptions. It also requires the management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2A.

(iii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- defined benefit plans and plan assets measured at fair value.

(iv) Current - Non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

b. Principles of consolidation and equity accounting

These Consolidated Financial Statements comprise the financial statements of the Company, its subsidiaries and joint ventures as at and for the year ended March 31, 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

a) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognized at cost in the consolidated financial statements.

b) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are incorporated in the financial statements under the appropriate headings.

(iii) Equity Method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit and loss and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2(b).

(iv) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(v) The difference between the cost of investment in the subsidiaries and jointly controlled entities, over the net assets at the time of acquisition of investment is recognised in the financial statements as Goodwill or Capital Reserve on consolidation as the case may be.

c. Foreign currency translation

The Group's Consolidated Financial Statements are presented in INR, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to IND AS (1 April, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

d. Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Amounts disclosed as revenue are net off Goods and Service Tax (GST). The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2A.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 215 days upon delivery.

Product development/Engineering services primarily pertaining to automotive lighting business are considered as relating to sale of parts rather than a separate performance obligation. As a result, revenue from product development/engineering services is recognised over the period of production from the start of production date and is included in the revenue from sale of finished goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Variable consideration

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations

The Group typically provides warranties for general repairs of defects as per terms of the contract with customers, These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in note 2(t) : Provisions.

Customer prepayments are amortised in revenue over the life of the respective project.

Sale of services

Income from services is recognised on the basis of time/work completed as per contract with the customers. The Group collects taxes on services (where applicable) on behalf of the government and, therefore, they are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Tooling Revenue

Development of toolings for customers is considered as a separate performance obligation. Revenue from toolings primarily pertaining to automotive lighting business is recognised over time based on the progress towards complete satisfaction of that performance obligation. Such progress is measured based on the proportion that the aggregate costs incurred for work done till the balance sheet date bear to the estimated total costs.

Determination of toolings revenues to be recognised over time necessarily involves making estimates by the Management (some of which are a technical nature) of the costs of completion, the expected revenues from each contract and the foreseeable losses to completion.

Foreseeable losses, if any, on the contracts are recognised as an expense in the period in which they are foreseen, irrespective of the stage of completion of the contract.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer note 2(m) : Financial instruments – Financial assets at amortised cost.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

Wind/solar power generation

Income from the wind / solar power generation is recognised when earned on the basis of contractual arrangements with the buyers.

Export Incentives

Income from duty drawback and export incentives is recognised on an accrual basis.

e. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

Government grants relating to purchase of property, plant and equipment are included in current and non current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue.

f. Income tax

Current income-tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises

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from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

g. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in note 51. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

h. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right of use of assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and building : 3 to 25 years
- Plant and machinery : 3 to 15 years
- Motor vehicles and other equipment : 3 to 5 years

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The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter term of the asset's useful life and lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2(j) : Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

i. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

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When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

j. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market

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transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at the year-end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the year-end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

k. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts/cash credits as they are considered an integral part of the Group's cash management. Bank overdraft are shown within borrowings in current liabilities in the Balance sheet.

l. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, Stores and spare-parts, Loose tools and Packing materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Finished goods and work in progress: includes Cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) are included in the value of inventory.

m. Financial instruments

Financial Assets

Initial Recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transactions costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

- Debt instruments at amortized cost

  A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

  (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

  (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

- Debt instruments at FVTOCI

  A 'debt instrument' is classified as at FVTOCI if both of the following criteria are met:

  (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

  (b) The asset's contractual cash flows represent SPPI.

  Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

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- Debt instrument at FVTPL

  FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

  In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instruments as at FVTPL.

  Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

- Equity investments

  All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

  If the Group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on the sale of the investment. However, the Group may transfer the cumulative gain or loss within equity.

  Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:-

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial assets that are debt instruments and are measured at FVTOCI

(c) Lease receivables

(d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

(e) Loan commitments which are not measured as at FVTPL

(f) Financial guarantee contracts which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets; and
- Lease receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortized cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the

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asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet i.e. as a liability.

- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

- Loans and borrowings

  This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings.

- Financial guarantee contracts

  Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per the impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

n. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously.

o. Fair value measurement

The Group measures financial instruments, such as mutual funds at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

p. **Derivative financial instruments and hedge accounting**

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges that qualify for hedge accounting

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Group uses derivative contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial

Notes to the Consolidated Financial Statements

income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

The Group does not use hedges of fair value and net investment.

q. Property, plant and equipment

Freehold land is carried at historical cost except in case of certain freehold land which are at revalued amounts. All other items of property, plant and equipment are stated at historical cost less depreciation except in case of certain assets which are at revalued amounts. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Class of Assets	Estimated useful life (Years) (on single shift basis)
Buildings	30- 50 years
Plant and Machinery (including factory equipment and tools & instruments)	4-20 years
Moulds and Dies	4-7 years
Computers	3-7 years
Vehicles	4-7 years
Furniture and Fixtures	5-15 years
Other Assets (electrical installation and fitting, office equipments)	4-10 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter term of the asset's useful life and lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The useful lives of all property plant and equipments have been determined based on technical evaluation done by the Management's expert which are different than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The residual values, useful lives and methods of depreciation of property, plant and equipment

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

are reviewed at each financial year end and adjusted prospectively, if appropriate.

r. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(ii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Separately acquired software are shown at transaction cost, software acquired in a business combination are recognised at fair value at the acquisition date. They are subsequently carried at cost less accumulated amortisation. Computer software are amortised on a straight line basis over a period of 3 to 5 years.

(iii) Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the period of development, the asset is tested for impairment annually.

Capitalised development expenditure is amortised on a straight line basis from the start of production over a period of 3 years or project life whichever is lower.

(iv) Technical knowhow fees

Expenditure on acquiring Technical Know-how (including Income Tax and R & D Cess) is capitalised and amortised on a straight line basis over a period of six years.

(v) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Customer relationships are amortised on a straight line basis over a period of 10-12 years.

Notes to the Consolidated Financial Statements

(vi) Patents and others

Costs of intangible assets other than those internally generated, including patents and licenses, are valued at acquisition cost and amortized on a straight-line basis over their estimated future useful lives being 10 years.

s. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

t. Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Provision for onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract for provision for onerous contract related to toolings, refer para d above.

Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the requirements for revenue recognition.

u. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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for the year ended March 31, 2024

(ii) Other long-term employee benefit obligations

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity, pension; and

(b) defined contribution plans such as provident fund

Pension and Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group makes contributions to funds for certain employees to the regulatory authorities. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(iv) Bonus plans

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

v. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

w. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of equity shares outstanding during the reporting period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted earnings per share

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

x. Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

y. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM'). The CODM is responsible for allocating resources and assessing performance of the operating segments.

2.1 Changes in accounting policies and disclosures

New and amended standards

Ministry of Corporate Affairs (MCA) have notified certain amendments to the existing Ind AS which were applicable for the first time with effect from April 01, 2023. The Group has considered its impact on the disclosures of accounting policies.

Amendments to Ind AS 1- Disclosure of Accounting Policies - The amendments aim to help the entities to provide the accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding a guidance on how entities apply

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for the year ended March 31, 2024

the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Groups's Consolidated Financial Statements.

The Group has also considered impacts of Amendments to Ind AS 8 - Definition of Accounting Estimates and Amendment to Ind AS 12 - Deferred tax related to assets and liabilities arising from single transaction. These had no impact on the Group's Consolidated Financial Statements.

Recent accounting pronouncements

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2024.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 2A : Significant accounting judgements, estimates and assumptions

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1 Revenue from contracts with customers

The Group provides product development/ engineering services to its customers. Under Ind AS 115, the group has determined that such services generally do not constitute a separate performance obligation under the contracts with customers but are part of the performance obligation of the group to supply finished goods to the customer. Accordingly, under Ind AS 115, revenue from product development/ engineering services is recognised over the period of production from the start of production (SOP) date. Payments received from customers in respect of such services before SOP date are considered as contract liability. Further, the group has determined that the costs incurred in respect of product development/engineering services are eligible to be capitalised as intangible assets and accordingly such costs have been presented as 'Capitalised development expenditure' under Intangible assets (also refer note 4.2).

Development of toolings for the customers has been identified by the group to be a separate performance obligation. Further, the group has determined that the performance obligation in respect of development of toolings primarily pertaining to global automotive lighting business is generally satisfied over time. For other tooling contracts, the performance obligation is satisfied at a point in time or over time based on the specific terms of the contract.

2 Non-recognition of deferred tax liability on undistributed profits of subsidiaries and joint ventures

Certain subsidiaries and joint ventures of the group have undistributed retained earnings amounting to ₹ 9,796.34 million (March 31, 2023 : ₹ 7,514.33 million), which if distributed out as dividend would result in tax liability of group. Keeping in view that, no profit is proposed to be distributed in the immediate future by way of dividend out of such undistributed retained earnings, no deferred tax liability has been recognised.

3 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has certain lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

4 De-recognition of trade receivables under factoring arrangements

The Group enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. The Group

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of de-recognition of trade receivables under the factoring arrangements is complex and requires judgement.

5 Allowability of deduction on write-off of loans to subsidiary under the Income Tax Act, 1961

During the Financial Year ended March 31, 2024, Varroc Engineering Limited ('VEL') and Varroc Polymers Limited ('VPL') have derecognised (written-off) loans given to VarrocCorp Holding BV ('VCHBV'), Netherlands including interest on such loans aggregating to ₹ 13,533.33 million (VEL ₹ 11,796.44 million and VPL ₹ 1,736.89).

These loans pertain to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) which were fully provided for during the period ended September 30, 2022, in respective standalone financial statements of VEL and VPL when the VLS business was sold to Compagnie Plastic Omnium SE, France.

During the current year, the management has considered the aforesaid write-off as an allowable business loss for computation of current tax provision, as it believes that these loans extended to VCHBV were in the nature of trade investments to advance the Group's business.

Accordingly, the group has considered this loss as tax deductible for computation of current tax provision to the extent of ₹ 437.14 million and for recognition of deferred tax asset of ₹ 2,968.93 million towards the loss as at March 31, 2024.

Significant management judgement involved with respect to deductibility of such expenditure under Income tax Act, 1961 considering the same as business expenditure (refer note 20).

Estimates and assumptions

1 Goodwill Impairment Test: Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment atleast on an annual basis irrespective of whether there is any indication of impairment. The recoverable amount of a cash generating unit (CGU) to which goodwill balance is allocated is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth, consistent with industry forecasts. The growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The key assumptions used to determine the recoverable amounts for the CGUs which have Goodwill amounts which are significant in comparison to the total carrying amount of goodwill, including a sensitivity analysis, are disclosed and further explained in note 4.1.

2 Defined benefit plans

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds / high quality corporate bonds (as applicable) that have terms approximating to the terms of the related obligation.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

The mortality rate is based on publicly available mortality tables based on the country where the entity operates.

Those mortality tables tend to change only at interval in response to demographic changes.

Future salary increases and gratuity increases are based on expected future inflation rates of the respective country.

3 Deferred taxes

Deferred tax assets are recognised when it is probable that these amounts can be utilised against future taxable surpluses and against fiscal, temporary differences. At each balance sheet date, the group assesses whether the realization of future tax benefits is sufficiently probable to recognize/carry forward deferred tax assets (including MAT credit). This assessment requires the use of significant estimates/ assumptions with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer note 20 for details.

4 Recognition of tooling revenue over time

In respect of tooling contracts where revenue is recognised over time, the measurement of progress towards completion requires the group to estimate the services performed to date as a proportion of the total services to be performed which is based on the proportion of actual costs incurred to total estimated costs. Such estimates are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

5 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

6 Provision for warranty

Warranties are provided for a specified period of time. Warranty obligations vary depending upon the type of the product, geographical location of its sale and other factors. The estimated liability for warranties is recorded when the products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and estimates regarding possible future incidence based on actions on product failures. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Actual claims incurred in the future may differ from our original estimates, which may materially affect warranty expenses.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 3.1 : Property, plant and equipment

For the year ended March 31, 2024

(₹ in Million)

Particulars	Gross carrying amount					Accumulated depreciation					Net Carrying amount	
Asset Class	As at April 1, 2023	Additions	Translation adjustment	Disposals	As at March 31, 2024	As at April 1, 2023	Depreciation charge for the year	Translation adjustment	Disposals	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Freehold Land	668.29	78.67	2.86	(40.42)	**709.40**	-	-	-	-	**-**	**709.40**	668.29
Factory Building	5,586.34	416.14	(0.50)	(208.86)	**5,793.12**	1,805.21	275.51	1.73	(162.48)	**1,919.97**	**3,873.15**	3,781.13
Office Building	1,125.05	51.62	(0.20)	-	**1,176.47**	127.66	22.16	0.05	-	**149.87**	**1,026.60**	997.39
Plant & Machinery*	23,977.77	2,165.43	14.71	(1,174.09)	**24,983.82**	13,172.89	2,063.87	12.25	(718.10)	**14,530.91**	**10,452.91**	10,804.88
Electrical Installation	603.67	83.40	0.01	(17.06)	**670.02**	379.42	65.96	-	(14.56)	**430.82**	**239.20**	224.25
Mould & Dies	961.74	130.43	(0.20)	(11.80)	**1,080.17**	745.43	113.04	-	(10.59)	**847.88**	**232.29**	216.31
Electrical Fitting	136.75	2.31	-	(5.28)	**133.78**	76.18	11.46	-	(4.82)	**82.82**	**50.96**	60.57
Office Equipment	220.97	68.40	0.42	(1.60)	**288.19**	206.94	76.81	0.33	(1.52)	**282.56**	**5.63**	14.03
Furniture and fixtures	466.09	11.94	0.09	(65.89)	**412.23**	286.11	45.13	(0.02)	(58.66)	**272.56**	**139.67**	179.98
Computers	397.22	25.14	0.20	(4.05)	**418.51**	300.72	43.12	0.17	(4.05)	**339.96**	**78.55**	96.50
Vehicles	111.39	36.54	0.27	(20.69)	**127.51**	87.38	12.72	0.08	(19.26)	**80.92**	**46.59**	24.01
Grand Total	**34,255.28**	**3,070.02**	**17.66**	**(1,549.74)**	**35,793.22**	**17,187.94**	**2,729.78**	**14.59**	**(994.04)**	**18,938.27**	**16,854.95**	**17,067.34**

* Includes factory equipment and tools & instruments.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 3.1 (i) : Capital work-in-progress as on March 31, 2024

(₹ in Million)

Particulars	Amount
Opening capital work-in-progress	1,209.40
Add: Addition during the year	2,624.14
Less: Capitalised during the year	3,070.02
Closing capital work-in -progress	**763.52**

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2024 is as follows:

(₹ in Million)

Particulars	Projects with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	494.04	41.35	20.00	-	555.39
2) Projects temporarily suspended*	-	-	-	208.13	208.13
Total	**494.04**	**41.35**	**20.00**	**208.13**	**763.52**

Closing CWIP mainly comprises factory building, plant and machinery and factory equipments under installation relating to plants under construction/expansion.

*** Completion schedule of projects temporarily suspended as at March 31, 2024:**

(₹ in Million)

Particulars	CWIP to be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Forging Press Project	208.13	-	-	-	**208.13**

(ii) Contractual obligations
Refer to note 47 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Office Building includes premises on ownership basis in a Co-Operative Society ₹ 6.30 million, including cost of shares therein of ₹125 per share.

(iv) Refer note 17 for disclosures relating to charges/securities created against the Property, Plant and Equipment of the Group.

(v) The title deeds for all the immovable properties are in the name of the Group.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 3.1 : Property, plant and equipment

For the year ended March 31, 2023

(₹ in Million)

Particulars	Gross carrying amount						Accumulated depreciation						Net Carrying amount	
Asset Class	As at April 1, 2022	Additions	Translation adjustment	Reclassified from Assets held for sale**	Disposals	As at March 31 2023	As at April 1, 2022	Depreciation charge for the year	Translation adjustment	Reclassified from Assets held for sale**	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Freehold Land	638.56	3.63	26.10	-	-	**668.29**	-	-	-	-	-	**-**	**668.29**	638.56
Factory Building	5,439.64	83.79	110.27	-	(47.36)	**5,586.34**	1,482.34	323.52	23.94	-	(24.59)	**1,805.21**	**3,781.13**	3,957.30
Office Building	1,114.98	0.23	11.85	-	(2.01)	**1,125.05**	105.58	21.87	0.47	-	(0.26)	**127.66**	**997.39**	1,009.40
Plant & Machinery *	22,066.39	1,718.88	243.59	23.81	(74.90)	**23,977.77**	10,935.24	2,079.40	179.47	2.19	(23.41)	**13,172.89**	**10,804.88**	11,131.15
Electrical Installation	578.31	25.85	0.48	-	(0.97)	**603.67**	326.97	52.80	0.21	-	(0.56)	**379.42**	**224.25**	251.34
Mould & Dies	904.89	64.40	1.74	-	(9.29)	**961.74**	628.32	126.11	-	-	(9.00)	**745.43**	**216.31**	276.57
Electrical Fitting	131.76	4.99	-	-	-	**136.75**	63.71	12.47	-	-	-	**76.18**	**60.57**	68.05
Office Equipment	203.57	19.89	1.93	-	(4.42)	**220.97**	188.96	21.45	0.88	-	(4.35)	**206.94**	**14.03**	14.61
Furniture and fixtures	422.10	32.96	2.23	9.65	(0.85)	**466.09**	229.87	50.83	0.82	5.40	(0.81)	**286.11**	**179.98**	192.23
Computers	342.40	44.84	1.61	11.71	(3.34)	**397.22**	247.90	44.97	0.70	9.73	(2.58)	**300.72**	**96.50**	94.50
Vehicles	97.42	13.15	0.90	0.99	(1.07)	**111.39**	77.58	10.00	0.50	0.28	(0.98)	**87.38**	**24.01**	19.84
Grand Total	**31,940.02**	**2,012.61**	**400.70**	**46.16**	**(144.21)**	**34,255.28**	**14,286.47**	**2,743.42**	**206.99**	**17.60**	**(66.54)**	**17,187.94**	**17,067.34**	**17,653.55**

* Includes factory equipment and tools & instruments.

** Pursuant to sale of VLS business (as explained further in note 51), certain assets which were earlier classified as held for sale in the financial year 2021-22, have not been transferred to buyer and accordingly have been reclassified to property, plant and equipments.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 3.1 (i) : Capital work-in-progress as on March 31, 2023

(₹ in Million)

Particulars	Amount
Opening capital work-in-progress	1,124.13
Add: Addition during the year ended March 31, 2023	2,097.88
Less: Capitalised during the year ended March 31, 2023	2,012.61
Closing capital work-in -progress	**1,209.40**

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2023 is as follows :

(₹ in Million)

Particulars	Projects with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	905.48	39.37	0.97	-	945.82
2) Projects temporarily suspended*	-	-	-	263.58	263.58
Total	**905.48**	**39.37**	**0.97**	**263.58**	**1,209.40**

Closing CWIP primarily includes assets relating to plants under construction/expansion.

*** Completion schedule of projects temporarily suspended as at March 31, 2023:**

(₹ in Million)

Particulars	CWIP to be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Forging Press Project	263.58	-	-	-	**263.58**

(ii) Contractual obligations

Refer to note 47 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Office Building includes premises on ownership basis in a Co-Operative Society ₹ 6.30 million, including cost of shares therein of ₹125 per share.

(iv) Refer note 17 for disclosures relating to charges/securities created against the Property, Plant and Equipment of the Group.

(v) The title deeds for all the immovable properties are in the name of the Group.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 3.2 : Investment property

For the year ended March 31, 2024

No investment properties are held by the Group during the year ended and as at March 31, 2024.

For the year ended March 31, 2023

(₹ in Million)

Asset class	Gross carrying amount				Accumulated depreciation				Net carrying amount
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	Depreciation charge for the year	Disposals	As at March 31, 2023	As at March 31, 2023
Factory buildings	154.88	-	154.88	-	35.80	1.80	37.60	-	-
Electrical installations	16.18	-	16.18	-	11.34	0.58	11.92	-	-
Total	**171.06**	**-**	**171.06**	**-**	**47.14**	**2.38**	**49.52**	**-**	**-**

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

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rental income	-	3.08
Profit on sale of investment property	-	71.35
Profit from investment property before depreciation	**-**	**74.43**
Less : Depreciation expense	-	2.38
Profit from investment properties	**-**	**72.05**

(ii) Fair value

No investment properties are held by the Group as at March 31, 2024 and as at March 31, 2023.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 3.3 : Right of use assets

The Group has lease contracts for various items of land, building and plant/machineries used in its operations. Leases of premises or building generally have lease terms between 2 to 25 years, lease hold land have lease terms between 95 to 99 years, leases of plant and machinery generally have lease terms between 2 to 15 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(i) Amounts recognised in consolidated balance sheet

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period

(₹ in Million)

Particulars	Land and building	Plant and machinery	Total
Balance as at April 01, 2023	**2,192.70**	**56.25**	**2,248.95**
Add : Additions during the year	398.04	-	398.04
Less : Deletion during the year	(54.89)	-	(54.89)
Less : Depreciation for the year (refer note 34)	(234.24)	(37.32)	(271.56)
Add/(Less) : Effect of change in exchange rate	(11.22)	0.39	(10.83)
Balance as at March 31, 2024	**2,290.39**	**19.32**	**2,309.71**

(₹ in Million)

Particulars	Land and building	Plant and machinery	Total
Balance as at April 01, 2022	**1,241.88**	**59.58**	**1,301.46**
Add : Additions during the year	1,173.07	-	1,173.07
Less : Deletion during the year	(54.84)	-	(54.84)
Less : Depreciation for the year (refer note 34)	(197.42)	(6.43)	(203.85)
Add/(Less) : Effect of change in exchange rate	30.01	3.10	33.11
Balance as at March 31, 2023	**2,192.70**	**56.25**	**2,248.95**

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

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	**1,711.16**	**717.43**
Add : Additions during the year	449.56	1,173.07
Add : Accretion of interest (refer note 33)	130.94	74.31
Less : Payments during the year	(421.82)	(282.94)
Less : Disposal of contracts	(58.82)	(3.39)
Add/(less) : Effect of change in exchange rates	(7.61)	32.68
Closing Balance	**1,803.41**	**1,711.16**
Presented as -		
Current	319.58	225.55
Non Current	1,483.83	1,485.61
Total closing lease liability	**1,803.41**	**1,711.16**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Maturity profile of lease liability as at March 31, 2024:

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non- current					
			2025-26	2026-27	2027-28	2028-29	More than 5 years	Total of Non-Current
Lease liability*	3%- 10%	319.58	333.24	338.74	281.19	268.20	829.63	2,051.00
Total		**319.58**	**333.24**	**338.74**	**281.19**	**268.20**	**829.63**	**2,051.00**

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Maturity profile of lease liability as at March 31, 2023:

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non- current					
			2024-25	2025-26	2026-27	2027-28	More than 5 years	Total of Non-Current
Lease liability*	2%- 10%	225.55	259.38	267.86	279.46	214.71	862.55	1,883.96
Total		**225.55**	**259.38**	**267.86**	**279.46**	**214.71**	**862.55**	**1,883.96**

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

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

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

(₹ in Million)

Particulars	For the period ended March 31, 2024	For the period ended March 31, 2023
Depreciation expense of right-of-use assets (refer note 34)	271.56	203.85
Interest expense on lease liabilities (refer note 33)	130.94	74.31
Amounts included in Rent expense (refer note 35)		
Expense relating to short-term leases	46.16	27.66
Expense relating to leases of low-value assets	202.41	112.74
Total amount recognised in consolidated statement of profit and loss	**651.07**	**418.56**

The Group had total cash outflows for leases of ₹ 670.39 million for the year ended March 31, 2024 (previous year ₹ 423.34 million).

