

**Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To  
The Board of Directors of  
Varroc Engineering Limited

**Report on the audit of the Standalone Financial Results****Qualified Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Varroc Engineering Limited (the "Company") for the quarter ended March 31, 2026 and for the year ended March 31, 2026 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' para below, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2026 and for the year ended March 31, 2026.

**Basis for Qualified Opinion**

As disclosed in Note 3 to the Statement, during the current year, the Company received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognized by the Company under 'Revenue from operations' during the quarter ended June 30, 2025, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Company also received a 'Statement of Claim' under the arbitration proceedings with TYC Parties on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA against which the Company has filed Statement of defense in March 2026. Pending disposal of the arbitration proceedings and in the absence of sufficient appropriate audit evidence, we are unable to comment on the said income recognized in the books and consequential impact including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the quarter and year ended March 31, 2026 and retained earnings as at March 31, 2026.

We conducted our audit 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 Results' 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.



# **S R B C & COLL P**

Chartered Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Statement

## **Emphasis of Matter**

We draw attention to the following matters:

- a. Note 4 of the Statement regarding an arbitration initiated by OPmobility Lighting Holding, France ("OPmobility") at the ICC International Court of Arbitration alleging breaches of certain covenants under the Securities Purchase Agreement entered with OPmobility. Pending disposal of the arbitration proceedings and basis the legal opinion obtained, the management of the Company believes that no provision is considered necessary in the standalone financial results.
- b. Note 5 of the Statement which describes the effects of the Orders received by the Company from GST Appellate Authorities. The Company is in the process of filing further appeals against the aforesaid Orders, pending conclusion of which no adjustments have been made in respect of these matters in the standalone financial results.

Our opinion is not modified in respect of these matters.

## **Management's Responsibilities for the Standalone Financial Results**

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors 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 the Board of Directors 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 Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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- Identify and assess the risks of material misstatement of the Statement, 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 results 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 Statement, including the disclosures, and whether the Statement represents 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.

## **Other Matter**

The Statement includes the results for the quarter ended March 31, 2026 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2026 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For **SRBC & COLLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Mustafa Saleem**

Partner

Membership No.: 136969

UDIN: 26136969EVNOHB2721



Place of Signature: Pune

Date: May 27, 2026

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Standalone**

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2026  
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

**I.**

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in million except EPS)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in million)
1.	Turnover / Total income	81,578.90	N/A
2.	Total Expenditure	76,828.82	N/A
3.	Net Profit/(Loss)	2,881.93	N/A
4.	Earnings