(iii) Extension and termination options

As at March 31, 2024, the Group has no potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Note 4.1 : Goodwill

Goodwill acquired through business combinations has been allocated to the CGUs below, which are part of automotive segment, for impairment testing:

- Team Concepts Private Limited ('TCPL') (Merged with Varroc Polymers Limited during FY 2021-22)
- CarlQ Technologies Private Limited ('CarlQ')

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

- Varroc Electronics Romania SRL ('Electronics Romania') (formerly known as Varroc Lighting Systems Electronics Romania SRL)
- Others

Carrying amount of goodwill allocated to each of the CGUs:

As at March 31, 2024

(₹ in Million)

Particulars	TCPL	CarIQ	Electronics Romania*	Others*	Total
Balance at the beginning of the year	183.90	166.58	86.64	32.17	469.29
Add/(less): Translation adjustment	-	-	1.59	-	1.59
Balance at the end of the year	**183.90**	**166.58**	**88.23**	**32.17**	**470.88**

As at March 31, 2023

(₹ in Million)

Particulars	TCPL	CarIQ	Electronics Romania*	Others*	Total
Balance at the beginning of the year	183.90	166.58	82.28	32.17	464.93
Add/(less): Translation adjustment	-	-	4.36	-	4.36
Balance at the end of the year	**183.90**	**166.58**	**86.64**	**32.17**	**469.29**

*With respect to goodwill amounts in these CGUs; reasonable change in key assumptions does not result change in the carrying amount exceeding the recoverable amounts as at March 31, 2024 and March 31, 2023.

The Group performed its annual impairment test for years ended March 2024 and March 2023 on March 31, 2024 and March 31, 2023 respectively. The Group considers the relationship between the fair value (based on DCF) of each CGU and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amounts of each of the CGU, have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management. As a result of the analysis, management did not identify impairment.

Key assumptions used for value in use calculations and the sensitivity to changes in these assumptions for CGUs which have Goodwill amounts which are significant in comparison to the total carrying amount of goodwill are as follows:

CGU	Basis	March 31, 2024		March 31, 2023	
		Assumption used	Sensitivity	Assumption used	Sensitivity
Team Concepts Private Limited (Merged with Varroc Polymers Limited in FY 2021-22)	WACC	14.00%	Increase by 3.50% would result in impairment	14.00%	Increase by 7.56% would result in impairment
	Terminal Growth rate	5.00%	Decrease by 5.50% would result in impairment	5.00%	Decrease by 14.23% would result in impairment
CarIQ Technologies Private Limited	WACC	16.00%	Increase by 5.10% would result in impairment	15.00%	Increase by 2.84% would result in impairment
	Terminal Growth rate	5.00%	Decrease by 6.30% would result in impairment	5.00%	Decrease by 3.91% would result in impairment

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024

Note 4.2 : Other Intangible Assets

For the year ended March 31, 2024

(₹ in Million)

Particulars	Gross carrying amount					Accumulated Amortisation					Net Carrying amount	
Asset Class	**As at April 01, 2023**	**Additions**	**Translation adjustment**	**Disposals**	**As at March 31, 2024**	**As at April 01, 2023**	**Amortisation charge for the year**	**Translation adjustment**	**Disposals**	**As at March 31, 2024**	**As at March 31, 2024**	**As at March 31, 2023**
Computer software	558.35	196.45	2.78	(1.88)	**755.70**	421.27	93.80	1.35	-	**516.42**	**239.28**	137.07
Technical know how fees	166.69	5.35	2.26	-	**174.30**	124.08	31.73	0.20	-	**156.01**	**18.29**	42.61
Customer relationship	201.88	-	-	-	**201.88**	196.58	0.83	-	-	**197.41**	**4.47**	5.30
Patents and others	361.67	-	-	-	**361.67**	119.88	31.37	-	-	**151.25**	**210.42**	241.79
Non compete fees	112.85	-	0.08	-	**112.93**	86.09	9.25	0.08	-	**95.42**	**17.51**	26.76
Capitalised development costs	764.44	75.04	0.94	(44.26)	**796.16**	490.56	199.86	0.40	(36.05)	**654.77**	**141.39**	273.89
Total	**2,165.88**	**276.84**	**6.06**	**(46.14)**	**2,402.64**	**1,438.46**	**366.84**	**2.03**	**(36.05)**	**1,771.28**	**631.36**	**727.42**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 4.2 (i) : Intangible assets under development as at March 31, 2024

(₹ in Million)

Particulars	Amount
Opening balance as at April 01, 2023	137.38
Add: Addition during the year	175.14
Less: Capitalised during the year	276.84
Closing balance as at March 31, 2024	**35.68**

Intangible assets under development mainly pertain to development costs.

Ageing schedule for intangible assets under development as at March 31, 2024 is as follows:

(₹ in Million)

Particulars	Projects with ageing				Total as at March 31, 2024
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Projects in progress	13.06	3.30	0.26	-	16.62
(ii) Projects temporarily suspended *		-	16.41	2.65	19.06
Total	**13.06**	**3.30**	**16.67**	**2.65**	**35.68**

*** Completion schedule of projects temporarily suspended as at March 31, 2024:**

(₹ in Million)

Particulars	To be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Two Wheeler Lighting Design Project	19.06	-	-	-	**19.06**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 4.2 Other Intangible Assets

For the year ended March 31, 2023

(₹ in Million)

Particulars	Gross carrying amount						Accumulated depreciation						Net Carrying amount	
Asset Class	As at April 1, 2022	Additions	Translation adjustment	Disposals	Reclassified from Assets held for sale **	As at March 31, 2023	As at April 1, 2022	Amortisation charge for the year	Translation adjustment	Disposals	Reclassified from Assets held for sale **	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computer software	461.46	93.42	3.58	(1.35)	1.24	**558.35**	371.46	48.74	1.05	(1.17)	1.19	**421.27**	**137.08**	90.00
Technical know how fees	154.68	9.60	2.41	-	-	**166.69**	88.60	33.84	1.64	-	-	**124.08**	**42.61**	66.08
Customer relationship	201.88	-	-	-	-	**201.88**	172.17	24.41	-	-	-	**196.58**	**5.30**	29.71
Patents and others	361.67	-	-	-	-	**361.67**	88.51	31.37	-	-	-	**119.88**	**241.79**	273.16
Non compete fees	112.22	-	0.63	-	-	**112.85**	71.28	14.81	-	-	-	**86.09**	**26.76**	40.94
Capitalised development cost	636.81	119.82	7.82	(0.01)	-	**764.44**	222.21	264.59	3.77	(0.01)	-	**490.56**	**273.88**	414.60
Grand Total	**1,928.72**	**222.84**	**14.44**	**(1.36)**	**1.24**	**2,165.88**	**1,014.23**	**417.76**	**6.46**	**(1.18)**	**1.19**	**1,438.46**	**727.42**	**914.49**

** Pursuant to sale of VLS business (as explained further in note 51), certain assets which were earlier classified as held for sale in the financial year 2021-22, have not been transferred to buyer and accordingly have been reclassified to intangible assets.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 4.2 (i) : Intangible assets under development as at March 31, 2023

(₹ in Million)

Particulars	Amount
Opening balance as at April 01, 2022	273.99
Add: Addition during the year	86.23
Less: Capitalised during the year	222.84
Closing balance as at March 31, 2023	**137.38**

Intangible assets under development mainly pertain to development costs.

Ageing schedule for intangible assets under development as at March 31, 2023 is as follows:

(₹ in Million)

Particulars	Projects with ageing				Total as at March 31, 2023
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Projects in Progress	49.91	31.14	0.51	-	81.56
(ii) Projects temporarily suspended *	-	-	55.82	-	55.82
Total	**49.91**	**31.14**	**56.33**	**-**	**137.38**

* Completion schedule of projects temporarily suspended as at March 31, 2023:

(₹ in Million)

Particulars	To be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Two Wheeler Lighting Design Project	-	-	55.82	-	**55.82**

Note 5 : Non- current Investments

(₹ in Million)

Particulars	Face value per share	Number of Shares or Securities as at		As at March 31, 2024	As at March 31, 2023
		March 31, 2024	March 31, 2023		
Investment in fully-paid equity instruments valued at Fair Value through Profit or Loss (unquoted)					
The Saraswat Co-Operative Bank Limited	₹10.00	13,500	13,500	0.14	0.14
AMP Energy C&I Five Private Limited	₹10.00	7,64,610	-	7.65	-
AMP Energy C&I Six Private Limited	₹10.00	36,050	-	0.36	-
AMP Energy C&I Twenty Private Limited	₹10.00	38,16,000	-	38.16	-
AMP Energy C&I Twenty One Private Limited	₹10.00	64,80,000	-	64.80	-
AMP Energy C&I Twenty Two Private Limited	₹10.00	16,19,700	-	16.20	-
AMP Energy C&I Six Private Limited (compulsory convertible debentures)	₹1,000.00	3,245	-	3.25	-
Investment in Government securities valued at amortised cost (unquoted)					
National Saving Certificates				0.08	0.06
Others					
Share Application Money in AMP Energy Green Thirteen Private Limited				5.38	-
Total non-current investment				**136.02**	**0.20**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 6 : Non-current - Other financial assets (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Bank deposits with maturity of more than 12 months from balance sheet date [lien with bank is ₹ 0.13 Million (March 31, 2023 : ₹ 0.04 Million)]	18.84	16.93
Surrender value of keyman insurance receivable	-	165.52
Security deposits (considered good, unsecured)	181.18	252.74
Insurance claim receivable	-	0.07
Receivable against sale of VLS Business (refer note 51)	-	1,252.87
Total non-current other financial assets	**200.02**	**1,688.13**

Note 7 : Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital advances	69.47	144.94
Provision for capital advance	(11.72)	(10.05)
Net capital advances	**57.75**	**134.89**
Contract assets	-	1.37
Government grant receivable	444.23	395.31
Prepaid expenses	96.86	7.99
Others	51.46	58.40
Total other non-current assets	**650.30**	**597.96**

Note 8 : Inventories

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials [includes material in transit of ₹ 38.54 million (March 31, 2023: ₹ 88.61 million)]	2,929.99	3,147.42
Work-in-progress	1,106.37	1,030.55
Finished goods [includes finished goods in transit of ₹ 639.22 million (March 31, 2023: ₹ 505.07 million)]	2,134.08	2,094.30
Stores and spares	249.22	232.74
Loose tools [includes loose tools in transit Nil (March 31, 2023: ₹0.70 million)]	242.95	122.73
Packing material	81.81	82.30
Total inventories	**6,744.42**	**6,710.04**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 9 : Current investments

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in Mutual Funds (valued at Fair Value through Profit or Loss) (quoted)		
SBI Overnight Regular Growth Fund (Number of units : Nil, March 31, 2023 : 83,153.772)	-	300.05
HSBC Overnight Direct Fund (Number of units : 4,92,358.190, March 31, 2023 : Nil)	616.88	-
HSBC Liquid Direct Fund (Number of units : 1,43,926.30, March 31, 2023 : Nil)	346.29	-
Total current investments	**963.17**	**300.05**
Aggregate market value of quoted investments	**963.17**	**300.05**

Note 10 : Trade receivables (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables	5,005.64	5,866.99
Receivable from related parties (refer note 46)	177.47	183.88
Less: Allowances for doubtful debts	(264.68)	(79.87)
Total	**4,918.43**	**5,971.00**
Break-up of trade receivables		
Unsecured, considered good	4,918.43	5,971.00
Trade Receivables credit impaired	264.68	79.87
Total	**5,183.11**	**6,050.87**
Less: Impairment Allowance (Allowance for doubtful debts)	(264.68)	(79.87)
Total	**4,918.43**	**5,971.00**
Presented as -		
Current Portion	**4,918.43**	**5,971.00**
Non-Current Portion	-	-

For outstanding Trade Receivables, the ageing schedule is as follows:

As at March 31, 2024

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment							Total
	Unbilled receivables*	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	46.05	3,180.01	1,649.95	23.35	15.43	1.33	2.31	**4,918.43**
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables - credit impaired	-	-	115.17	64.69	7.79	33.43	43.60	**264.68**
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	**-**
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	**-**
Total	**46.05**	**3,180.01**	**1,765.12**	**88.04**	**23.22**	**34.76**	**45.91**	**5,183.11**

*Unbilled trade receivables majorly include price variation adjustment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

As at March 31, 2023

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment							Total
	Unbilled receivables*	Not due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	74.47	4,788.11	719.62	320.62	42.90	11.02	14.26	**5,971.00**
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	1.68	26.71	-	51.48	**79.87**
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	**-**
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	**-**
Total	**74.47**	**4,788.11**	**719.62**	**322.30**	**69.61**	**11.02**	**65.74**	**6,050.87**

Credit risk

There are no trade receivables which have significant increase in credit risk as at March 31, 2024 and March 31, 2023 other than disclosed above.

Credit period

Trade receivables are non-interest bearing and are generally on terms of 30 to 215 days.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as dislcosed in note 46.

Transferred Receivables

The carrying amounts of trade receivables include receivable which are subject to a factoring arrangement. Under the arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained credit risk and late payment risk. The Group therefore continues to recognise the transferred assets in its balance sheet. The amount repayable under the factoring agreement is presented as secured/unsecured borrowing.

The relevant carrying amounts are as follows:

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Total transferred receivables (refer note 22)	160.08	350.43

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 11 (a) : Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash in hand	0.27	0.16
Bank balances		
- in current accounts	532.89	900.22
Deposits with original maturity of less than three months	571.20	2,122.75
Total cash and cash equivalents	**1,104.36**	**3,023.13**

Note 11 (b) : Other bank balances

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits with original maturity more than three months but less than twelve months	198.56	248.09
Total other bank balances	**198.56**	**248.09**

Note 12 : Loans (Current) (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loans to employees	0.18	0.26
Total current loans	**0.18**	**0.26**

Note 13 : Other financial assets (Current)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Derivative instruments at Fair Value through Profit and Loss		
Foreign exchange forward contracts	1.40	1.70
Non-derivative financial assets at amortised cost		
Interest receivable other than on fixed deposits	0.53	0.45
Security deposits	76.97	64.92
Surrender value of keyman insurance receivable	193.37	17.83
Others	-	0.23
Total other current financial assets	**272.27**	**85.13**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 14 : Other current assets

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance to suppliers	393.09	253.85
Contract assets *	152.96	28.05
Prepaid expenses	186.72	170.13
Export and other incentives	29.48	20.02
Balance with government authorities	492.46	569.48
Government grant receivable	1,324.24	284.78
Others	170.59	98.72
Total other current assets	**2,749.54**	**1,425.03**

* Pertains to revenue recognised in respect of tooling contracts

Note 15 : Share capital

Movement in authorised capital

(₹ in Million)

Particulars	Numbers of Shares as at		As at	As at
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Authorized:				
Equity shares of Re. 1 each (previous year Re. 1 each)	25,45,00,000	25,45,00,000	254.50	254.50
Preference shares of Re. 1 each (previous year Re. 1 each)	25,00,00,000	25,00,00,000	250.00	250.00
	50,45,00,000	**50,45,00,000**	**504.50**	**504.50**
Issued, subscribed and paid-up:				
Equity shares of Re.1 each (previous year ₹ 1 each) fully paid up	15,27,86,400	15,27,86,400	152.79	152.79
	15,27,86,400	**15,27,86,400**	**152.79**	**152.79**

(a) Movement in share capital

Particulars	Numbers	₹ in Million	Numbers	₹ in Million
	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2023
Equity shares				
Outstanding at the beginning of the year	15,27,86,400	152.79	15,27,86,400	152.79
Add/ (Less) : Changes during the year	-	-	-	-
Outstanding at the end of the year	**15,27,86,400**	**152.79**	**15,27,86,400**	**152.79**

(b) Rights, preferences and restrictions attached to Equity Shares

The Company has equity shares having a par value of Re. 1 per share (previous year Re. 1 per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares Face value Re. 1	% of shareholding	No. of shares Face value Re. 1	% of shareholding
Equity Shares				
Mr. Tarang Jain	6,07,29,800	39.75%	6,07,29,800	39.75%
TJ Holdings Trust	3,38,50,000	22.16%	3,38,50,000	22.16%
Naresh Chandra Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
Suman Jain Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%

(d) Details of shares held by Promoters in the Company

Name of the Shareholder	As at March 31, 2024		As at March 31, 2023		Change during the year	
	No. of shares Face value Re. 1	% of shareholding	No. of shares Face value Re. 1	% of shareholding	No. of shares Face value Re. 1	% of shareholding
Equity Shares						
Promoter						
Mr. Tarang Jain*	6,07,29,800	39.75%	6,07,29,800	39.75%	-	0.00%

*Mr. Tarang Jain additionally holds 33,850,000 Equity Shares in his capacity as the Trustee of TJ Holding Trust.

(e) Aggregate number of bonus shares issued during the five years immediately preceding March 31, 2024:

The Company during the preceding 5 years:

i. Has not allotted shares pursuant to contracts without payment received in cash.

ii. Has not issued shares by way of bonus shares.

iii. Has not bought back any shares.

Note 16 : Other Equity

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Reserves and surplus		
Retained earnings		
Balance at the beginning of the year	(13,594.09)	(5,340.83)
Add/ (Less) : Profit/(loss) for the year	5,260.24	(8,198.35)
Add/ (Less) : Remeasurement of post-employment benefit obligation (net of tax)	104.23	(54.91)
Balance at the end of the year	**(8,229.62)**	**(13,594.09)**
General reserve		
Balance at the beginning of the year	4,194.73	4,194.73
Balance at the beginning and at end of the year	**4,194.73**	**4,194.73**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital Redemption Reserve		
Balance at the beginning of the year	11.30	11.30
Balance at the beginning and at end of the year	**11.30**	**11.30**
Capital Reserve		
Balance at the beginning of the year	5,335.08	5,335.08
Balance at the beginning and at end of the year	**5,335.08**	**5,335.08**
Statutory reserves		
Balance as at beginning of the year	410.80	410.80
Balance at the beginning and at end of the year	**410.80**	**410.80**
Securities premium		
Balance at the beginning of the year	13,024.03	13,024.03
Balance at the beginning and at end of the year	**13,024.03**	**13,024.03**
Total reserves and surplus	**14,746.32**	**9,381.85**
Other reserves		
Foreign Currency Translation Reserve		
Balance at the beginning of the year	227.35	2,099.31
Add / (Less) : Exchange differences in translating the financial statements of foreign operations	(156.09)	1,133.74
Add / (Less) : Re-classified to consolidated statement of profit and loss on sale of VLS business (refer note 51)	-	(3,005.70)
Balance at the end of the year	**71.26**	**227.35**
Total other reserves	**71.26**	**227.35**
Total other equity	**14,817.58**	**9,609.20**

Nature and purpose of other reserves

General reserve

General reserve is the retained earning of the Group which is kept aside out of the Group's profits to meet future (known or unknown) obligations.

Capital redemption reserve

Capital redemption reserve is not available for distribution as dividend.

Capital reserve

Capital reserve is not available for distribution as dividend.

Statutory reserves

Statutory reserves are created based on statutory requirements of respective region and hence is not available for distribution as dividend.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Securities premium

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Note 17 : Non-current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Debentures		
25,000 8.60% Non-convertible debentures of ₹ 1,00,000 each	2,162.70	-
Term loans		
Rupee loans from banks and financial institutions	4,260.20	3,914.42
Foreign currency loans from banks	69.72	164.02
Unsecured		
Deferred sales tax loan	-	5.16
Foreign currency loans from banks	24.62	77.78
Total non-current borrowings	**6,517.24**	**4,161.38**

Maturity profile of non-current borrowings as on March 31, 2024

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non- Current					
			2025-26	2026-27	2027-28	2028-29	More than 5 years	Total of Non-Current
Non-Convertible Debentures	8.60%	305.50	618.00	618.00	618.00	308.70	-	2,162.70
Rupee loans from banks and financial institutions	6.75 % to 11.50%	2,546.91	2,353.76	906.02	721.01	279.41	-	4,260.20
Foreign currency loans from financial institutions	9.00% to 10.50%	549.85	-	-	-	-	-	-
Foreign currency loans from banks	Refer note (a) below	68.24	75.19	19.15	-	-	-	94.34
Deferred Sales Tax Loan	Interest free	5.16	-	-	-	-	-	-
Total		**3,475.66**	**3,046.95**	**1,543.17**	**1,339.01**	**588.11**	**-**	**6,517.24**

Note (a) : The foreign currency loans from bank have an effective interest rate of 4.00%, 1m Euribor + 1.25% - 1.50%, 12m Euribor + 3%.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Maturity profile of non-current borrowings as on March 31, 2023

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non- Current					
			2024-25	2025-26	2026-27	2027-28	More than 5 years	Total of Non-Current
Non-Convertible Debentures	8.25%	3,734.25	-	-	-	-	-	-
Rupee loans from banks and financial institutions	6.75 % to 11.50%	5,441.35	2,100.27	1,474.52	267.13	72.50	-	3,914.42
Foreign currency loans from bank	Refer note (a) below	99.87	122.00	76.14	43.66	-	-	241.80
Buyers Credit	Euribor + 175 bps	275.59	-	-	-	-	-	-
Deferred Sales Tax Loan	Interest free	14.05	5.16	-	-	-	-	5.16
Total		**9,565.11**	**2,227.43**	**1,550.66**	**310.79**	**72.50**	**-**	**4,161.38**

Note (a) : The foreign currency loans from bank have an effective interest rate of 4.00%, 1m - 12m Euribor + 0.95% - 1.50%, 12m Euribor + 3%.

Nature of Security

Indian entities

1) Non-Convertible Debentures are Secured by :

(a) 8.60% Non-convertible debentures of ₹ 100,000 each are secured by exclusive charge by way of hypothecation on the specific identified movable properties situated at :

(1) Varroc Engineering Limited, VEL III, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(2) Varroc Engineering Limited, VEL VII (Valves), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(3) Varroc Engineering Limited, VEL VII (Forging), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(4) Varroc Engineering Limited, Lighting Plant, Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra

(5) Varroc Engineering Limited, Lighting Plant, Plot No. 1(P), Gut No. 51 to 59, Village Bhambholi, Tal. Khed, Dist. Pune– 410501, Maharashtra

(b) 8.25 % Non-convertible debentures of ₹ 10,00,000 each were secured by exclusive charge by way of hypothecation on the specific identified movable properties situated at :

(1) Varroc Engineering Limited, VEL III, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(2) Varroc Engineering Limited, VEL III (R&D), Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(3) Varroc Engineering Limited, VEL VII (Valves), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(4) Varroc Engineering Limited, VEL VII (Forging), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(5) Varroc Engineering Limited, VEL Chennai, Survey No. 128-1B & 129/1B, Ezhichur Village, Taluka Sriperumbudur, Dist. Kancheepuram, Chennai – 603204, Tamil Nadu

(6) Varroc Engineering Limited, VEL Windmill Satara, 2.10 MW Wind Mills installed at village Vankusawade & Kusawade, Dist. Satara, Maharashtra

(7) Varroc Engineering Limited, VEL Windmill Supa, 4 MW Wind Mills installed at Village Shahajapur, Pimpalgaon & Jamner (Supa), Dist. Ahmednagar, Maharashtra

(8) Varroc Engineering Limited, VEL Windmill Jaisalmer, 2.25 MW Wind Mills installed at Village Badabaugh, Baramsar, Dist. Jaisalmer, Rajasthan

(9) Varroc Engineering Limited, VEL Chakan Lighting Plant, Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra

(10) Varroc Engineering Limited, VEL I, Plot No. E-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(11) Varroc Engineering Limited, VEL II, Plot No. K-101-102, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(12) Varroc Engineering Limited, VEL Halol, Plot No. 103/4, Maswad, GIDC Expansion Estate, Halol-II, Dist. Panchmahal – 389 350, Gujarat

2) Rupee Term Loans from Banks are secured by:

(a) Kotak Mahindra Bank Limited, Rupee Term Loan 2 outstanding Balance of ₹ 175 million secured by exclusive first charge by way of hypothecation on movable fixed assets of the following plants :

(1) Varroc Engineering Limited, Plant VIII, Plot No. M-191/3, MIDC Industrial Area, Waluj, Aurangabad - 431136, Maharashtra

(2) Varroc Engineering Limited, Exhaust Plant, Plot No. B-14, MIDC Industrial Area, Chakan, Tal. Khed, Dist. Pune - 410501, Maharashtra

(b) HSBC Bank Working Capital Term Loans (WCTL) of ₹ 400 million and ₹ 435 million with an outstanding balance of ₹ 200 million and ₹ 398.75 million respectively, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) are secured by way of second pari-passu charge on current assets of Varroc Engineering Limited along with other banks. Further secured by second charge on movable fixed assets of the Company situated at:

(1) Varroc Engineering Limited, Plant IV, Plot No. M-140-141, MIDC Industrial Area, Waluj, Aurangabad - 431136, Maharashtra

(2) Varroc Engineering Limited, Corporate Office, Plot No. L-4, MIDC Industrial Area, Waluj, Aurangabad - 431136, Maharashtra

(3) Varroc Engineering Limited, Pant Nagar, Plot No. 20, Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udhamsingh Nagar, Uttarakhand

(4) Varroc Engineering Limited, Plant V, Plot No. L-6/2, MIDC Industrial Area, Waluj, Aurangabad - 431136, Maharashtra

(5) Varroc Engineering Limited, Plant V – R&D, Plot No. L-6/2, MIDC Industrial Area, Waluj, Aurangabad – 431136, Maharashtra

(6) Term Loan of ₹ 1,000 million availed on March 31, 2024 security creation is in process.

(c) HSBC Bank Term Loan of ₹ 1,000 Million availed in November 2023 has security creation in process.

(d) (1) ICICI Bank Rupee Term loan of ₹ 1,000 million, outstanding balance of ₹ 600 million is secured by way of mortgage of immovable properties situated at:

(i) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune, Maharashtra

(ii) Plot No. B-14, MIDC, Chakan, Tal. Khed, Dist. Pune, Maharashtra

(iii) Plot Nos. K-101-102, M-140-141 and M-191/3, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(iv) B-3010, 3rd Floor, Marvel Edge, Village Vadagaonsheri Taluka Haveli Dist. Pune, Maharashtra

(v) A-7010 & 7020, B-7010, 7020, 7030 & 7040 at 7th Floor, Marvel Edge, Village Vadagaonsheri, Taluka Haveli, Dist. Pune, Maharashtra

2) ICICI Bank Rupee Term Loan of ₹ 1,250 Million, outstanding balance of ₹ 1,111.11 million is secured on exclusive charge basis by way of mortgage of immovable properties situated at:

(i) B-3020 & 3040, Marvel Edge, Viman Nagar, Pune, Maharashtra

(ii) Plot No. 35-A, Udyog Vihar, Greater Noida, Uttar Pradesh

(iii) 58th Mile Stone, Opp. Mittal Orchards, Village Binola, Dist. Gurgaon, Haryana

(iv) Plot No. 136-B, Harohalli Industrial Area, Kanakapura Taluk, Ramanagara Dist. Karnataka

(v) Plot No. 271 & 272(P), Nara Sapura Industrial Area, Nara Sapura, Dist. Kolar – 563133, Karnataka

(e) IndusInd Bank Ltd Rupee Term loan of ₹ 1,000 million (partially availed of ₹ 500 million) is secured on exclusive first charge by way of hypothecation on movable fixed assets of the following plants situated at :

(1) Plot No. E-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra

(2) Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra

(3) Gut No. 12/1 and Gut No. 12/2 situated at Village Shivaji Nagar , Tal. Sakri, Dist. Dhule, Maharashtra

(4) Plot No. 103/4, Maswad, GIDC, Expansion Estate, Halol-II, Dist. Panchmahal – 389350, Gujarat

(5) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune, Maharashtra

(f) Term Loan facility from IndusInd Bank Ltd. of ₹ 1,250 million, outstanding balance of ₹ 62.50 million is secured as under :

(1) Exclusive charge by way of hypothecation on the specific identified movable properties situated at:

(i) VPL I, Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune - 412106, Maharashtra

(ii) VPL II, Plot No. E-88, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(iii) VPL III, Plot No. M-165-167, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(iv) VPL IV, Gut No. 99, Village Pharola, Tal. Paithan, Dist. Aurangabad - 431105, Maharashtra

(v) VPL TC, Plot No. M-138-139, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(vi) VPL Corporate, Plot No. L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(vii) VPL CK, Plot No. C-3, MIDC Chakan, Village Bhamboli, Tal. Khed, Dist. Pune, Maharashtra

(viii) VPL GN, Plot No. 35-A, Udyog Vihar, Greater Noida - 201306

(ix) VPL BN, 58th Mile Stone, Village Binola 122050, Dist. Gurgaon, Haryana

(x) VPL Karasanpura, Survey Nos. 154/1, 154/3 and 155/2, Village Karasanpura, Tal. Mandal, Dist. Ahmedabad, Gujarat

(2) Mortgage of immovable properties situated at Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune, Maharashtra and Gut No. 97 & 99, Village Pharola, Tal. Paithan, Dist. Aurangabad, Maharashtra

(g) Medium Term Loan facility from IndusInd Bank Ltd. of ₹ 750 million is secured on exclusive charge by mortgage of immovable properties situated at VPL Chennai at Survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai; VPL Pithampur at Plot no. 601-A & B, Sector III, Pithampur, Dist. Dhar, Madhya Pradesh and VPL Karasanpura at Revenue Survey Nos. 533, 534 & 537 of Mouje Karsanpura, Taluka Mandal, District Ahmedabad, State Gujarat.

(h) Term Loan facility from Saraswat Co-operative Bank Ltd. of ₹ 750 million is secured on exclusive charge by mortgage of immovable properties situated at VPL II, Plot No. E-88, MIDC, Ranjangaon, Tal. Shirur, Dist. Pune, Maharashtra and and VPL III, Waluj at Plot No. M-165-167, MIDC, Waluj, Aurangabad, Maharashtra.

(i) Rupee Term Loan facility from ICICI Bank Ltd. of ₹ 500 million is secured by way of exclusive charge on movable fixed assets containing plant and machineries (both present and future) of VPL Chennai plant at Survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai; VPL Pithampur at Plot no. 601-A & B, Sector III, Pithampur, Dist. Dhar, Madhya Pradesh; VPL Bangalore at Plot no. 271 & 272 (P), Nara Sapura Industrial Area, Narsapura, Dist. Kolar, Karnataka and VPL BG II, Plot No. 136 / B, Harohalli Industrial Area, Tal. Kanakapura, Dist. Ramanagara, Karnataka. The said credit facility is further secured by mortgage of immovable properties situated at Plot No. C-3 in the Chakan Industrial Area, Phase-II and within village limits of Bhambholi Taluka, subdistrict Khed, district Pune.

(j) Working Capital Term Loan (WCTL) facility from ICICI Bank Ltd. of ₹ 500 million is secured as under :

(1) first pari-passu charge by way of hypothecation of stocks and receivables of Varroc Polymers Limited, both present and future

(2) exclusive charge on property, plant and machineries both present and future of VPL Chennai plant at Survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai; VPL Pithampur at Plot no. 601-A & B, Sector III, Pithampur, Dist. Dhar, Madhya Pradesh; VPL Bangalore at Plot no. 271 & 272 (P), Nara Sapura Industrial Area, Narsapura, Dist. Kolar, Karnataka and VPL Bangalore II at Plot No. 136 / B, Harohalli Industrial Area, Tal. Kanakapura, Dist. Ramanagara, Karnataka. The said credit facility is further secured by mortgage of immovable properties situated at Plot No. C-3 in the Chakan Industrial Area, Phase-II and within village limits of Bhambholi Taluka, subdistrict Khed, district Pune.

3) Rupee Term Loans from Financial Institution are secured by:

(a) Rupee Term loan of ₹ 1,000 million availed from Bajaj Finance Limited, outstanding balance as at March 31, 2024 ₹ 536.39 million is secured by way of mortgage on specific immovable properties on exclusive charge basis located at Plot Nos. E-4, L-6/2 and L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(b) Rupee Term loan of ₹ 650 million availed from Bajaj Finance Limited, outstanding balance as at March 31, 2024 ₹ 84.09 million is secured by way of mortgage on specific immovable properties one exclusive charge basis located at Plot No. B-24/25, MIDC, Chakan, Pune - 410501, Maharashtra and extension of charge on specific immovable properties located at E-4, L-6/2 and L-4, MIDC, Waluj, Aurangabad - 431136, Maharashtra

(c) Rupee Term loan of ₹ 600 million availed from Tata Capital and Financial Services Limited, outstanding balance as at March 31, 2024 ₹ 400 million is secured by way of mortgage on immovable properties on exclusive charge basis located at Plot No. 20, Sector 9, SIDCUL Industrial area, Pant Nagar, Rudrapur - 263153, Uttarakhand

Overseas entities

Foreign currency loan from banks

1) Credit facilities at Varroc Electronics Romania SRL is secured by way of corporate guarantee furnished by Varroc Engineering Limited.

2) In case of Foreign subsidiary located in Italy, loans are secured by way of specific charge on assets purchased from these loans.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024

Unsecured Loans

Holding Company has provided corporate guarantee against foreign currency loans to Varroc Electronics Romania SRL.

Debt covenants :

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net borrowings to EBITDA ratio and debt service coverage ratio. Some of the debt covenants in respect of non-current borrowings of ₹ 175 million were not complied as at March 31, 2024, which are due for repayment with in the next 12 months and are already classified as current.

As at March 31, 2024, the asset cover in respect of the Non-Convertible Debentures is 1.38 times of the total due amount which is greater than the requirement of 1.1 times of the said Secured Non-Convertible Debentures.

Note 18 : Non current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Payable for capital goods	1.22	1.53
Employee benefits payable	3.40	4.63
Redemption liability related to non-controlling interest	13.27	13.27
Total non-current other financial liabilities	**17.89**	**19.43**

Note 19 : Non-current provisions

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Employee defined benefit obligation (refer note 39)	23.55	154.66
Compensated absences	129.05	113.07
Others		
Provision for warranties (refer note 25)	-	-
Others (refer note 25)	10.04	11.20
Total non-current provisions	**162.64**	**278.93**

Note 20 : Deferred tax assets/(liabilities) (Net)

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax Liabilities (Gross)		
Depreciation and amortisation	979.71	1,514.95
Others	122.53	21.67
	1,102.24	**1,536.62**
Offset with deferred tax asset to the extend they relate to same governing law	(795.69)	(367.34)
Deferred tax liabilities (Net)	**306.55**	**1,169.28**
Deferred tax assets (Gross)		
Government grants	71.59	132.70
Expenses allowable under Income Tax on payment basis	105.27	108.31
Provision for doubtful debts and advances	50.32	11.91

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Losses available for offsetting against future taxable income (refer note below)	2,484.08	27.86
MAT Credit Entitlement (Refer note below)	-	112.32
Others	51.68	44.37
	2,762.94	**437.47**
Offset with deferred tax liabilities to the extent they relate to same governing law	(795.69)	(367.34)
Deferred tax assets (Net)	**1,967.25**	**70.13**
Closing deferred tax assets/(liabilities) (Net)	**1,660.70**	**(1,099.15)**
Movement in deferred tax assets/(liabilities)		
Opening deferred tax assets/(liabilities) (net)	(1,099.15)	(1,176.07)
Recognised in the Statement of Profit and Loss		
Deferred tax (expense)/credit	2,774.84	114.46
Recognised in other comprehensive income	(5.81)	0.79
Exchange Differences	(9.18)	(38.33)
Closing deferred tax assets/(liabilities) (Net)	**1,660.70**	**(1,099.15)**

Note:

During the Financial Year ended March 31, 2024, Varroc Engineering Limited ('VEL') and Varroc Polymers Limited ('VPL') have derecognised (written-off) loans given to VarrocCorp Holding BV (‘VCHBV’), Netherlands including interest on such loans aggregating to ₹ 13,533.33 million (VEL ₹ 11,796.44 million and VPL ₹ 1,736.89) after making requisite submissions to AD Bank. The Group has claimed this write-off of loans as an allowable business loss, considering that these loans extended to VCHBV were in the nature of trade investments to derive benefits for the Group's businesses rather than for earning dividend/capital appreciation. The Group has obtained legal opinions from two independent senior counsels who have supported their view on claiming this write-off of loans as an allowable business loss.

Accordingly, the group has considered this loss as tax deductible for computation of current tax provision to the extent of ₹ 437.14 million and for recognition of deferred tax asset of ₹ 2,968.93 million towards the loss as at March 31, 2024.

These loans pertain to funding of Varroc Lighting Systems (‘VLS’) entities (erstwhile subsidiaries of VCHBV) which were fully provided for during the period ended September 30, 2022, in respective standalone financial statements of VEL and VPL when the VLS business was sold to Compagnie Plastic Omnium SE, France.

Further, VEL has decided to shift to new tax regime under section 115BAA of Income Tax Act, 1961 from current financial year ended March 31, 2024. As a result, MAT credit of ₹ 265.34 million has been written off and deferred tax liability to the extent of ₹ 254.54 million has been reversed on account of lower tax rate under new regime, which has been included in the total tax expense for the year ended March 31, 2024.

Note 21 : Other non-current liabilities

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Advances received from customers	13.11	44.78
Total other non-current liabilities	**13.11**	**44.78**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 22 : Current borrowings

A. Short term borrowings

(₹ in Million)

Particulars	Maturity Date	Repayment Terms	Interest rate	As at March 31, 2024	As at March 31, 2023
Secured					
Cash credit	Various	Various	Refer note (a) below	297.83	-
Working capital facilities					
Working capital loans	Various	Various	Euribor 1m+ 0.35%	36.06	278.93
Factored receivables (refer note 10)	Various	Various	Refer note (b) below	160.08	350.43
Unsecured					
Pre-shipment credit (PCRE) from banks	Various	6 months	7.95% to 8.15%	957.99	958.66
Short-term loan from banks	Various	Various	7.85% to 10.15%	622.06	1,035.47
Total short term borrowings (A)				**2,074.02**	**2,623.49**

B. Current maturities of non-current borrowings

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Debentures		
3,750 number of 8.25% Non Convertible Debentures of ₹ 10,00,000 each (refer note 17 for security details)	-	3,734.25
25,000 number of 8.60% Non Convertible Debentures of ₹ 1,00,000 each (refer note 17 for security details)	305.50	-
Loans and facilities		
From banks		
Rupee loans	2,546.91	5,441.35
Foreign currency loans	68.24	99.87
From financial institution		
Buyers Credit *	-	275.59
Rupee loans from financial institutions	549.85	-
Unsecured		
Deferred sales tax loan	5.16	14.05
Foreign currency loans	26.86	-
Total current maturities of non-current borrowings (B)	**3,502.52**	**9,565.11**
Total current borrowings (A+B)	**5,576.54**	**12,188.60**

* Buyer's credit of Euro 3,033,187.65, carrying an interest rate of Euribor + 33 BPS, i.e., 0.33% p.a., was obtained on July 13, 2021 from IDFC First Bank Ltd. for a period of one year against capex import LC payment. The Buyer's credit was due and repaid on July 03, 2023.

Note (a) : The cash credit facilities have interest rates of 5.30% and euribor 3m + 2% to 4.30%

Note (b) : Trade receivables are factored at an interest rate of 6.58% and 3m Euribor + 1.95% + Commission 0.25%

Working capital facilities availed from banks, are secured by charge by way of hypothecation of stocks of raw materials, work in process, finished goods, consumables, stores and spares, packing materials, receivables and mortgage of certain land and buildings of the group (refer note 17).

Working capital facilities short term in nature are repayable on demand or over a period of six to twelve months.

Net debt reconciliation

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current borrowings (includes current maturities of non-current borrowings) (refer note 17 and 22)	(10,019.76)	(13,726.49)
Current borrowings (refer note 22)	(2,074.02)	(2,623.49)
Lease Liabilities (refer note 3.3)	(1,803.41)	(1,711.16)
Interest accrued but not due (refer note 24)	(31.63)	(172.33)
Liquid investments (refer note 9)	963.17	300.05
Cash and cash equivalents (refer note 11 (a))	1,104.36	3,023.13
Net debt	**(11,861.29)**	**(14,910.29)**

Reconciliation of Net Debt as at March 31, 2024

(₹ in Million)

Particulars	As at April 1, 2023	Additions	Cashflows	Interest Expenses	Interest Paid	Gain on sale of investments	Translation Difference	As at March 31, 2024
Non-current borrowings	(13,726.49)	-	3,748.55	-	-	-	(14.96)	(10,019.76)
Current borrowings	(2,623.49)	-	526.17	-	-	-	(3.56)	(2,074.02)
Lease Liabilities	(1,711.16)	(390.74)	290.88	(130.94)	130.94	-	7.61	(1,803.41)
Interest accrued but not due	(172.33)	-	-	(1,938.56)	2,079.26	-	-	(31.63)
Liquid Investments	300.05	-	644.37	-	-	18.75	-	963.17
Cash and cash equivalent	3,023.13	-	(1,921.31)	-	-	-	2.54	1,104.36

Reconciliation of Net Debt as at March 31, 2023

(₹ in Million)

Particulars	As at April 1, 2022*	Additions	Cashflows (Pertains to continuing & discontinued operations)	Discontinued Operations Cashflow	Interest Expenses	Interest Paid	Gain on sale of investments	Translation Difference	As at March 31, 2023*
Non-current borrowings	(14,095.98)	-	404.02	(34.53)	-	-	-	-	(13,726.49)
Current borrowings	(1,438.32)	-	(728.07)	(457.10)	-	-	-	-	(2,623.49)
Lease Liabilities	(717.43)	(1,173.07)	283.91	(262.35)	(74.31)	264.77	-	(32.68)	(1,711.16)
Interest accrued but not due	(214.65)	-	-	-	(1,828.64)	1,870.96	-	-	(172.33)
Liquid Investments	-	-	299.96	-	-	-	0.09	-	300.05
Cash and cash equivalent	1,156.48	-	1,845.27	120.36	-	-	-	(98.98)	3,023.13

*Net debt components as at April 01, 2022 & as at March 31, 2023 pertain to continuing operations only.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 23 : Trade payables

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Total outstanding dues of Micro and Small Enterprises*	1,361.36	1,138.95
Total outstanding dues other than Micro and Small Enterprises		
Trade payables to related parties (refer note 46)	42.88	34.77
Others	10,680.40	10,700.16
Total current trade payables	**12,084.64**	**11,873.88**

*Pertains to Indian entities

For outstanding Trade Payables, the ageing schedule is as follows :

As at March 31, 2024

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						Total
	Not due	Unbilled *	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed dues - Micro & Small Enterprises	1,334.91	19.58	6.00	0.42	0.45	-	1,361.36
(ii) Undisputed dues - Others	7,843.19	943.12	1,798.21	57.55	65.43	15.78	10,723.28
(iii) Disputed dues - Micro & Small Enterprises	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	**9,178.10**	**962.70**	**1,804.21**	**57.97**	**65.88**	**15.78**	**12,084.64**

* Pertains to goods/services received by the Group pending for invoice processing as at closing date.

As at March 31, 2023

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						Total
	Not due	Unbilled *	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed dues - Micro & Small Enterprises	1,020.98	40.84	64.84	9.71	2.40	0.18	1,138.95
(ii) Undisputed dues - Others	6,359.16	1,346.11	2,778.35	99.30	123.57	28.44	10,734.93
(iii) Disputed dues - Micro & Small Enterprises	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	**7,380.14**	**1,386.95**	**2,843.19**	**109.01**	**125.97**	**28.62**	**11,873.88**

* Pertains to goods/services received by the Group pending for invoice processing as at closing date.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 24 : Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Financial liabilities at amortised costs		
Interest accrued but not due on borrowings	31.63	172.33
Payable for capital goods	372.34	478.64
Customer security deposits	92.83	89.07
Unclaimed dividends	0.13	0.04
Employee benefits payable	1,013.12	913.95
Cross currency interest rate swap	-	1.20
Legal and professional fees payable for sale of VLS business (refer note 51)	-	680.12
Others	-	69.97
Total other financial liabilities	**1,510.05**	**2,405.32**

Note 25 : Current provisions

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Employee benefits		
Employee defined benefit obligation (refer note 39)	94.36	80.71
Compensated absences	120.72	107.49
Others		
Provision for warranties *	70.09	93.08
Others #	16.91	18.23
Total current provisions	**302.08**	**299.51**

(₹ in Million)

Particulars	Warranties		Others	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Balance as at the beginning of the year	93.08	82.91	29.43	46.44
Add: Additions during the year	68.39	64.34	24.30	20.35
Less: Utilization/Reversed during the year	(91.40)	(54.13)	(26.79)	(37.36)
Add/(less): Foreign exchange translation difference	0.02	(0.04)	0.01	-
Balance as at the end of the year	**70.09**	**93.08**	**26.95**	**29.43**
Current Portion	70.09	93.08	16.91	18.23
Non Current Portion	-	-	10.04	11.20
Total	**70.09**	**93.08**	**26.95**	**29.43**

* Provision for warranties : The Group provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period. The impact of discounting of these provisions is not material.

Other provision includes provision for coupon schemes and provisions related to tooling contract. These coupons are expected to be settled within 2-3 years. Management estimates these provision based on historical claim information and any recent trends. The impact of discounting of these provisions is not material.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 26 : Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance received from customers	694.24	522.93
Statutory dues payable	540.40	571.80
Other payables	282.88	286.63
Total other current liabilities	**1,517.52**	**1,381.36**

Note 27 : Deferred government grant

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Balance as at the beginning of the year	449.92	493.88
Received/ recognised during the year	263.43	-
Released to statement of profit and loss	(357.83)	(281.47)
Others	-	(18.16)
Balance as at the end of the year	**355.52**	**449.92**
Presented as:		
Current Portion	101.28	185.04
Non-Current Portion	254.24	264.88
Total	**355.52**	**449.92**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 28 : Revenue from operations

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Revenue from contracts with customer	73,498.99	67,958.26
Other operating revenue	2,020.38	953.87
Total	**75,519.37**	**68,912.13**

Revenue from contracts with customer

A Disaggregated revenue information

(₹ in Million)

Segment	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Automotive	Others	Total	Automotive	Others	Total
Timing of revenue recognition						
Goods/ Services transferred at a point in time						
Finished goods						
Electrical & automotive lighting auto parts	31,478.35	-	31,478.35	28,519.82	-	28,519.82
Polymer auto parts	24,156.03	-	24,156.03	21,265.00	-	21,265.00
Steel forged products	5,881.65	-	5,881.65	5,596.87	-	5,596.87
Engine valves	3,035.21	-	3,035.21	2,577.60	-	2,577.60
After market auto parts	6,044.27	-	6,044.27	5,587.04	-	5,587.04
Others	-	752.16	752.16	-	1,571.84	1,571.84
Toolings	678.80	-	678.80	1,311.45	-	1,311.45
Job Work	76.59	1,056.64	1,133.23	57.23	1,030.15	1,087.38
Goods/ Services transferred over time						
Toolings	236.74	-	236.74	441.26	-	441.26
Sale of Engineering Services	102.54	-	102.54	-	-	-
Total revenue from contracts with customers	**71,690.18**	**1,808.80**	**73,498.99**	**65,356.27**	**2,601.99**	**67,958.26**
Revenue by region						
India	63,947.10	-	63,947.10	55,963.09	-	55,963.09
Asia Pacific	1,834.77	-	1,834.77	2,455.47	-	2,455.47
Europe	4,519.65	1,510.49	6,030.14	5,220.74	2,581.28	7,802.02
North America	459.69	298.31	758.00	503.24	20.71	523.95
Others	928.97	-	928.97	1,213.73	-	1,213.73
Total revenue from contracts with customers	**71,690.18**	**1,808.80**	**73,498.99**	**65,356.27**	**2,601.99**	**67,958.26**

B Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

(₹ in Million)

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Automotive	Others	Total	Automotive	Others	Total
Revenue						
External Customer	73,577.33	1,942.04	75,519.37	66,176.54	2,735.59	68,912.13
Inter-segment	-	-	-	-	-	-
	73,577.33	**1,942.04**	**75,519.37**	**66,176.54**	**2,735.59**	**68,912.13**
Less: Other operating revenue	1,887.14	133.24	2,020.38	820.27	133.60	953.87
Total revenue from contracts with customers	**71,690.19**	**1,808.80**	**73,498.99**	**65,356.27**	**2,601.99**	**67,958.26**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

C Contract balances

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Trade receivables	4,918.43	5,971.00
Contract assets	152.96	29.42
Contract liabilities	707.35	567.71

Trade receivables are non-interest bearing and are generally on terms of 30 to 215 days.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities include advances received from customers for performing engineering design and development services.

Set out below is the amount of revenue recognised from:

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Amount of revenue recognised from amounts included in contract liabilities at the beginning of the year	567.71	989.62

D. Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Revenue as per contracted price	73,839.21	68,271.22
Adjustments		
Discount	(340.22)	(312.96)
Revenue from contract with customers	**73,498.99**	**67,958.26**

E. Performance obligation

Revenue from contracts with customers include revenue from finished goods, tooling and job work services.

Information about the above Group's performance obligations are summarised below:

Finished goods

For the sale of finished goods the performance obligation is generally satisfied upon its delivery and payment is generally due within 30 to 215 days from delivery.

Product development/engineering services are considered as related to sale of parts rather than a separate performance obligation. As a result, revenue from engineering services is recognised over the period of production from the date of start of production. Costs incurred in respect of providing engineering services are recognised as intangible assets and amortised over the period of production from the date of start of production. Payments received from customers in respect of product development/engineering services are presented as contract liabilities.

The Group provides normal warranty provisions on some of its products sold, in line with the industry practice. The Group considers that the contractual promise made to the Customer in the form of warranties for the parts supplied does not meet the definition of separate performance obligation as it does not give rise to additional service.

Supply of toolings

Development of toolings for the customers has been identified by the group to be a separate performance obligation. Further, the group has determined that the performance obligation in respect of development of toolings primarily pertaining to automotive lighting business is generally satisfied over time. For other tooling contracts, the performance obligation is satisfied at a point in time or over time based on the specific terms of the contract. The revenue is recognised at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

Job work

Job work revenue is recognised when the work is completed and billed to customer.

Other operating revenue

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Government Grant (refer note below)	1,347.54	281.47
Scrap sales	427.02	418.12
Wind and solar power generation	108.88	90.76
Export Incentives	76.51	85.94
Others	60.43	77.58
Total other operating revenue	**2,020.38**	**953.87**

Note:

In the current year, Varroc Engineering Limited ('VEL') has received eligibility certificates (ECs) in respect of three plants in Aurangabad/Pune under the Maharashtra Electronic Policy 2016 effective from April 1, 2022 and valid for 10 years. Under these ECs, VEL is eligible to claim incentive in the form of taxes payable under SGST on finished goods eligible for incentives from the respective plants. VEL has considered these as grants related to income under Ind AS 20 by recognizing the same as income in profit and loss based on SGST collected for the period/year. The amount of income recognised in the current year in respect of the aforesaid ECs is ₹ 989.71 million pertaining to the period April 1, 2022 to March 31, 2024.

Further, during the year, management has also changed the presentation of income from government grants in the statement of profit and loss and has re-classified it from other income to other operating income included within 'Revenue from Operations'. Accordingly, income of ₹ 1,347.54 million has been presented under other operating income. Further, other income of comparative period for year ended March 31, 2023 has also been reclassified by ₹ 281.47 million. Further cashflows have also been reclassified from investing activity to operating activity in the cashflow statement.

Note 29 : Other income

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income		
- from financial assets measured at amortised cost	63.25	12.58
- Others	11.52	3.47
Unwinding of discount on security deposits	5.64	2.27
Net gain on disposal of property, plant and equipment / investment property	64.29	109.00
Net gain on sale of investments	18.75	0.09
Net foreign exchange gain	145.61	-
Liabilities no longer required written back	8.48	72.80
Increase in surrender value of keyman insurance policy	27.85	18.86
Miscellaneous income	75.98	78.27
Total Other income	**421.37**	**297.34**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 30 : Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw material at the beginning of the year	3,147.42	2,702.25
Add : Purchases	47,231.43	44,900.66
	50,378.85	**47,602.91**
Less : Raw material at the end of the year	2,929.98	3,147.42
Total cost of materials consumed	**47,448.87**	**44,455.49**

Note 31 : Changes in Inventories of work-in-progress and finished goods

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance		
Work-in-progress	1,030.55	1,161.81
Finished goods	2,094.30	1,813.02
Total opening balance	**3,124.85**	**2,974.83**
Closing balance		
Work-in-progress	1,106.37	1,030.55
Finished goods	2,134.08	2,094.30
Total closing balance	**3,240.45**	**3,124.85**
Total changes in inventories of work-in-progress and finished goods	**(115.60)**	**(150.02)**

Note 32 : Employee benefit expense

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	7,204.89	6,332.17
Contribution to gratuity and other funds (refer note 39)	535.04	508.62
Staff welfare expenses	352.28	332.18
Total employee benefit expense	**8,092.21**	**7,172.97**

Note 33 : Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest and finance charges on debt and borrowings	1,714.25	1,707.05
Interest and finance charges paid/payable for lease liabilities	130.94	74.31
Other borrowing costs	93.37	121.59
Total finance costs	**1,938.56**	**1,902.95**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 34 : Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment	2,729.78	2,743.42
Depreciation on investment properties	-	2.38
Amortisation of intangible assets	366.84	417.76
Amortisation of right of use assets	271.56	203.85
Total depreciation and amortisation expenses	**3,368.18**	**3,367.41**

Note 35 : Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Consumption of stores and spares and loose tools	1,018.04	987.84
Consumption of packing materials	929.09	856.54
Repairs to		
Buildings	22.69	32.04
Machinery	461.01	378.87
Others	549.36	515.22
Telephone and communication expenses	67.91	80.99
Water and electricity charges	2,132.38	2,246.00
Rental charges	248.57	140.40
Rates and taxes	62.38	63.78
Contract labour cost	2,998.08	2,819.16
Legal and professional fees	985.72	607.67
Net foreign exchange loss	-	217.54
Travelling and conveyance	404.13	390.14
Insurance	133.47	168.22
Corporate social responsibility expenditure *	30.18	30.07
Provision for doubtful loans, advances and debts (Net)	220.29	39.70
Sales promotion, marketing and advertisement cost	161.71	133.51
Research and development expenses	85.46	-
Freight and forwarding expenses	1,015.73	1,112.42
Warranties	68.39	78.34
IT related cost	181.56	174.27
Miscellaneous expenses	727.73	612.63
Total other expenses	**12,503.88**	**11,685.35**

* Includes amount of ₹ 25.57 million (March 31, 2023 : ₹ 30.07 million) contributed to Varroc Foundation in which some of the directors are trustee.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 36 : Income tax expense

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax	393.49	555.17
Deferred tax expense	(2,774.84)	(114.46)
Income tax expense (related to continuing operations)	**(2,381.35)**	**440.71**
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before tax & share of net profits of investments accounted for using equity method	2,704.64	775.32
Tax at the Indian tax rate of 25.168% (March 31, 2023 : 34.944%)	680.70	270.93
Tax effect of amounts which have been excluded in calculating taxable income:		
Non-deductible expenses for tax purposes:		
Non deductible depreciation	14.87	14.21
Other non-deductible expenditure	111.41	19.61
Other adjusting items:		
Capital gain taxed at different rate	-	6.59
Short/ (excess) provision of earlier years	43.79	(20.73)
Deferred tax asset not recognised on losses	143.10	195.80
Deduction for loan and interest write-off against which provision for impairment was created in previous year *	(3,374.13)	-
Effect of change in deferred tax rate under new regime	(252.95)	(141.56)
Expenses related to divestment- accounted in FY 22-23	(20.61)	-
MAT Credit written off *	265.34	-
Difference in Indian & Overseas tax rates	6.29	80.17
Other	0.84	15.68
Income tax expense of continuing operations	**(2,381.35)**	**440.71**

* Refer note 20 for deduction for write-off of loans & interest thereon along with change in tax regime.

Note 37 (a) : Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Group in respect of its Indian Subsidiaries for the year ended March 31, 2024:

I Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2023	4,248.51	4,367.81	(119.30)	(119.30)	-	-
2	Sept 30, 2023	4,250.42	4,443.58	(193.16)	(193.16)	-	-
3	Dec 31, 2023	4,255.13	4,424.75	(169.62)	(169.62)	-	-
4	March 31, 2024	3,892.65	4,190.13	(297.48)	(297.48)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 3)
					Components not considered for the purpose of reporting (Note 2)	Post closure adjustments (Note 4)	
1	June 30, 2023	3,295.97	5,713.00	2,417.03)	(2,284.62)	-	(132.41)
2	Sept 30, 2023	2,707.11	6,041.15	(3,334.04)	(3,153.38)	-	(180.66)
3	Dec 31, 2023	2,231.92	5,748.93	(3,517.01)	(3,373.22)	-	(143.79)
4	March 31, 2024	2,262.89	5,565.23	(3,302.34)	(3,244.12)	(50.67)	(7.55)

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 5)	Post closure adjustments (Note 6)	
1	June 30, 2023	7,686.14	6,218.92	1,467.22	1,472.59	(5.37)	-
2	Sept 30, 2023	7,803.17	6,570.61	1,232.56	1,246.39	(13.83)	-
3	Dec 31, 2023	7,602.29	6,365.43	1,236.86	1,249.39	(12.53)	-
4	March 31, 2024	7,274.22	6,465.45	808.77	808.77	-	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Difference primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days, and export customer balance revaluation. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 3 Difference is on account of export cut off sales reversal as per Ind AS 115. Also includes some external customer which were identified as intercompany at the time of reporting to banks.

Note 4 Re-classification entry pertaining to netting off of receivables against payables.

Note 5 Mainly includes inter company creditors and provision for expenses and import vendor revaluation.

Note 6 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

II Varroc Polymers Limited (formerly known as 'Varroc Polymers Private Limited')

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2023	921.52	939.61	(18.09)	(18.09)	-	-
2	Sept 30, 2023	984.52	977.54	6.98	6.98	-	-
3	Dec 31, 2023	1,136.39	1,158.38	(21.99)	(21.99)	-	-
4	March 31, 2024	1,178.84	1,242.56	(63.72)	(63.72)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2023	1,216.80	1,858.98	(642.18)	(642.18)	-	-
2	Sept 30, 2023	1,189.93	1,839.87	(649.94)	(646.74)	(3.20)	-
3	Dec 31, 2023	2,061.83	2,614.77	(552.94)	(555.27)	2.33	-
4	March 31, 2024	1,363.98	3,389.19	(2,025.21)	(2,023.86)	(1.35)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments (Note 2)	
1	June 30, 2023	3,719.99	2,964.49	755.50	755.50	-	-
2	Sept 30, 2023	3,876.94	3,330.94	546.00	546.00	-	-
3	Dec 31, 2023	3,653.07	3,077.86	575.21	575.21	-	-
4	March 31, 2024	3,821.87	3,554.73	267.14	306.80	(39.66)	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Includes post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 4 Majorly includes provision for expenses including GST payable, provision for vendor rate increase decrease, pending GRIR accounts, and forex restatement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

III Durovalves India Private Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 1)	Net difference
1	June 30, 2023	163.27	157.12	6.15	6.15	-
2	Sept 30, 2023	170.36	168.85	1.51	1.51	-
3	Dec 31, 2023	180.05	181.72	(1.67)	(1.67)	-
4	March 31, 2024	155.75	158.04	(2.29)	(2.29)	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 2)	Net difference
1	June 30, 2023	458.11	334.39	123.72	123.72	-
2	Sept 30, 2023	343.80	340.69	3.11	3.11	-
3	Dec 31, 2023	316.75	394.62	(77.87)	(77.87)	-
4	March 31, 2024	335.27	349.41	(14.14)	(14.14)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 3)	Net difference
1	June 30, 2023	174.37	122.26	52.11	52.11	-
2	Sept 30, 2023	204.10	138.09	66.01	66.01	-
3	Dec 31, 2023	174.40	122.83	51.57	51.57	-
4	March 31, 2024	221.77	171.22	50.55	50.55	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 3 Majorly includes provision for expenses including GST payable. Also, provision for vendor rate increase decrease, pending GRIR accounts, Employee reimbursement and forex restatement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 37 (b) : Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Group in respect of its Indian Subsidiaries for the year ended March 31, 2023:

I Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2022	4,058.60	4,188.87	(130.27)	(133.71)	3.44	-
2	Sept 30, 2022	5,008.10	5,195.43	(187.33)	(189.51)	2.18	-
3	Dec 31, 2022	4,993.29	5,197.85	(204.56)	(204.56)	-	-
4	March 31, 2023	4,109.16	4,283.16	(174.00)	(212.67)	38.67	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 4)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2022	4,266.89	3,022.76	1,244.13	1,258.81	(14.69)	-
2	Sept 30, 2022	5,157.81	3,333.11	1,824.70	1,828.78	(4.08)	-
3	Dec 31, 2022	3,424.74	3,200.69	224.05	225.73	(1.68)	-
4	March 31, 2023	3,033.16	3,052.02	(18.86)	15.25	(34.11)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Difference	Reconciliation items			Net difference (Note 7)
					Components not considered for the purpose of reporting (Note 5)	Additional Components considered for the purpose of reporting (Note 6)	Post closure adjustments (Note 2)	
1	June 30, 2022	8,661.25	6,744.77	1,916.48	1,586.84	-	(27.18)	356.82
2	Sept 30, 2022	9,621.76	7,605.01	2,016.75	2,040.22	-	(18.68)	(4.79)
3	Dec 31, 2022	7,425.58	6,218.75	1,206.83	1,464.65	-	(257.82)	-
4	March 31, 2023	6,333.15	5,267.05	1,066.10	1,074.69	-	(184.13)	175.54

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements

Note 4 The net difference is on account of incorrect adjustments.

Note 5 Mainly includes inter company creditors and provision for expenses.

Note 6 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 7 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) The creditor balance outstanding for more than 90 days has not been considered for the plants in lighting division for the purpose of reporting in stock statement.

ii) For reporting in quarterly statement to banks, incorrect capital creditors amounts were considered for exclusion from total creditors balance.

II Varroc Polymers Limited (formerly known as 'Varroc Polymers Private Limited')

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2022	1,069.32	1,084.37	(15.05)	(48.41)	33.36	-
2	Sept 30, 2022	1,092.73	1,137.63	(44.90)	(48.10)	3.20	-
3	Dec 31, 2022	1,024.59	1,064.44	(39.85)	(39.85)	-	-
4	March 31, 2023	786.98	803.83	(16.85)	(16.85)	-	-

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 5)
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2022	1,150.72	1,629.27	(478.55)	(467.89)	(10.66)	-
2	Sept 30, 2022	1,230.04	1,710.93	(480.89)	(479.46)	(1.43)	-
3	Dec 31, 2022	747.48	1,654.60	(907.12)	(780.79)	-	(126.33)
4	March 31, 2023	922.74	1,599.98	(677.24)	(819.65)	142.41	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items			Net difference (Note 4)
					Components not considered for the purpose of reporting (Note 6)	Additional Components considered for the purpose of reporting (Note 2)	Post closure adjustments (Note 2)	
1	June 30, 2022	3,921.71	3,192.86	728.85	673.50	-	55.47	(0.12)
2	Sept 30, 2022	3,972.83	3,147.09	825.74	774.03	-	51.76	(0.05)
3	Dec 31, 2022	3,772.89	3,041.97	730.92	720.01	-	16.76	(5.85)
4	March 31, 2023	3,551.09	3,167.14	383.95	584.25	-	(167.40)	(32.90)

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Includes post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 4 The net difference for quarter ended March 31, 2023 is mainly on account of erroneous calculation of amount for quarterly returns wherein document currency was considered instead of company's reporting currency (INR).

Note 5 The net difference is on account of incorrect exclusion wherein some of the trade receivables were not included in stock statement.

Note 6 Majorly includes provision for expenses including GST payable, provision for vendor rate increase decrease, pending GRIR accounts, Employee reimbursement and forex restatement.

III Durovalves India Private Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 1)	Net difference
1	June 30, 2022	177.90	178.17	(0.27)	(0.27)	-
2	Sept 30, 2022	195.84	196.51	(0.67)	(0.67)	-
3	Dec 31, 2022	169.01	169.49	(0.48)	(0.48)	-
4	March 31, 2023	161.73	162.30	(0.57)	(0.57)	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

2. Trade Receivable

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 2)	Net difference
1	June 30, 2022	364.40	379.03	(14.63)	(14.63)	-
2	Sept 30, 2022	403.40	403.50	(0.10)	(0.10)	-
3	Dec 31, 2022	416.75	401.08	15.67	15.67	-
4	March 31, 2023	466.16	456.64	9.52	9.52	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 3)	Net difference (Note 4)
1	June 30, 2022	177.14	119.79	57.35	37.68	19.67
2	Sept 30, 2022	185.43	133.49	51.94	46.99	4.95
3	Dec 31, 2022	181.01	127.81	53.20	47.38	5.82
4	March 31, 2023	169.44	131.16	38.28	38.28	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 3 Majorly includes provision for expenses including GST payable. Also, provision for vendor rate increase decrease, pending GRIR accounts, employee reimbursement and forex restatement.

Note 4 The balance difference is on account of incorrect adjustments which majorly pertains to:

i) While reporting capital creditor are being reduced from overall creditor balance, however the classification between trade creditor and capital creditor are different while finalising the quarterly financial statement.

Note 38 : Contingent liabilities

Contingent liabilities not provided for :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Claim against the group not acknowledged as debt		
Disputed Excise, Service Tax and Goods and Service Tax matters (Refer note (i))	1,332.87	418.44
Income Tax matters	227.48	201.06
Sales Tax matters	2.06	2.06
(b) Employees related disputes	49.27	41.33
(c) Export Promotion Capital Goods (EPCG) (Export obligation against the above ₹ 862.83 Million (March 31, 2023 : ₹ 1,032.97 Million))	144.28	171.34

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
(d) Provident Fund liability	Refer note (ii) below	Refer note (ii) below
(e) Corporate Guarantee to erstwhile foreign subsidiary discontinued on October 06, 2022 (As at March 31, 2023 : USD 7.00 million)	-	574.56

(i) The Group is contesting Excise, Service Tax and Goods and Service Tax demand/ notices and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands/ notices raised. The management believes that the ultimate outcome of the proceedings will not have a material adverse effect on the Group's financial position and results of the operations. The Group has deposited ₹ 48.45 million (previous year ₹ 39.73 million) with the tax authorities against the above matters to comply with the order of the tax authorities.

(ii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. As a matter of caution, the Group has made a provision on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

Note 39 : Employee benefit obligation

A Defined contribution plans:

The Group has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. Contributions are made to defined contribution plans in foreign entities as per regulations of the respective region. The expense recognised during the year towards defined contribution plan are as under:

The expense recognised during the year towards defined contribution plan are as under:

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
(a) Indian Entities		
(I) Contribution to Employees' provident fund	166.77	139.85
(II) Contribution to Employees' family pension fun	82.44	80.28
Total (a)	**249.21**	**220.13**
(b) Foreign Entities		
Contribution to defined employees contribution plan	-	-
Total (b)	**-**	**-**

B Defined Benefit Plan (Gratuity) (Indian entities):

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary plus Dearness Allowance per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Change in present value of benefit obligations :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Liability at the beginning of the year	740.47	655.99
Service cost	89.54	78.30
Interest expense	52.46	44.39
Transfer of obligation	-	(6.56)
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	23.08	5.64
Benefits paid	(43.64)	(37.29)
Liability at the end of the year	**861.91**	**740.47**

(b) Change in fair value of plan assets :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at the beginning of the year	667.79	605.78
Adjustments to opening fund	1.83	-
Interest income	50.99	43.21
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	0.54	1.39
Contributions	103.22	61.85
Mortality Charges and Taxes	(6.07)	(5.55)
Benefits paid	(41.82)	(38.89)
Fair value of plan assets at the end of the year	**776.48**	**667.79**

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of funded obligations	861.91	740.47
Fair value of plan assets	776.48	667.79
(Surplus)/Deficit of funded plan	**85.43**	**72.68**

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses:

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Service cost	89.54	78.31
Net interest (income)/expense	1.47	1.18
Transfer in/(out)	-	0.78
Net gratuity cost	**91.01**	**80.27**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(e) Expenses to be recognized in statement of other comprehensive income :

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Remeasurement		
Experience (Gain)/ Loss on plan liabilities	4.93	30.32
Financial (Gain)/ Loss on plan liabilities	19.58	29.18
(Gain)/Loss from change in demographic assumptions	-	(53.85)
Experience (Gain)/ Loss on plan assets	1.56	(0.78)
Financial(Gain)/ Loss on plan assets	(2.10)	(0.62)
Total expenses to be recognized in statement of Other Comprehensive Income	**23.97**	**4.25**

(f) Valuation in respect of gratuity plan has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions :

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.20%	7.30%
Salary growth rate	10.00% - 10.50%	10.00%
Expected rate of return on plan assets	7.30%	7.00%
Expected average remaining working life of employees (in years) *	4.69 - 5.03	4.63 - 5.04
Withdrawal Rate		
Service below 5 years	19.00% - 21.00%	19.00% - 21.00%
Service 5 years & above	19.00% - 21.00%	19.00% - 21.00%

The group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India .

*It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Quantitative sensitivity analysis for significant assumptions are as follows :

Particulars	As at March 31, 2024	As at March 31, 2023
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-4.60%	-4.54%
(ii) 1% decrease in discount rate	5.03%	4.97%
(iii) 1% increase in rate of salary escalation	3.79%	3.78%
(iv) 1% decreasing rate of salary escalation	-3.57%	-3.56%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Particulars	March 31, 2024	March 31, 2023
Major categories of Plan Assets (as % of Total Plan Assets)		
Funds managed by insurer (in %)	100%	100%
Funds managed by insurer (Rupees in Million)	776.48	667.79
Actual Return on plan assets (Rupees in Million)	51.52	44.60
Average Duration		
Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate)	5.27 to 6.10 years	5.52 to 6.08 years

Maturity profile of defined benefit obligation :

The following benefits payments are expected for each of the next five years and the aggregate five years thereafter :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	167.77	145.25
1-2 year	140.44	129.08
2-3 year	142.96	120.63
3-4 year	135.27	121.14
4-5 year	135.70	118.06
5-10 years	611.33	519.05

Expected contributions for the next year

The Group (with respect to its Indian Entities) intends to contribute ₹ 90 million towards its gratuity fund during the year ending March 31, 2025. During the year ended March 31, 2024, the Group has contributed ₹ 103.22 million to its gratuity fund (during year ended March 31, 2023 : ₹ 61.85 million).

C Pension Plans (Overseas Entities):

The group operates defined benefit pension plan in Italy. The plans is salary pension plan, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members length of services and their salary in the final years leading up to retirement.

The group funds the pension liability as per legal requirements of respective countries. Plan assets are governed by local regulations and practice in each country, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Change in present value of benefit obligations :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Liability at the beginning of the year	304.19	243.30
Interest expense	12.37	4.31
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	(124.24)	57.71
Benefits paid	(21.61)	(18.92)
Effect of Foreign exchange rate	1.75	17.79
Liability at the end of the year	**172.46**	**304.19**

(b) Change in fair value of plan assets :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at the beginning of the year	141.50	127.97
Interest income	5.84	2.39
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	(2.64)	5.57
Contributions	15.85	16.32
Benefits paid	(21.61)	(18.92)
Effect of foreign exchange rate	1.04	8.17
Fair value of plan assets at the end of the year	**139.98**	**141.50**

(c) The net liability disclosed above relates to funded plan is as follows :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of funded obligations	172.46	304.19
Fair value of plan assets	139.98	141.50
Deficit of funded plan	**32.48**	**162.69**

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses :

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Service cost	-	-
Past service cost	-	-
Net interest (income)/expense	6.53	1.92
Net gratuity cost	**6.53**	**1.92**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(e) Expenses to be recognized in statement of other comprehensive income :

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Remeasurement		
Experience (Gain)/ Loss on plan liabilities	0.44	19.33
Demographic (Gain)/ Loss on plan liabilities	(0.83)	2.20
Financial (Gain)/ Loss on plan liabilities	(123.84)	36.18
Experience (Gain)/ Loss on plan assets	5.84	(4.06)
Financial (Gain)/ Loss on plan assets	(3.21)	(1.51)
Total expenses to be recognized in statement of other comprehensive income	**(121.60)**	**52.14**

(f) Valuation in respect of above pension plan has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Italy

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	3.70%	4.20%
Salary growth rate	1.20%	7.00%
Weighted average duration of defined benefit obligation (years)	11.14 - 14.89	11.00 to 15.73

Change in Assumption

Particulars	As at March 31, 2024	As at March 31, 2023
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 0.1% increase in discount rate	-1.01%	-1.30%
(ii) 0.1% decrease in discount rate	1.02%	1.32%
(iii) 0.1% increase in rate of salary escalation	0.95%	1.19%
(iv) 0.1% decreasing rate of salary escalation	-0.94%	-1.18%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 0.1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method(present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024

Maturity profile of defined benefit obligation:

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	5.32	5.64
1-2 year	5.32	5.91
2-3 year	18.93	6.26
3-4 year	4.96	22.01
4-5 year	10.73	7.25
5-10 years	73.19	108.10

RISK EXPOSURE AND ASSET LIABILITY MATCHING

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under as companies take on uncertain long-term obligations to make future benefit payments.

1) Liability Risks

Asset-Liability Mismatch Risk :

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

Discount Rate Risk :

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Future Salary Escalation and Inflation Risk :

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often resulting higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

For Overseas entities, the group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 40 : Fair value measurement

Financial instruments by category

(₹ in Million)

Particulars	March 31, 2024		March 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Amortised cost				
Investments				
- Government securities	0.08	0.08	0.06	0.06
Loans	0.18	0.18	0.26	0.26
Trade receivables	4,918.43	4,918.43	5,971.00	5,971.00
Cash and cash equivalents	1,104.36	1,104.36	3,023.13	3,023.13
Other bank balances	198.56	198.56	248.09	248.09
Other financial assets	470.89	470.89	1,771.56	1,771.56
FVPL				
Investments				
- Equity instruments	130.56	130.56	0.14	0.14
- Mutual funds	963.17	963.17	300.05	300.05
- Others	5.38	5.38	-	-
Derivative contracts	1.40	1.40	1.70	1.70
Total financial assets	**7,793.01**	**7,793.01**	**11,315.99**	**11,315.99**
Financial liabilities				
Amortised cost				
Fixed Rate borrowings	3,846.95	3,824.83	3,753.46	3,750.19
Other borrowings	8,246.83	8,246.83	12,596.52	12,596.52
Lease liabilities	1,803.41	1,803.41	1,711.16	1,711.16
Security deposits	92.83	92.83	89.07	89.07
Trade payables	12,084.64	12,084.64	11,873.88	11,873.88
Acceptances	152.47	152.47	91.01	91.01
Payable for capital goods	373.56	373.56	480.17	480.17
Employee benefits payable	1,016.52	1,016.52	918.58	918.58
Other financial liabilities	45.03	45.03	936.93	936.93
Total financial liabilities	**27,662.24**	**27,640.12**	**32,450.78**	**32,447.51**

(i) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for financial assets/liabilities as at March 31, 2024 :	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at fair value				
Investments - Equity instruments	-	0.14	130.42	130.56
Investments - Mutual funds	963.17	-	-	963.17
Derivative contracts	-	1.40	-	1.40
Others	-	-	5.38	5.38
Total	**963.17**	**1.54**	**135.80**	**1,100.51**
Financial Liabilities measured at fair value	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Financial Assets and liabilities which are measured at amortised cost for which fair values are disclosed at March 31, 2024 :	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in Government Securities	0.08	-	-	0.08
Total financial assets	**0.08**	**-**	**-**	**0.08**
Financial Liabilities				
Fixed rate borrowings	-	3,846.95	-	3,846.95
Other borrowings	-	8,246.83	-	8,246.83
Lease liabilities	-	1,803.41	-	1,803.41
Total financial liabilities	**-**	**13,897.19**	**-**	**13,897.19**

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for financial assets/liabilities as at March 31, 2023 :	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at fair value				
Investments - Equity instruments	-	0.14	-	0.14
Investments - Mutual funds	300.05	-	-	300.05
Derivative contracts	-	1.70	-	1.70
Total	**300.05**	**1.84**	**-**	**301.89**
Financial Liabilities measured at fair value	-	-	-	-

(₹ in Million)

Financial Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2023 :	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in Government Securities	0.06	-	-	0.06
Total financial assets	**0.06**	**-**	**-**	**0.06**
Financial Liabilities				
Fixed rate borrowings		3,753.46		3,753.46
Other borrowings	-	12,596.52	-	12,596.52
Lease liabilities	-	1,711.16	-	1,711.16
Total financial liabilities	**-**	**18,061.14**	**-**	**18,061.14**

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair value of the financial instruments included in the above tables :

- The fair values of the mutual funds are based on price quotations at the reporting date.
- The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies,

currency basis spread between the respective currencies, interest rate curves, etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

Commentary

- The carrying amounts of current financial assets and liabilities including trade receivables, loans, trade payables, cash and bank balances, security deposits, other financial assets, other financial liabilities, acceptances measured at amortised costs are considered to approximate their fair values, due to their short-term nature.

  Investment in equity instruments fair valued at Level 3 pertains to investment in equity shares of AMP Group SPVs. This investment has been made in current financial year and is expected to generate benefits in the form of savings in energy costs over the contracted period. As at March 31, 2024, the underlying project of such SPV is under construction. Management has assessed that based on the present value of estimated future cash flows from the said project, the carrying value approximates its fair value.

- The borrowings which are at floating rate of interest, their fair values as at March 31, 2024 approximate their carrying values. The fair value of the other non-current financial assets and liabilities measured at amortised costs is determined using discounted cash flow basis.

Note 41 : Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk : currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, receivables, payables, deposits, investments and derivative financial instruments.

(a) Foreign currency risk

The Group operates internationally and the business is also transacted in several currencies. Consequently the Group is exposed to foreign exchange risk mainly in the North America and Europe . The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The Group evaluates exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Group follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency. The Group has designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

The group's exposure to foreign currency risk as of March 31, 2024 expressed in INR, is as follows :

(₹ in Million)

Particulars	USD	EURO	JPY	Other	Total
Financial assets					
Trade receivables	329.80	146.67	-	0.23	476.70
Other assets	-	2.90	-	-	2.90
Financial liabilities					
Borrowings	-	6.72	-	-	6.72
Trade payables	699.09	78.06	13.89	26.09	817.13
Net assets/(liabilities)	**(369.29)**	**64.79**	**(13.89)**	**(25.86)**	**(344.25)**

The group's exposure to foreign currency risk as of March 31, 2023 expressed in INR, is as follows :

(₹ in Million)

Particulars	USD	EURO	JPY	Other	Total
Financial assets					
Trade receivables	160.94	291.78	-	1.69	454.41
Other assets	-	35.51	-	-	35.51
Financial liabilities					
Borrowings	-	673.34	-	-	673.34
Trade payables	775.08	385.12	40.01	14.00	1,214.21
Other liabilities	-	19.46	-	-	19.46
Net assets/(liabilities)	**(614.14)**	**(750.63)**	**(40.01)**	**(12.31)**	**(1,417.09)**

Sensitivity

For the year ended March 31, 2024 and March 31, 2023, every 5% percentage point appreciation/depreciation in the exchange rate between the INR and U.S. Dollar would have affected the Group's incremental operating margins by approximately ₹ 18.46 Million and ₹ 30.71 Million respectively and between the INR and Euro by approximately ₹ 3.24 Million and ₹ 37.53 Million.

Sensitivity analysis is computed based on the changes in receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the group profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

For the year ended	Currency	Increase/ decrease in basis points	Variable rate Cash Credit and Term loans balances	Effect on Profit before Tax
March 31, 2024	INR	+100	8,241.67	(82.42)
March 31, 2024	INR	-100	8,241.67	82.42
March 31, 2023	INR	+100	10,014.32	(100.14)
March 31, 2023	INR	-100	10,014.32	100.14

c) Other price risk

The Group does not have material investments in equity securities other than investments in Joint Ventures. Hence equity price risk is considered to be low. Further, the Group's operating activities require the ongoing purchase of various commodities for manufacture of automotive parts. However, the movement in commodity prices are substantially adjusted through price differences as per customer contracts and hence commodity price risk for the Group is also considered to be low.

B Credit Risk Management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group only deals with parties which have good credit rating/worthiness given by external rating agencies or based on the Group's internal assessment.

Trade receivables

Customer credit risk is managed by the Group’s established policy, procedures and control relating to customer credit risk management. Further, Group’s customers includes marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2024, receivable from Group’s top 13 customers accounted for approximately 80.50% (March 31, 2023 : top 15 customers accounted for approximately 82%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in note 10.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group’s corporate treasury department in accordance with the Group’s policy. Investments of surplus funds are made only with approved counterparties. Credit limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty’s potential failure to make payments.

The Group’s maximum exposure to credit risk for the components of the balance sheet at March 31, 2024 and March 31, 2023 is the carrying amounts as disclosed in note 11. The group's maximum exposure relating to financial guarantee is disclosed in Note 38.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

C Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows. As of March 31, 2024, cash and cash equivalents are held with major banks.

Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual payments.

As at March 31, 2024 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Non- derivative				
Borrowings	175.00	5,401.54	6,517.24	-
Lease liabilities**	-	319.58	1,221.37	829.63
Trade Payables	-	12,084.64	-	-
Acceptances	-	152.47	-	-
Other financial liabilities	92.83	1,417.22	17.89	-

**Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

As at March 31, 2023 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Non- derivative				
Borrowings	7,385.95*	4,802.65	4,161.38	-
Lease liabilities**	-	225.55	1,021.41	862.55
Trade Payables	-	11,873.88	-	-
Acceptances	-	91.01	-	-
Other financial liabilities	89.07	2,316.25	19.43	-

*Includes non-current loans of ₹ 2,381.23 million that have been reclassified as current on account of covenant non-compliance.

**Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Notes to the Consolidated Financial Statements

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Note 42 : Capital Management

(a) Risk management

The group's capital comprises equity share capital, security premium, retained earnings and other equity attributable to shareholders.

The group's objectives when managing capital are to :

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors debt-equity ratio, which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and bank balances & investments in liquid funds. Equity includes equity share capital and other equity attributable to equity shareholders. The debt-equity ratio at the end of the reporting period was as follows :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Net debt		
Non-current borrowings (refer note 17)	6,517.24	4,161.38
Current maturities of non-current borrowings (refer note 22 (b))	3,502.52	9,565.11
Current borrowings (refer note 22 (a))	2,074.02	2,623.49
Less : Cash and cash equivalents and other bank balances (refer note 11 (a) and 11 (b))	(1,302.92)	(3,271.22)
Less : Liquid investments (refer note 9)	(963.17)	(300.05)
Net debt (A)	**9,827.69**	**12,778.71**
(B) Total Equity		
Equity share capital (refer note 15)	152.79	152.79
Other equity (refer note 16)	14,817.58	9,609.20
Total Equity (B) **	**14,970.37**	**9,761.99**
(C) Net debt to Equity ratio (C = A/B)	**0.66**	**1.31**

**Total equity does not include share of non-controlling interest.

No changes were made in the objectives, policies or processes for managing capital of the Group during the year.

Loan covenant

The group capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Some of the financial covenants were not complied as at March 31, 2024 and March 31, 2023 (refer note 17 for details).

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for the year ended March 31, 2024

Note 43 : Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2024

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts - EUR	364.58	-	0.84	-	Various dates	1:1	₹ 90.69	(0.84)	0.84
Foreign exchange forward contracts - USD	74.99	479.65	0.68	0.13	Various dates	1:1	₹ 83.37	(0.56)	0.56

*Maturity Dates vary on account of multiple hedging contracts which range from April 30, 2024 to September 30, 2024.

March 31, 2023

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts - EUR	199.03	-	-	1.21	Various dates	1:1	₹ 89.57	1.21	(1.21)
Foreign exchange forward contracts - USD	262.41	-	1.71	-	Various dates	1:1	₹ 83.20	(1.71)	1.71

*Maturity dates vary on account of multiple hedging contracts which range from April 28, 2023 to July 31, 2023.

Note 44 : Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), which is the Board of Directors.

The "Automotive" segment consists of the business of automobile products consisting of auto parts for two-wheelers, three-wheelers and four-wheelers and related design, development and engineering activities and other services. "Others" comprise of forging components for off road vehicles and components for mining and oil drilling industry which is below the thresholds for reporting as separate operating segment. Investment in Joint Venture and corresponding share of profit from joint venture is considered under unallocated assets and profit respectively.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(a) Operating segment

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		Automotive	Others	Total	Automotive	Others	Total
	Segment revenue						
1	Revenue from operations (continuing operations)	73,577.33	1,942.04	75,519.37	66,176.54	2,735.59	68,912.13
	Revenue from operations (discontinued operations)	-	-	-	38,544.87	-	38,544.87
	Total revenue from operations	**73,577.33**	**1,942.04**	**75,519.37**	**1,04,721.41**	**2,735.59**	**1,07,457.00**
2	**Expenses**						
	Continuing operations						
	Cost of goods sold	46,798.67	534.60	47,333.27	43,622.58	682.89	44,305.47
	Employee benefits expense	7,578.14	514.07	8,092.21	6,613.17	559.80	7,172.97
	Depreciation and amortisation expenses	3,126.83	241.35	3,368.18	3,189.82	177.59	3,367.41
	Other expenses	11,771.43	732.45	12,503.88	10,563.53	1,121.82	11,685.35
	Other income (allocable)	(308.96)	(37.64)	(346.60)	(274.28)	(7.01)	(281.29)
	Discontinued operations	(209.20)	-	(209.20)	46,567.44	-	46,567.44
3	**Segment results before other income, finance cost and tax**						
	- Continuing operations	4,611.22	(42.79)	4,568.43	2,461.73	200.49	2,662.22
	- Discontinued operations	(209.20)	-	(209.20)	(8,037.74)	-	(8,037.74)
4(i)	**Unallocable other income (Net of unallocated expense)**						
	- Continuing operations			518.73			69.33
	- Discontinued operations			-			15.17
4(ii)	**Finance costs**						
	- Continuing operations			1,938.56			1,902.95
	- Discontinued operations			-			534.66
4(iii)	**Profit before tax and share of net profit of joint ventures accounted for using the equity method**						
	- Continuing operations			2,704.64			775.32
	- Discontinued operations			(209.20)			(8,557.23)
4(iv)	**Share of net profit of joint ventures accounted for using the equity method (continuing operations)**			443.96			53.28
5	**Tax expenses including deferred tax**						
	- Continuing operations			(2,381.35)			440.71
	- Discontinued operations			-			1.91
6	**Profit/(loss) after tax from continuing operations**			**5,529.95**			**387.89**
7	**Profit/(loss) from discontinued operations**			**(209.20)**			**(8,559.14)**
8	**Profit/(loss) for the year**			**5,320.75**			**(8,171.25)**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		Automotive	Others	Total	Automotive	Others	Total
9	**Segment assets**	35,137.59	1,977.98	37,115.57	36,669.52	2,551.26	39,220.78
	Unallocable assets						
	Term deposits (Cash and cash equivalents, other bank balances and other non-current financial assets)			788.61			2,387.77
	Current & Non-Current investments			963.17			300.05
	Investments accounted for using the equity method			4,201.03			3,906.20
	Income tax assets (net)			433.08			323.89
	Deferred Tax Asset (net)			1,967.25			70.13
	Non Trade investment			136.02			0.20
	Total Assets			**45,604.73**			**46,209.02**
10	**Segment liabilities**	17,523.77	363.93	17,887.70	17,529.51	852.26	18,381.77
	Unallocable liabilities						
	Borrowings (Non -Current, Current Maturities and Short term Borrowings)	-	-	12,093.78	-	-	16,349.98
	Other non-current liabilities and Other current liabilities			31.63			172.33
	Deferred Tax Liabilities (net)	-	-	306.55	-	-	1,169.28
	Income tax liabilities (net)	-	-	23.24	-	-	92.94
	Derivative liabilities pending settlement	-	-	-	-	-	1.20
	Total Liabilities			**30,342.90**			**36,167.50**
11	**Other Information**						
	Cost to acquire fixed assets			3,346.86			2,235.46
	Depreciation and amortization			3,368.18			3,367.41

(b) Geographical information

(i) Segment revenue by geographical area based on geographical location of customers:

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
1	India	65,819.06	56,774.71
2	Asia Pacific	1,834.77	2,455.47
3	Europe	6,178.57	7,938.65
4	North America	758.00	529.33
5	Others	928.97	1,213.97
	Total	**75,519.37**	**68,912.13**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(ii) Total of non-current assets pertaining to - Property, plant and equipment, Capital work-in-progress, Other intangibles assets, Intangible assets under development, Right of use assets, Goodwill, Investment property and other non-current assets

(₹ in Million)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
1	India	18,236.56	18,826.00
2	Asia Pacific	649.45	402.86
3	Europe	2,830.45	3,228.88
	Total	**21,716.46**	**22,457.74**

(c) Revenue from 1 customer amounted to ₹ 32,431.22 million (March 31, 2023: ₹ 25,123.17 million) arising from sales in the automotive segment.

Note 45 A : Interests in Subsidiaries

The list of subsidiaries as at March 31, 2024 is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Particulars	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Direct subsidiaries					
Varroc Polymers Limited	India	100%	100%	-	-
Durovalves India Private Limited	India	72.78%	72.78%	27.22%	27.22%
Varroc European Holding B.V.	Netherlands	100%	100%	-	-
VarrocCorp Holding B.V.	Netherlands	100%	100%	-	-
Varroc Japan Co. Limited	Japan	100%	100%	-	-
CarlQ Technologies Private Limited	India	95%	74%	5%^	26%^
VL Lighting Solutions Private Limited (upto October 06, 2022*)	India	-	100%	-	-
Step down subsidiaries					
Industrial Meccanica E Stampaggio S.p.a.	Italy	100%	100%	-	-
Varroc Italy S.p.A. (formerly known as Varroc Lighting Systems, Italy S.p.A.)	Italy	100%	100%	-	-
Varroc Vietnam Co. Ltd. (formerly known as Varroc Lighting Systems, Vietnam Co. Ltd.)	Vietnam	100%	100%	-	-
Varroc Romania S.A. (formerly known as Varroc Lighting Systems, Romania S.A.)	Romania	98.23%	98.23%	1.77%^	1.77%^
Varroc Lighting Systems Bulgaria EOOD	Bulgaria	100%	100%	-	-
Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)	Romania	100%	100%	-	-
Varroc Poland s.p.z.oo	Poland	100%	100%	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Particulars	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Varroc Germany GmBH	Germany	100%	100%	-	-
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	China	100%	100%	-	-
Varroc Czech Republic SRO^^	Czech Republic	100%	-	-	-
Step down subsidiaries - up to October 06, 2022*					
Varroc Lighting Systems SRO	Czech Republic	-	100%	-	-
Varroc Lighting Systems Inc.	USA	-	100%	-	-
Varroc Lighting Systems GmBH.	Germany	-	100%	-	-
Varroc Lighting Systems S.de.R.L. De. C.V.	Mexico	-	100%	-	-
Varroc Lighting Systems S.A., Morocco	Morocco	-	99.87%	-	0.13%^
Varroc do Brasil Industria E Commercia LTDA	Brazil	-	100%	-	-
Varroc Lighting Systems sp. Z o.o.	Poland	-	100%	-	-
Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi.	Turkey	-	100%	-	-

^ Voting rights of the subsidiaries are held by the Group.

* Considered as part of discontinued operations as at March 31, 2023. Refer note 51.

^^ Subsidiary incorporated in FY 2023-24

Principal activities

All the group companies are primarily engaged in the business of auto components and services in the automotive industry to Indian and global customers.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 45 B : Additional information as on March 31, 2024 required by Schedule III of the Companies Act, 2013

(This disclosure pertains to continuing and discontinued operations together)

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	59.66%	9,104.62	67.11%	3,570.67	-18.57%	(9.79)	67.59%	3,560.88
	Indian Subsidiaries								
1	Varroc Polymers Limited	42.55%	6,493.53	31.56%	1,679.20	-9.31%	(4.91)	31.78%	1,674.29
2	Durovalves India Private Limited	6.93%	1,057.12	4.21%	224.00	-4.50%	(2.37)	4.21%	221.63
3	CarIQ Technologies Private Limited	-0.06%	(8.66)	-0.35%	(18.85)	-2.21%	(1.16)	-0.38%	(20.01)
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	45.87%	7,001.11	286.50%	15,244.06	0.00%	-	289.37%	15,244.06
2	Varroc Lighting Systems Bulgaria EOOD	-3.34%	(509.03)	-0.76%	(40.36)	-	-	-0.77%	(40.36)
3	Varroc Japan Co. Ltd	0.07%	11.29	0.01%	0.76	0.00%	-	0.01%	0.76
4	Varroc European Holding B.V.	-17.34%	(2,646.55)	-3.14%	(167.22)	0.00%	-	-3.17%	(167.22)
5	Industria Meccanica e Stampaggio S.p.A.	1.96%	298.89	-2.08%	(110.80)	153.25%	80.79	-0.57%	(30.01)
6	Varroc Italy S.p.A.	7.48%	1,141.20	0.80%	42.72	77.41%	40.81	1.59%	83.53
7	Varroc Romania S.A.	0.42%	64.05	-0.49%	(26.26)	0.00%	-	-0.50%	(26.26)
8	Varroc Vietnam Co. Ltd.	6.96%	1,062.85	3.82%	203.21	0.00%	-	3.86%	203.21
9	Varroc Electronics Romania SRL	3.45%	526.94	-2.80%	(149.10)	0.00%	-	-2.83%	(149.10)
10	Varroc Poland s.p.z.oo	-0.77%	(117.65)	-1.01%	(53.97)	0.00%	-	-1.02%	(53.97)
11	Varroc Germany GmBH	-1.12%	(171.01)	-1.85%	(98.42)	0.00%	-	-1.87%	(98.42)
12	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	0.29%	44.83	-0.46%	(24.37)	0.00%	-	-0.46%	(24.37)
13	Varroc Czech Republic SRO^^	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	Discontinued operations (refer note 51)	**0.00%**	**-**	**-3.93%**	**(209.20)**	**0.00%**	**-**	**-3.97%**	**(209.20)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Joint Venture								
	(Investment accounted as per equity method)								
1	Varroc TYC Corporation, BVI	26.50%	4,044.50	8.06%	428.79	0.00%	-	8.14%	428.79
2	Nuova CTS S.r.l	0.59%	90.77	0.08%	4.34	0.00%	-	0.08%	4.34
3	Varroc Dell'Orto Private Limited	0.43%	65.76	0.20%	10.84	-0.02%	(0.01)	0.21%	10.83
	Non-controlling interests in subsidiaries	1.91%	291.46	1.14%	60.51	-1.63%	(0.86)	1.13%	59.65
	Subtotal		**27,846.02**		**20,570.55**		**102.50**		**20,673.05**
	Adjustment arising out of consolidation	-82.46%	(12,584.19)	-286.61%	(15,249.80)	-294.41%	(155.22)	-292.42%	(15,405.02)
	Total	**100%**	**15,261.83**	**100.00%**	**5,320.75**	**100.00%**	**(52.72)**	**100.00%**	**5,268.03**

^^ Subsidiary incorporated in FY 2023-24

Note 45 B : Additional information as on March 31, 2023 required by Schedule III of the Companies Act, 2013

(This disclosure pertains to continuing and discontinued operations together)

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	55.21%	5,543.74	-169.72%	(13,867.94)	0.09%	1.83	-137.30%	(13,866.11)
	Indian Subsidiaries								
1	Varroc Polymers Limited	47.99%	4,818.97	-8.38%	(684.53)	-0.14%	(2.77)	-6.81%	(687.30)
2	Durovalves India Private Limited	10.04%	1,008.28	1.23%	100.27	-0.13%	(2.52)	0.97%	97.75
3	CarlQ Technologies Private Limited	0.11%	11.35	0.15%	12.08	0.00%	-	0.12%	12.08
4	VL Lighting Solutions Private Limited (upto October 06, 2022*)^^	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	103.27%	10,369.68	-8.25%	(673.92)	0.00%	-	-6.68%	(673.92)
2	Varroc Lighting Systems Bulgaria EOOD	-4.63%	(465.19)	-1.54%	(125.86)	-	-	-1.25%	(125.86)
3	Varroc Japan Co. Ltd	0.12%	11.86	0.01%	0.86	0.00%	-	0.01%	0.86
4	Varroc European Holding B.V.	-24.51%	(2,460.86)	-4.23%	(345.25)	0.00%	-	-3.42%	(345.25)
5	Industria Meccanica e Stampaggio S.p.A.	3.12%	313.20	1.69%	138.12	-2.18%	(41.93)	0.95%	96.19
6	Varroc Italy S.p.A.	10.86%	1,090.41	-0.18%	(14.91)	-0.53%	(10.21)	-0.25%	(25.12)
7	Varroc Romania S.A.	0.90%	90.00	-0.13%	(10.77)	0.00%	-	-0.11%	(10.77)
8	Varroc Vietnam Co. Ltd.	9.91%	995.05	5.03%	410.99	0.00%	-	4.07%	410.99
9	Varroc Electronics Romania SRL	-2.78%	(279.32)	-2.58%	(211.06)	0.00%	-	-2.09%	(211.06)
10	Varroc Poland s.p.z.oo ^^	-1.35%	(135.34)	-1.54%	(125.90)	0.00%	-	-1.25%	(125.90)
11	Varroc Germany GmBH ^^	-0.71%	(71.73)	-0.85%	(69.15)	0.00%	-	-0.68%	(69.15)
12	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	0.38%	38.30	0.85%	69.18	0.00%	-	0.69%	69.18

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Foreign Subsidiaries (up to October 06, 2022)*								
1	Varroc Lighting Systems S.R.O.	0.00%	-	-50.63%	(4,136.86)	0.00%	-	-40.96%	(4,136.86)
2	Varroc Lighting Systems S.de.R.L.de.C.V.	0.00%	-	-0.32%	(26.41)	0.00%	-	-0.26%	(26.41)
3	Varroc Lighting Systems INC	0.00%	-	0.08%	6.75	0.00%	-	0.07%	6.75
4	Varroc Lighting Systems GmBH	0.00%	-	0.25%	20.36	0.00%	-	0.20%	20.36
5	Varroc Lighting Systems S.A., Morocco	0.00%	-	-13.93%	(1,137.85)	0.00%	-	-11.27%	(1,137.85)
6	Varroc do Brasil Industria E Commercia LTDA	0.00%	-	-0.78%	(63.73)	0.00%	-	-0.63%	(63.73)
7	Varroc Lighting Systems sp. Z o.o.	0.00%	-	-11.28%	(921.93)	0.00%	-	-9.13%	(921.93)
8	Varroc Lighting Systems Turkey Endüstriyel Ürünler Imalat Ve Ticaret Anonim Şirketi.	0.00%	-	-6.34%	(518.27)	0.00%	-	-5.13%	(518.27)
	Joint Venture								
	(Investment accounted as per equity method)								
1	Varroc TYC Corporation, BVI	37.36%	3,751.57	0.19%	15.58	0.00%	-	0.15%	15.58
2	Nuova CTS S.r.l	0.99%	99.70	0.26%	21.49	0.00%	-	0.21%	21.49
3	Varroc Dell'Orto Private Limited	0.55%	54.93	0.20%	16.23	0.00%	(0.02)	0.16%	16.21
	Non-controlling interests in subsidiaries	2.78%	279.53	0.33%	27.10	-0.04%	(0.68)	0.26%	26.42
	Subtotal		**25,064.13**		**(22,095.32)**		**(56.30)**		**(22,151.63)**
	Adjustment arising out of consolidation	-149.60%	(15,022.61)	170.40%	13,924.07	-97.08%	(1,871.25)	119.35%	12,052.83
	Total	**100%**	**10,041.52**	**100.00%**	**(8,171.25)**	**100.00%**	**(1,927.55)**	**100.00%**	**(10,098.80)**

* Entities were disposed off on October 06, 2022. Hence, do not form part of net assets as on March 31, 2023. Refer note 51.

^^ Subsidiary incorporated in FY 2022-23.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 46 : Related Party Disclosure

a. Related parties and their relationships

1	**Joint Ventures**	Nuova CTS S.r.l, Italy Varroc TYC Corporation, British Virgin Islands Varroc TYC Auto Lamps Co. Ltd., China (Subsidiary of Varroc TYC Corporation, BVI) Varroc TYC Auto Lamps Co. Ltd. CQ, China (Subsidiary of Varroc TYC Auto Lamps Co. Ltd., China) Varroc Dell'Orto Private Limited, India
2	**Key Management Personnel**	
	Chairman & Managing Director	Mr. Tarang Jain
	Whole time Directors	Mr. Arjun Jain Mr. Rohit Prakash (up to August 31, 2023) Mr. Tarun Tyagi (w.e.f. September 09, 2023)
	Independent Directors	Mr. Gautam Khandelwal Mr. Marc Szulewicz Mrs. Vijaya Sampath Mr. Vinish Kathuria
	Non-Executive Director	Mr. Dhruv Jain (w.e.f. September 09, 2022)
	Chief Financial Officer	Mr. K. Mahendra Kumar (w.e.f. September 28, 2022) Mr. Tharuvai R. Srinivasan (upto August 31, 2022)
	Company Secretary	Mr. Ajay Kumar Sharma
3	**Enterprises or entities owned or controlled by/ overwhich the Directors and/or key management personnel (and/or their relatives) of the Company, Subsidiaries or Associate Companies or Joint Venture Companies or Entities, exercise significant influence/ control, with whom transactions have taken place**	Endurance Technologies Limited Endurance Adler S.P.A. Scarpa & Colombo S.r.l, Italy Freccia International S.r.l, Italy MS Consulting S.A.R.L. Varroc Foundation Dell'Orto S.P.A.

b. Transactions with related parties and balances at period end

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
				As at March 31, 2024		As at March 31, 2023	
		For the year ended March 31, 2024	For the year ended March 31, 2023	Receivable	Payable	Receivable	Payable
A]	**Sale of goods, services and fixed assets***						
	Endurance Technologies Limited	4.22	6.90	0.18	-	0.63	-
	Endurance Adler S.P.A.	2.06	6.86	-	-	2.32	-
	Varroc TYC Auto Lamps Co. Limited	-	536.84	-	-	1.87	-
	Nuova CTS S.R.L, Italy	1.07	1.68	0.25	-	0.12	-
	Varroc Dell'Orto Private Limited	166.18	132.95	76.46	-	23.34	-
	Scarpa & Colombo S.r.l, Italy	124.14	158.71	75.21	-	113.89	-
	Freccia International S.r.l, Italy	36.73	73.38	15.74	-	37.54	-
	Varroc TYC Auto Lamps Co. Ltd. CQ, China	-	1.85	1.90	-	1.87	-

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
				As at March 31, 2024		As at March 31, 2023	
		For the year ended March 31, 2024	For the year ended March 31, 2023	Receivable	Payable	Receivable	Payable
B]	**Purchase of goods, services and fixed assets***						
	Nuova CTS S.R.L, Italy	91.60	129.21	-	12.94	-	24.83
	Varroc TYC Auto Lamps Co. Ltd., China	-	9.99	-	0.27	-	0.26
	Endurance Technologies Limited	25.76	9.75	-	3.54	-	1.21
	Scarpa & Colombo S.r.l, Italy	-	0.46	-	-	-	1.47
C]	**Royalty received**						
	Varroc TYC Auto Lamps Co. Ltd., China	-	267.05	-	-	-	-
D]	**Professional charges/ Commission paid**						
	Mr. Gautam Khandelwal	1.92	2.10	-	1.92	-	2.10
	Mr. Marc Szulewicz	1.35	0.97	-	1.35	-	0.97
	Mrs. Vijaya Sampath	2.20	1.70	-	2.20	-	1.70
	Mr. Vinish Kathuria	2.12	1.60	-	2.12	-	1.60
E]	**Consultancy charges paid**						
	MS Consulting services	3.11	-	-	0.68	-	-
F]	**Directors sitting fees**						
	Mr. Gautam Khandelwal	1.58	1.40	-	0.18	-	0.09
	Mr. Marc Szulewicz	0.90	1.28	-	-	-	0.10
	Mrs. Vijaya Sampath	1.30	1.80	-	0.09	-	0.09
	Mr. Vinish Kathuria	1.38	1.90	-	0.09	-	0.09
G]	**Key Managerial Personnel remuneration #**						
	Mr. Tarang Jain	103.63	84.58	-	-	-	-
	Mr. Arjun Jain	26.52	20.34	-	-	-	-
	Mr. Dhruv Jain	14.22	4.94	-	-	-	-
	Mr. K. Mahendra Kumar	33.58	11.22	-	-	-	-
	Mr. Tharuvai R. Srinivasan	-	20.12	-	-	-	-
	Mr. Ajay Kumar Sharma	14.34	14.92	-	-	-	-
	Mr. Rohit Prakash	17.63	26.73	-	-	-	-
	Mr. Tarun Tyagi	9.03	-	-	-	-	-
H]	**Remuneration #**						
	Mr. Dhruv Jain (up to September 08, 2022)	-	2.85	-	-	-	-
I]	**Dividend received**						
	Nuova CTS S.r.l, Italy	13.47	19.24	-	-	-	-
J]	**Reimbursement of expenses (received/ receivable)**						
	Varroc Dell'Orto Private Limited	1.55	0.75	1.51	-	0.75	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
				As at March 31, 2024		As at March 31, 2023	
		For the year ended March 31, 2024	For the year ended March 31, 2023	Receivable	Payable	Receivable	Payable
K]	**Reimbursement of expenses (paid/ payable)**						
	Varroc Dell'Orto Private Limited	-	0.92	-	-	-	-
	Scarpa & Colombo S.r.l, Italy	19.85	23.98	-	11.60	-	-
	Freccia International S.r.l, Italy	0.73	0.79	-	0.30	-	0.27
L]	**Management consultancy fees received**						
	Varroc Dell'Orto Private Limited	12.43	11.30	5.81	-	3.05	-
M]	**Rent received**						
	Varroc Dell'Orto Private Limited	2.27	2.07	0.41	-	0.37	-
N]	**Corporate Social Responsibility (CSR)**						
	Varroc Foundation	24.43	30.07	-	-	-	-
O]	**Dividend paid**						
	Scarpa & Colombo S.r.l, Italy	30.17	-	-	-	-	-
	Freccia International S.r.l, Italy	16.88	-	-	-	-	-
P]	**Sale of fixed assets to Key Managerial Personnel**						
	Mr. Tarang Jain	8.08	-	-	-	-	-
	Mr. Rohit Prakash	1.48	-	-	-	-	-
Q]	**Royalty Paid**						
	Dell'Orto S.P.A.	20.48	-	-	5.60	-	-

Notes :

* All the amounts exclusive of taxes, if any.

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 47 : Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	1,414.59	1,084.02

Note 48 : Earnings per share

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Earnings per share (EPS) for continuing operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	5,469.44	360.79
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	**35.80**	**2.36**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	5,469.44	360.79
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400.00
Diluted EPS (Amount in Rupees) (C/D)	**35.80**	**2.36**
B. Earnings per share (EPS) for discontinued operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	(209.20)	(8,559.14)
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	**(1.37)**	**(56.02)**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	(209.20)	(8,559.14)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees) (C/D)	**(1.37)**	**(56.02)**
C. Earnings per share (EPS) for continuing and discontinued operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	5,260.24	(8,198.35)
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	**34.43**	**(53.66)**
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	5,260.24	(8,198.35)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees) (C/D)	**34.43**	**(53.66)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 49 : Interests in Joint Ventures

Set out below are the Joint Ventures of the group as at March 31, 2024 :

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2024	As at March 31, 2023
Varroc TYC Corporation, BVI and its subsidiaries	China/British Virgin Islands	50%	Joint Venture	Equity Method	4,044.50	3,751.57
Nuova CTS S.r.l	Italy	50%	Joint Venture	Equity Method	90.77	99.70
Varroc Dell'Orto Private Limited	India	50%	Joint Venture	Equity Method	65.76	54.93
Total					**4,201.03**	**3,906.20**

The joint venture entities are primarily engaged in the business of auto components and services in the automotive industry.

Commitments and contingent liabilities in respect of joint ventures:

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Commitments – Joint Ventures		
Varroc TYC Corporation, BVI and its subsidiaries	Refer footnote to note 50(iii)	Refer footnote to note 50(iii)

Note 50 : Interests in Joint Ventures

Summarised financial information for Joint Ventures

The summarised financial information for Joint Ventures disclosed below, reflects the amounts presented in the financial statements of the relevant joint ventures and not Varroc's share of those amounts.

(i) Summarised balance sheet

(₹ in Million)

Particulars	Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	As at March 31, 2024 (Unaudited)	As at March 31, 2023 (Unaudited)	As at March 31, 2024	As at March 31, 2023
Current assets				
Cash and cash equivalents	18.23	17.73	113.00	66.21
Other assets	45.47	67.18	170.18	131.45
Total current assets	**63.70**	**84.91**	**283.18**	**197.66**
Total non-current assets	**20.20**	**24.44**	**1.68**	**2.09**
Current liabilities				
Financial liabilities	23.36	24.13	147.13	80.87
Other liabilities	7.95	5.68	5.15	8.15
Total current liabilities	**31.31**	**29.81**	**152.28**	**89.02**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in Million)

Particulars	Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	As at March 31, 2024 (Unaudited)	As at March 31, 2023 (Unaudited)	As at March 31, 2024	As at March 31, 2023
Non-current liabilities				
Financial liabilities	-	8.99	-	-
Other liabilities	0.40	0.50	1.06	0.87
Total non-current liabilities	**0.40**	**9.49**	**1.06**	**0.87**
Net assets	**52.19**	**70.05**	**131.52**	**109.86**

(ii) Summarised statement of profit and loss

(₹ in Million)

Particulars	Varroc TYC Corporation, BVI (Consolidated)*		Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	For the year ended March 31, 2024 (Unaudited)	For the year ended March 31, 2023 (Unaudited)	For the year ended March 31, 2024 (Unaudited)	For the year ended March 31, 2023 (Unaudited)	For the year ended March 31, 2024	For the year ended March 31, 2023
Total income	25,343.02	13,642.91	122.41	194.34	398.53	474.01
Cost of goods sold	17,937.34	11,214.51	19.81	37.74	334.84	390.98
Depreciation and amortisation	1,442.54	261.17	4.46	2.59	0.83	0.41
Finance costs	64.13	76.40	0.65	0.42	0.13	0.22
Employee benefit expenses	1,694.33	535.39	40.26	47.27	11.31	10.01
Other expenses	3,286.60	1,650.44	37.84	63.34	22.13	29.00
Profit before tax for the year	**918.08**	**(95.00)**	**19.39**	**42.98**	**29.29**	**43.39**
Income tax expense/ (credit)	60.50	126.16	10.72	-	7.61	10.93
Profit for the year	**857.58**	**31.16**	**8.67**	**42.98**	**21.68**	**32.46**
Other comprehensive income	-	-	-	-	(0.02)	(0.04)
Total comprehensive income for the year	**857.58**	**31.16**	**8.67**	**42.98**	**21.66**	**32.42**
Group's share of profit for the year	**428.79**	**15.58**	**4.34**	**21.49**	**10.83**	**16.21**
Dividends received	-	-	26.95	38.48	-	-

(iii) Reconciliation of carrying amounts

(₹ in Million)

Particulars	Varroc TYC Corporation, BVI (Consolidated) *		Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	As at March 31, 2024 (Unaudited)	As at March 31, 2023 (Unaudited)	As at March 31, 2024 (Unaudited)	As at March 31, 2023 (Unaudited)	As at March 31, 2024	As at March 31, 2023
Closing net assets	**8,026.80**	**7,440.93**	**52.19**	**70.05**	**131.52**	**109.86**
Group's share in %	50%	50%	50%	50%	50%	50%
Group's share in INR	4,013.40	3,720.47	26.10	35.03	65.76	54.93
Goodwill	31.10	31.10	64.67	64.67	-	-
Carrying amount	**4,044.50**	**3,751.57**	**90.77**	**99.70**	**65.76**	**54.93**

* The Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding operation of the JV, pending which the Group is unable to obtain audited financial and other information from China JV hence the Group's investment in Varroc TYC Corporation, BVI ('VTYC' or 'China JV'), which is carried at ₹ 4,044.50 million as at March 31, 2024 (As at March 31, 2023 : ₹ 3,751.57 million) and the Group's share of VTYC's net profit of ₹ 428.79 million which is included in the Group's income for the year ended March 31, 2024 (March 31, 2023 : ₹ 15.58 million) are based on the limited information as available with the management and such information has not been subjected to audit.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 51 : Discontinued operations

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

The Buyer submitted the final adjustments but failed to provide the necessary supporting details to enable the Sellers to understand these adjustments. Hence, Sellers sent a Dispute Notice in accordance with the SPA disputing the proposed adjustments. Subsequently, both the Buyer and the Sellers have entered into Settlement Agreement on July 14, 2023 whereby both the parties have agreed to settle the disagreements on closing adjustments and the final equity value agreed under the Settlement Agreement is Euro 54.5 million. Accordingly, VCHBV has received the remaining consideration amount of Euro 13 million on July 17, 2023 pursuant to this final settlement with Buyer.

Profit/loss from discontinued operations for the year ended March 31, 2024 pertains to adjustments pursuant to revised equity value as per above settlement agreement and expenses directly related to sale of investment in VLS business.

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

A. Summarised financial information of the discontinued operations

i) Results of VLS Business are presented below :

(₹ in Million)

Particulars	For the year ended March 31, 2024	For the period ended September 30, 2022 **
Total income	-	38,659.62
Total expenses	209.20	47,216.85
Profit before tax	**(209.20)**	**(8,557.23)**
Tax expense	-	1.91
Profit/(loss) for the period *	**(209.20)**	**(8,559.14)**

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

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

ii) Assets classified as held for sale and liabilities directly associated with the assets classified as held for sale as at Closure Date :

(₹ in Million)

Particulars	As at September 30, 2022**
Assets	
Property, plant and equipment	22,208.78
Capital work-in-progress	3,270.20
Goodwill	1,151.67
Other Intangible assets	5,382.46
Right-of-use assets	7,351.96
Intangible assets under development	1,596.41
Inventories	7,708.67
Financial assets	
(i) Trade receivables	12,821.35
(ii) Cash and cash equivalents	1,525.08
(iii) Loans	5.94
(iv) Other financial assets	1,221.33
Income tax assets (net)	166.22
Deferred tax assets (net)	2,449.13
Other assets	798.02
Assets classified as held for sale	**67,657.22**
Liabilities	
Financial liabilities	
(i) Borrowings	12,588.12
(ia) Lease liabilities	7,187.41
(ii) Trade payables	26,894.61
(iii) Other financial liabilities	2,830.21
Provisions	1,272.37
Deferred tax liabilities (net)	190.37
Current tax liabilities (net)	32.52
Other liabilities	12,833.44
Liabilities associated with assets classifies as held for sale	**63,829.05**

** These are the assets and liabilities pertaining to VLS business which have been considered for the purpose of computation of loss on sale. The figures as disclosed above are till September 30, 2022 since sufficient financial information till October 6, 2022 (closing date) for VLS business is not available. This however has no impact on the net loss recognised in respect of the discontinued operations.

iii) The net cash flows attributable to discontinued operations are as follows :

(₹ in Million)

Particulars	Period ended September 30, 2022**
Net cash generated from/(used in) operating activities	2,658.83
Net cash used in investing activities	(1,007.06)
Net cash generated from/ (used in) financing activities *	(1,772.12)

*Cash flow generated/(used in) financing activities for period ended September 30, 2022 include amount of ₹ 1,516.88 million being funds received by discontinued operations from Holding Company which is part of continuing operations.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024

B. List of entities included in VLS Business which is considered discontinued operations

(i) Varroc Lighting Systems INC., USA

(ii) Varroc Lighting Systems S.de.R.L.de.C.V.

(iii) Varroc Lighting Systems S.R.O.

(iv) Varroc Lighting Systems GmBH

(v) Varroc Lighting Systems S.A., Morocco

(vi) Varroc do Brasil Indsutria E Commercia LTDA

(vii) Varroc Lighting Systems sp. Z o.o.

(viii) Varroc Lighting Systems Turkey Endüstriyel ürünler Imalat Ve Ticaret Anonim Şirketi

(ix) VL Lighting Solutions Private Limited

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 52 (a) : Ultimate Beneficiary For the year ended March 31, 2024

During the Financial Year 2023-24, Varroc Polymers Limited ('Funding party') has given loan to VarrocCorp Holding B.V., The Netherlands ('Intermediary'), which is a wholly owned subsidiary of the Funding Party's holding company (Varroc Engineering Limited). The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount (₹ in Million)	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	Amount (₹ in Million)	Name of ultimate beneficiary
Various Dates	Loan	961.07	VarrocCorp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	466.72	Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)
						85.21	Varroc Poland s.p.z.oo
						42.42	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.
						0.90	Varroc Czech Republic SRO
					Inter Corporate Loans	66.73	Varroc Germany GmbH
						45.26	Varroc Poland s.p.z.oo
						53.98	Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)
						4.93	Varroc European Holding B.V.

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)	J35/200/2019	Group Company	Ghiroda Village, Calea Lugojului no. 148, Timis, Romania
Varroc Poland s.p.z.oo	KRS 988333	Group Company	ul. Jana Dekerta 24, Diamante Plaza Building, 30-703 Kraków, Poland
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	91320411MA26BWUB42	Group Company	B313-331, 3rd Floor, Building B, New Technology Innovation Building, No. 901, Liaohe Rd., New District, Changzhou City
Varroc Czech Republic SRO	195 37 646	Group Company	Varroc Czech Republic s.r.o., registered office at Místecká 286, 742 58 Příbor, Czech Republic
Varroc Germany GmbH	HRB 45416	Group Company	eos office center Bielefeld, Meyer zu Erpen KG, Herforder Street 69, 33602 Bielefeld, Germany
Varroc Lighting Systems Bulgaria EOOD	203834182	Group Company	Haskovo district, Dimitrovgrad municipality, Krepost 6410, 139 Haskovska Str. Bulgaria
Varroc European Holding B.V.	34262203	Group Company	Schiphol Boulevard 133, Tower F-4, 1118BG Schiphol, Amsterdam

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Varroc Polymers Limited has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Varroc Polymers Limited has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

During the Financial Year 2023-24, no other Group companies (those incorporated in India), other than as reported above, have advanced or loaned or invested funds, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

No Group companies (those incorporated in India), other than as reported above, have received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that such Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 52 (b) : Ultimate Beneficiary

For the year ended March 31, 2023

During the Financial Year 2022-23, Varroc Engineering Limited ('Funding party') has loaned to VarrocCorp Holding B.V. The Netherlands ('Intermediary'), which is a wholly owned subsidiary. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount (₹ in Million)	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	Amount (₹ in Million)	Name of ultimate beneficiary
Various Dates	Loan	581.10	VarrocCorp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	80.96	Varroc do Brasil Industria E Commercia LTDA
						36.43	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
						119.39	Varroc Lighting Systems S.A., Morocco
					Inter Corporate Loans	344.33	Varroc Electronics Romania SRL (Formerly known as "Varroc Lighting Systems Electronics Romania SRL")

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc do Brasil Industria E Commercia LTDA	13.384.641/0001-39	Subsidiary	Avenida Parana 2879 Sorocaba 18105-00 Brazil
Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	60142	Subsidiary	Av Parque Industrial Monterrey 608, 66600 Apodaca Mexico
Varroc Lighting Systems S.A., Morocco	84097	Subsidiary	Lot 133, Zone Franche Tanger Automotive City, Commune Joumaa, Province of Fahs Anjra Tanger, Morocco
Varroc Systems Electronics Romania SRL (Formerly known as "Varroc Lighting Systems Electronics Romania SRL")	40419203	Subsidiary	Street- Calarasilor,112-114 Targu Mures, Romania

Varroc Engineering Limited has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Varroc Engineering Limited has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

Varroc Engineering Limited has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 52 (b) : Ultimate Beneficiary For the year ended March 31, 2023

During the Financial Year 2022-23, Varroc Polymers Limited ('Funding party') has given loan to VarrocCorp Holding B.V. The Netherlands ('Intermediary'), which is a wholly owned subsidiary of the Funding Party's holding company (Varroc Engineering Limited). The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount (₹ in Million)	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	Amount (₹ in Million)	Name of ultimate beneficiary
Various Dates	Loan	1,784.95	VarrocCorp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	124.83	Varroc Lighting Systems S.A., Morocco
						83.22	Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi
						41.61	Varroc do Brasil Industria E Commercia LTDA
						582.54	Varroc Lighting Systems sp. Z.o.o, Poland
						79.16	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico
					Inter Corporate Loans	41.47	Industria Meccanica e Stampaggio S.p.A.
						233.67	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc Lighting Systems S.A., Morocco	84097	Group Company	Lot 133, Zone Franche Tanger Automotive City, Commune Joumaa, Province of Fahs Anjra Tanger, Morocco
Varroc Lighting Systems, Turkey Endüstriyel Urünler Imalat Ve Ticaret Anonim Sirketi	217194-0	Group Company	Aydinli Mh. Birlik OSB 5,Sok No: 8 Tuzla 34953- Istanbul, Turkey.
Varroc do Brasil Industria E Commercia LTDA	13.384.641/0001-39	Group Company	Avenida Parana 2879 Sorocaba 18105-00 Brazil
Varroc Lighting Systems sp. Z.o.o, Poland	A3444/2017	Group Company	ul. Pawia 7, High5ive 31-154 Krakow, Poland.
Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	60142	Group Company	Av Parque Industrial Monterrey 608, 66600 Apodaca Mexico
Industria Meccanica E Stampaggio s.p.a.,Italy	02316270129	Group Company	Via A, Sandroni,46 Italy 21040, Sumirago

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Varroc Polymers Limited has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Varroc Polymers Limited has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

Varroc Polymers Limited has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Note 53 (a) : Audit Trail

The Company and its subsidiaries incorporated in India (except Car IQ Technologies Private Limited) use SAP ECC R6 as the accounting software. SAP ensures an audit trail, providing standard functionality and logging in all changed data in the system. This functionality and audit trail feature in SAP has been operational throughout the year for all relevant transactions recorded through the application in the Company and its subsidiaries incorporated in India (except Car IQ Technologies Private Limited).

Accounting documents are used to record all business transactions – posted documents are stored in SAP for every transaction and a financial document once posted cannot be deleted or changed for data points impacting financials. The SAP environment is appropriately governed and only authorised users can make postings in SAP, while interacting with the system through the application layer. Normal / regular users are not granted nor have direct SAP back-end database (DB) or super user level access which would allow them to make any changes to financial documents directly which have already been posted through the application.

To operate the SAP-application and the SAP-DB, the system necessarily requires a set of super-users to have DB-level accesses. These super-users are obligated to perform system related tasks. They are not allowed to carry out any direct changes / edits to financial transactions in the SAP-DB, which if carried out is illegal. In the event of an unauthorised change by a super user specifically, these can be detected through an investigative approach and / or using services provided by SAP as part of their financial data quality check service, which validates the consistency of financials based on the request of the client. Therefore, while the SAP-DB at the moment does not have the concurrent real time audit trail feature in view of its infeasibility, the tracking of changes can be done through a focussed enquiry process.

Further, in respect of the Company, subsidiaries and joint venture as aforesaid (except CarIQ Technologies Private Limited), the Service Organization Controls report in respect of payroll processing software which is operated by a third party service provider is not available on the date of these financial statements. Accordingly, it cannot be established that the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the payroll processing software or whether there were any instances of the audit trail feature being tampered with.

CarIQ Technologies Private Limited has used an accounting software which does not have a feature of recording audit trail (edit log).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Note 53 (b) : Amalgamation of Varroc Polymers Limited with the Holding Company

The Board of Directors of Varroc Engineering Limited, the Holding Company, at its meeting dated May 17, 2024 have approved the draft scheme of amalgamation of Varroc Polymers Limited (a wholly owned subsidiary of the Holding Company) with the Holding Company under sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') subject to the requisite approvals under the Act and the sanction of the scheme by National Company Law Tribunal ("NCLT"). The appointed date of the said scheme is April 01, 2024 or such other date as may be approved by the NCLT or any other competent authority.

Note 53 (c) : Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 54 : Other Statutory Information

1. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property in respect of its Companies incorporated in India.
2. The Group does not have any transactions with companies struck off in respect of its Companies incorporated in India.
3. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period, in respect of its Companies incorporated in India.
4. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
5. The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961 in respect of its Companies incorporated in India).
6. The Group has not been declared wilful defaulter by any bank or financial institution or other lender.

As per our report of even date	For and on behalf of the Board of Directors	
For S R B C & CO LLP Chartered Accountants ICAI Firm Registration Number: 324982E/E300003	**Tarang Jain** Chairman & Managing Director (DIN 00027505) Place : Pune	**Gautam Khandelwal** Director (DIN 00270717) Place : Pune
per Paul Alvares Partner Membership No. : 105754 Place : Pune Date : May 17, 2024	**K. Mahendra Kumar** Group CFO Place : Pune Date : May 17, 2024	**Ajay Kumar Sharma** Company Secretary (M No: ACS 9127) Place : Pune

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Consolidated

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (₹ in million except EPS)	Adjusted Figures (audited figures after adjusting for qualifications) (₹ in million)
1.	Turnover / Total income (continuing operations)	75,795.37	N/A
2.	Total Expenditure (continuing operations)	73,090.49	N/A
3.	Net Profit/(Loss) (continuing operations)	5,529.95	N/A
4.	Earnings Per Share (continuing operations)	₹ 35.80	N/A
5.	Total Assets	45,604.73	N/A
6.	Total Liabilities	30,342.90	N/A
7.	Net Worth	15,261.83	N/A
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification:

Sl. No.	Particulars	Remarks
a.	Details of Audit Qualification:	Following qualification has been given by the Auditors in the audit report on Consolidated financial statements of the Company: As disclosed in note 50 to the consolidated financial statements, the financial results and other financial information for the year ended March 31, 2024 in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, is unaudited. Hence, we are unable to determine the impact of Group's share of profit/loss from China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the year ended March 31, 2024 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2024, had the financial results/ other financial information of China JV been audited.
b.	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive (Appearing since the year ended Mar 31, 2023)
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	N/A

Sl. No.	Particulars	Remarks
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	N/A
	(ii) If management is unable to estimate the impact, reasons for the same:	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 ₹ 4,044.50 million as at March 31, 2024, and the Group's share of VTYC's net profit of ₹ 428.79 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 audit. The Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding operation of the JV, pending which the Group is unable to get the financial and other information of VTYC.
	(iii) Auditors' Comments on (i) or (ii) above:	As explained to us by the management, the Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding operation of the JV, pending which the Group is unable to obtain audited financials and other information from China JV, in the absence of which we are unable to determine the possible impact of Group's share of profit/loss from China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the year ended March 31, 2024 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2024.

III. Signatories

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

Paul Alvares
Partner
Membership Number: 105754

Place : Pune
Date : May 17, 2024

For and behalf of the Board

Tarang Jain
Chairman & Managing Director

Place : Pune
Date : May 17, 2024

K Mahendra Kumar
Group CFO

Place : Pune
Date : May 17, 2024

Gautam Khandelwal
Chairman of Audit Committee

Place : Pune
Date : May 17, 2024

FORM AOC-1

STATEMENT CONTAINING SAILENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATES COMPANIES / JOINT VENTURES
[Pursuant to first provisio of Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

(A) SUBSIDIARY COMPANIES

(₹ in Million)

Name of Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment (Refer note 1)	Turnover	Profit Before Tax	Provision For Tax (Net of Write back)	Profit after Tax	% Share Holding
Varroc Polymers Limited (formerly known as Varroc Polymers Private Limited)	₹	-	5.29	6,488.24	14,384.45	7,890.92	54.86	21,756.15	1,658.77	(20.43)	1,679.20	100.00%
Durovalves India Private Limited	₹	-	43.21	1,013.91	1,417.84	360.72	16.23	1,817.76	299.95	75.95	224.00	72.78%
CarIQ Technologies Private Limited	₹	-	0.33	(8.99)	39.86	48.53	-	29.17	(23.10)	(4.25)	(18.85)	95.00%
VarrocCorp Holding B.V.	€	90.14	9,581.29	(2,577.70)	8,062.28	1,058.69	3,534.72	-	15,245.13	1.08	15,244.06	100.00%
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	CNY	11.55	127.88	(85.53)	42.63	0.28	-	-	(24.37)	-	(24.37)	100.00%
Varroc Lighting Systems Bulgaria EOOD	€	90.14	0.04	(509.07)	23.51	532.54	-	-	(40.36)	-	(40.36)	100.00%
Varroc Japan Co. Ltd	Y	0.551	0.06	11.23	17.00	5.71	-	26.45	1.02	0.26	0.76	100.00%
Varroc European Holding B.V.	€	90.14	1,429.60	(4,076.14)	842.13	3,488.68	-	-	(167.22)	-	(167.22)	100.00%
Industria Meccanica e Stampaggio S.p.A.	€	90.14	388.02	(7.38)	1,869.36	1,488.72	90.77	1,942.04	(105.28)	5.53	(110.80)	100.00%
Varroc Italy S.p.A. (formerly known as Varroc Lighting Systems, Italy S.p.A.)	€	90.14	237.32	903.88	2,312.37	1,171.18	495.13	1,571.45	45.69	2.97	42.72	100.00%
Varroc Romania S.A. (formerly known as Varroc Lighting Systems, Romania S.A.)	LEU	18.10	102.84	(38.79)	859.68	795.63	-	745.65	(9.05)	17.21	(26.26)	98.23%
Varroc Vietnam Co. Ltd. (formerly known as Varroc Lighting Systems, Vietnam Co. Ltd.)	VND	0.0034	62.93	999.92	1,733.25	670.40	-	1,751.78	263.37	60.16	203.21	100.00%
Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)	€	90.14	1,162.97	(636.03)	1,717.39	1,190.45	-	1,678.07	(149.10)	-	(149.10)	100.00%
Varroc Poland s.p.z.oo	PLN	20.99	83.30	(200.95)	89.02	206.67	-	295.02	(53.97)	-	(53.97)	100.00%
Varroc Germany GmBH	€	90.14	2.24	(173.24)	8.61	179.62	-	-	(98.42)	-	(98.42)	100.00%

Note :

1) Investment shown at fair value net of provision, where applicable.

(B) ASSOCIATES AND JOINT VENTURES

Name of Associates/ Joint Ventures	Latest Audited Balance Sheet Date	Share of Associates / Joint Ventures held by the Company year end			Networth Attributable to Shareholding as per latest Balance sheet (₹ in Million)	Profit/ (loss) for the year		Description of how there is significant influence	Reason why the Associate/joint Venture is not consolidated
		No. of shares	Amount of Investment in Associates/ Joint Venture (₹ in Million)	Extent of Holding %		Considered in consolidation (₹ in Million)	Not considered in Consolidation (₹ in Million)		
Nuova CTS S.r.l, Italy	Refer note 4	25,000	90.14	50%	90.77	4.34	4.34	-	Consolidated as per equity method
Varroc TYC, BVI	Refer note 2	-	-	-	-	-	-	NA	Refer note 2
Varroc TYC Auto Lamps Co. Ltd., China	Refer note 3	10,94,59,427	1,261.80	50%	4,044.50	428.79	428.79	-	Consolidated as per equity method
Varroc Dell'Orto Private Limited	March 31, 2024	15,25,000	15.25	50%	65.76	10.83	10.83	-	Consolidated as per equity method

Note :

1) *Reporting period for Varroc TYC Auto Lamps Co. Ltd., Varroc TYC, BVI and Varroc TYC Auto Lamps CQ China is January to December. For all other entities, the same is April to March.*

2) *There is no significant operation based on materiality.*

3) *The Group is currently undertaking negotiations with the JV partner for resolution of certain matters regarding operation of the JV, pending which the Group is unable to obtain audited financial and other information from China JV hence the Group's investment in Varroc TYC Corporation, BVI ('VTYC' or 'China JV'), which is carried at ₹ 4,044.50 million as at March 31, 2024 and the Group's share of VTYC's net profit of ₹ 428.79 million which is included in the Group's income for the year ended March 31, 2024 are based on the limited information.*

4) *The financial statements of Nuova CTS S.r.l, Italy were not subject to audit for FY 2023-24.*

For and on behalf of the Board of Directors

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

Gautam Khandelwal
Director
(DIN 00270717)
Place : Pune

K. Mahendra Kumar
Group CFO
Place : Pune
Date : May 17, 2024

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

Notice to Members

NOTICE is hereby given that the 36th Annual General Meeting of the Members of Varroc Engineering Limited will be held on Thursday, September 12, 2024, at 11:00 a.m. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact, the following business. The venue of the meeting shall be deemed to be Registered office of the Company situated at L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) - 431 136, Maharashtra, India:

ORDINARY BUSINESS:

1. **TO RECEIVE, CONSIDER AND ADOPT:**

   (a) THE AUDITED STANDALONE FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024, AND THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON AND IN THIS REGARD, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2024, along with reports of the Board of Directors and Independent Auditors thereon as circulated to the Members of the Company, be and are hereby received, considered, approved and adopted."

   (b) THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024, AND THE REPORT OF THE AUDITORS THEREON AND IN THIS REGARD, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2024, along with report of the Independent Auditors thereon as circulated to the Members of the Company, be and are hereby received, considered, approved and adopted."

2. **DIRECTOR RETIRING BY ROTATION**

   To appoint Mr. Arjun Jain (DIN:07228175), as a Director, who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Arjun Jain (DIN: 07228175), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

3. **DIRECTOR RETIRING BY ROTATION**

   To appoint Mr. Dhruv Jain (DIN: 09710448), as a Director, who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Dhurv Jain (DIN: 09710448), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. **RATIFICATION OF REMUNERATION OF COST AUDITOR OF THE COMPANY**

   To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment(s) thereto or re-enactment thereof for the time being in force), M/s. S. R. Bhargave & Co., Cost Accountants (Firm Registration No. M - 000218) appointed by the Board of Directors of the Company, to conduct Audit of the Cost Records of the Company for the Financial Year ending March 31, 2025 or extended Financial Year as may be decided by the Board, be paid the remuneration of ₹ 4,00,000 (Rupees Four Lakh only) and applicable taxes thereon and reimbursement of out-of-pocket expenses, if any, for the Financial Year ending on March 31, 2025.

"**RESOLVED FURTHER THAT** any Director and/or Group Chief Financial Officer and/or Company Secretary of the Company be and are hereby severally authorised to do all acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

5. ISSUE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], and subject to the provisions of the Articles of Association of the Company and subject to compliance with such other provisions of law as may be applicable, approval of the Members be and is hereby accorded to the Board of Directors of the Company ('the Board', which term shall include its duly empowered Committee(s) constituted/ to be constituted by it for this purpose), to offer or invite subscriptions for Secured / Unsecured Non-Convertible Debentures ('Debentures'), of an amount not exceeding ₹ 500 Crore (Rupees Five Hundred Crore only) in one or more series/tranches, on Private Placement Basis, on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company, including as to when the Debentures be issued, the consideration for the issue, utilisation of the issue proceeds and all matters connected therewith or incidental thereto PROVIDED THAT the total amount that may be so raised in the aggregate, by such offer or invitation for subscriptions of the Debentures, and outstanding at any point of time, shall be within the overall borrowing limit as approved by the Members under Section 180(1) (c) of the Act;

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps including delegation of powers to any Committee and/or officials of the Company, as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to do all such acts, deeds, matters and things as may be necessary or expedient for or in connection with this Resolution and to settle any question or difficulty that may arise in this regard in the best interest of the Company."

By Order of the Board of Directors
For Varroc Engineering Limited

Ajay Kumar Sharma
Group General Counsel and
Company Secretary
ACS: 9127

Registered Office
L-4, MIDC Area, Waluj
Chhatrapati Sambhaji Nagar
(erstwhile Aurangabad)- 431 136
(MAHARASHTRA)

Place: Pune
Date: 17.05.2024

NOTES:

1. In view of the massive outbreak of the COVID-19 pandemic and the social distancing norms, the Ministry of Corporate Affairs ('MCA') vide its circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 21/2021 dated December 14, 2021, 2/2022 dated May 5, 2022, and 10/2022 dated December 28, 2022 read together with other circulars issued by MCA in this regard (collectively referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') vide its circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIRP/P/2022/62 dated May 13, 2022, and SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/001 dated January 5, 2023 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and General Circular No.09/2023 dated September 25, 2023 read together with all other circulars issued by SEBI in this regard ('SEBI Circulars') has permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue.

   In compliance with these MCA and SEBI Circulars, applicable provisions of the Act (including any statutory modifications or re-enactments thereof for the time being in force) read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and pursuant to Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the 36th AGM of the Company is being held through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing a facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM. Deemed venue for the 36th AGM shall be the Registered Office of the Company at L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) - 431 136, Maharashtra, India.

2. Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 in respect of business under item no 4 and 5 set out above and to be transacted at the AGM are annexed herewith.

3. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH AND THE FACILITY TO APPOINT PROXY TO ATTEND AND CAST VOTE FOR THE MEMBERS IS NOT AVAILABLE FOR THIS AGM. HOWEVER, THE BODY CORPORATES ARE ENTITLED TO APPOINT AUTHORISED REPRESENTATIVES TO ATTEND THE AGM THROUGH VC/OAVM AND PARTICIPATE THEREAT AND CAST THEIR VOTES THROUGH E-VOTING. SINCE THE AGM WILL BE CONDUCTED THROUGH VC / OAVM, PROXY FORM AND ATTENDANCE SLIP INCLUDING ROUTE MAP ARE NOT ANNEXED TO THIS NOTICE.**

4. Institutional / Corporate Members (i.e., other than individuals / HUF, NRI, etc.) intending to appoint their authorized representatives pursuant to Section 113 of the Companies Act, 2013 ('the Act'), to attend the AGM through VC/OAVM or to vote through remote e-Voting are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/Authorization shall be sent to the Company at investors@varroc.com or any queries can be dropped to Link Intime India Pvt. Ltd, Registrar and Share Transfer Agent at https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html and an email can also be marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDS:

6. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of AGM along with the Annual Report for FY 2023-24 are being sent only through electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s). The Notice of AGM along with Annual Report for FY 2023-24, is available on the website of the Company at www.varroc.com, on the website of Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and

www.nseindia.com respectively and on the website of NSDL at www.evoting.nsdl.com.

7. The Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants or alternatively, temporarily register/update their email addresses with the Company by writing to the Company's Registrar and Share Transfer Agent, Link Intime India Pvt Ltd at https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html. Members are requested to submit request letter mentioning the DP id and Client id. and Name of Member and self-attested copy of PAN card for updation of email address.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

8. The Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against name of the Company. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM through a live webcast of the meeting and submit votes on announcement by the Chairman.

9. The Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

10. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Members are requested to join the Meeting through Laptops for better experience and will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connected via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of glitches.

11. The Members may note that the VC / OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-serve basis. The large Members (i.e., Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-serve basis.

12. The Members who need assistance before or during the AGM, can contact Ms. Pallavi Mhatre, Senior Manager / Mr. Sagar Gudhate, Senior Manager, NSDL on evoting@nsdl.com / 022- 4886 7000.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

13. As the AGM is being conducted through VC / OAVM, members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id, e-mail id, mobile number at investors@varroc.com to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Thursday, September 5, 2024, on the aforementioned e-mail id shall only be considered and responded to during the AGM.

14. The Members who would like to express their views or have questions may send their questions in advance and register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id, PAN, mobile number at investors@varroc.com on or before Thursday, September 5, 2024. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

15. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate depending on the availability of time for the AGM, to ensure the smooth conduct of the AGM.

16. **Procedure for Remote e-voting and e-voting during the AGM:-**

    In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the Listing

Regulations and in terms of SEBI vide circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by NSDL, on all the Resolutions set forth in this Notice.

The Members, whose names appear in the Beneficial Owners as on the Record Date (cut-off date) i.e., Thursday, September 5, 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the Paid-Up Equity Share Capital of the Company as on the cut-off date, being Thursday, September 5, 2024.

The remote e-voting period begins on

Commencement of Remote e-voting	9:00 a.m. (IST) on Sunday, September 8, 2024
Conclusion of Remote e-voting	5:00 p.m. (IST) on Wednesday, September 11, 2024

The Remote e-voting shall not be allowed beyond the aforesaid date and time and the Remote e-voting module shall be disabled by NSDL for voting thereafter.

The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join a virtual meeting on NSDL e-Voting system

Details on Step 1 are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for Remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020, on "e-voting facility provided by Listed Companies", Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

The Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual members holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on **company name or e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play Store
Individual members holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also a link provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service provider's website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual members (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual members holding securities in demat mode for any technical issues related to login through Depository, i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you login to NSDL eservices after using your login credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@varroc.com .

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@varroc.com. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for

e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

PROCEDURE FOR E- VOTING ON THE DAY OF THE AGM:

i. The procedure for e-Voting on the day of the EGM/ AGM is same as the instructions mentioned above for remote e-voting

ii. Only those members who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

GENERAL INFORMATION FOR MEMBERS

17. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on https://www.evoting.nsdl.com/ to reset the password.

18. In case of any queries relating to e-voting you may refer to the FAQs for Members and e-voting user manual for Members available at the download section of https://www.evoting.nsdl.com/ or call on toll free No.: 022 - 4886 7000 or send a request at evoting@nsdl.com. In case of any grievances connected with facility for remote e-voting or e-voting at the AGM, please contact Ms. Pallavi Mhatre, Senior Manager / Mr. Sagar Gudhate, Senior Manager, NSDL, 301, 3rd Floor, Naman Chambers, G Block, Plot No- C-32, Bandra Kurla Complex, Bandra East, Mumbai- 400051. Email: evoting@nsdl.com.

19. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e., Thursday, September 5, 2024, may obtain the login ID and password by sending a request at evoting@nsdl.com or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/ Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on toll free No. 022-4886 7000. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., Thursday, September 5, 2024 may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system”.

20. The Company has appointed Mrs. Uma Lodha, Practicing Company Secretary (Membership No. FCS 5363) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

21. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, unblock the votes cast through Remote e-voting and e-voting at the AGM and submit, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.

22. The result declared along with the Scrutinizer’s Report shall be placed on the Company’s website: www.varroc.com and on NSDL’s website: https://www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

23. All the documents referred to in the accompanying Notice shall be available for inspection at the Registered Office of the Company situated at Plot No: L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) – 431 136 (M.S.) from Monday to Friday from 10:00 a.m. to 12:00 Noon, except holidays, up to the date of the AGM and through electronic mode, basis the request being sent on investors@varroc.com.

24. During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act along with Documents referred to in the notice and the explanatory statement will be kept open for inspection by the members upon login at NSDL e-voting system at https://www.evoting.nsdl.com.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF) RELATED INFORMATION:

25. Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') including any statutory modification(s) or re-enactment thereof for the time being in force, as of now no dividend for the Financial Year ended March 31, 2017 and onwards, which is unpaid or unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account of the Company is required to be transferred to Investor Education and Protection Fund (IEPF).

26. The Members who have so far not yet claimed their dividend for the previous years are advised to submit their claim to the Company's Registrar and Transfer Agent at their address given herein below, quoting their DP Id and Client Id:

    Link Intime India Private Limited
    Unit: Varroc Engineering Limited
    C-101,1st Floor,247 Park, LBS Marg
    Vikhroli West, Mumbai – 400 083 (M.S.)
    Tel:- 022-4918 6270/ 4918 6000
    Fax: - 022 49186060
    For any queries: - https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html

27. The details of unpaid and unclaimed amounts lying with the Company as on March 31, 2024, is available on the website of the Company www.varroc.com.

OTHER INFORMATION:

28. To prevent fraudulent transactions, members are advised to exercise due diligence and notify any change in information to the Registrar and Share Transfer Agent or Company as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

29. The Members holding shares in dematerialised form may please note that, while opening a depository account with Participants they may have given their bank account details. However, if Members want to change/correct the bank account details, they should send the same immediately to the Depository Participant concerned. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for cancellation/change in the bank account details furnished by Depository Participants to the Company.

30. The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts.

31. Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility. Such Members may contact their Depository Participant for recording the nomination in respect of their holdings.

32. All documents, requests and other communications in relation thereto should be addressed directly to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, at the address mentioned below:

    Link Intime India Private Limited
    Unit: Varroc Engineering Limited
    C-101,1st Floor,247 Park, LBS Marg,
    Vikhroli West, Mumbai – 400 083 (M.S.)
    Tel:- 022-4918 6270/ 4918 6000
    Fax: - 022-49186060
    Queries can be dropped at: - https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html

33. Pursuant to provisions of the Listing Regulations, the Company is maintaining an E-mail Id: investors@varroc.com exclusively for quick redressal of members/ investors grievances.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS ITEM NO 4 TO 5 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.4

RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITORS OF THE COMPANY

The Board of Directors in their meeting held on May 17, 2024, on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. S. R. Bhargave & Co., Cost Accountants, as Cost Auditors of the Company for auditing the Cost Records of the Company relating to the products of the Company, as applicable, for the FY 2024-25, at a remuneration of ₹ 4,00,000 (Rupees Four Lakh only) and applicable rate of taxes and reimbursement of out-of-pocket expenses, if any, at actuals. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and as approved by the Board of Directors, has to be ratified by the Members of the Company.

M/s. S. R. Bhargave & Co. have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of Cost Audit and have conducted the audit of the Cost Records of the Company for previous years under the provisions of the Act.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board of Directors recommends ORDINARY RESOLUTION as set out in item No. 4 of the Notice, for ratification of the Cost Auditors' remuneration by the Members of the Company.

ITEM NO.5

ISSUE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

In terms of Sections 42 and 71 of the Companies Act, 2013 ('the Act') read with Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, in case an offer of or invitation to subscribe to Non-Convertible Debentures ('NCDs') is made by the Company on a Private Placement Basis, the Company is required to seek the prior approval of its members by means of a Special Resolution, on an annual basis for all the offers or invitations for such debentures during the year.

For the purpose of availing financial assistance (including borrowings) for its business operations, the Company may offer or invite subscription to Secured /Unsecured NCDs on Private Placement Basis (within the meaning of Section 42 of the Act) of an amount not exceeding ₹ 500 Crore (Rupees Five Hundred Crore only) in one or more series/tranches.

The issue price and rate of interest depends, *inter alia* on the market rates, tenor and security. In the case of secured NCDs, security proposed to be offered would be by way of mortgage over the identified immoveable property(ies) of the Company and additionally by way of hypothecation of movable fixed assets and current assets of the Company. The NCDs will be issued on a private placement basis in accordance with the provisions of the Companies Act, 2013 and relevant SEBI guidelines. Hence, the Board of Directors seeks approval of the Members to offer or invite subscription to NCDs, within the overall borrowing limits as approved by the Members under Section 180(1) (c) of the Act, as may be required by the Company, from time to time, for a year.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in this Resolution.

The Board recommends the **SPECIAL RESOLUTION** set out in Item No. 5 of the Notice, for approval of the Members.

By Order of the Board of Directors
For Varroc Engineering Limited

Ajay Kumar Sharma
Group General Counsel and
Company Secretary
ACS: 9127

Place: Pune
Date: May 17, 2024

Item 2 & 3

RELEVANT DETAILS OF DIRECTOR RETIRING BY ROTATION AND SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS – 2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ARE PROVIDED HERE UNDER:-

Name of the Director	**Mr. Arjun Jain**	**Mr. Dhruv Jain**
Designation	Whole Time Director	Non -Executive Director
Age	34 years	29 years
Qualification and Experience (including expertise in specific functional area) / Brief Resume	Mr. Arjun Jain holds a bachelor's degree in Economics and Political Science from Vassar College, New York.	Mr. Dhruv Jain holds a bachelor's degree in Economics from the University of Chicago.
Terms and Conditions for appointment	Existing terms of Appointment	Existing terms of Appointment
Date of first appointment to Board	07/08/2018	01/09/2022
Shareholding in the Company as on March 31, 2024	5,000 Equity Shares	5,000 Equity Shares
Disclosure of relationships between Directors inter-se;	Mr. Arjun Jain, Whole Time Director is son of Mr. Tarang Jain, Chairman and Managing Director and brother of Mr. Dhruv Jain, Non-Executive Director of the Company and is also part of the Promoter Group.	Mr. Dhruv Jain, Non -Executive Director is son of Mr. Tarang Jain, Chairman and Managing Director and Brother of Mr. Arjun Jain, Whole Time Director of the Company. He is also part of the Promoter Group
Number of Board meetings attended	Attended 5 out of 5 Board Meetings held during FY 2023-24.	Attended 5 out of 5 Board Meetings held during FY 2023-24.
Directorship of other Companies*	1. Varroc Engineering Limited 2. Varroc Polymers Ltd (Erstwhile Varroc Polymers Pvt Ltd.) 3. Cariq Technologies Private Limited 4. Varroc Dell'Orto Pvt. Ltd.	1. Varroc Engineering Limited 2. Cariq Technologies Private Limited
Membership/Chairmanship of Committees of other Boards #	1. Member of Stakeholders Relationship Committee – Varroc Engineering Limited 2. Member of CSR Committee- Varroc Engineering Limited 3. ESG (Environmental, Social and Governance Steering) Committee- Varroc Engineering Limited 4. Risk Management Committee- Varroc Engineering Limited	NIL

Name of the Director	Mr. Arjun Jain	Mr. Dhruv Jain
Remuneration proposed to be paid	Not Applicable, as per existing terms and conditions of appointment.	Not Applicable, as per existing terms and conditions of appointment.
Last drawn remuneration as a Director of the Company	During the Financial Year 2023-24, Mr. Arjun Jain has received a remuneration of ₹ 22.86 Million from the Company	Nil

* Directorship of other Companies: excluding Foreign Companies and Section 8 Companies.

Membership of Audit and Stakeholders Relationship Committee.

Details of last drawn remuneration and other relevant details are provided in the Report on Corporate Governance forming part of the Annual Report.

Mr Arjun Jain and Mr. Dhruv Jain are not disqualified from being appointed as the Director in terms of Section 164 of the Companies Act, 2013 and they are not debarred from holding the office of Director pursuant to any SEBI order or any such regulatory authority.

Except for Mr. Arjun Jain, Mr. Dhruv Jain and Mr. Tarang Jain, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this item.

The proposal for re-appointment of Mr. Arjun Jain and Mr. Dhruv Jain as the Director liable to retire by rotation is placed before the Members for their approval at item no. 2 and 3 of this Notice. The Board recommends the same for approval of the Members.

REG POST

If un-delivered, please return to:

VARROC ENGINEERING LIMITED

Regd. Office: , Plot No. L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) - 431 136
Tel   : (240) 6653700
Fax : (240) 2564540
Email: investors@varroc.com

Notes

Notes

Notes

varroc

VARROC ENGINEERING LIMITED

Registered Office
L-4, MIDC Area, Waluj,
Aurangabad 431 136.
Tel: +91 240 6653 700/6653 699
Fax: +91 240 2564 540

www.varroc.com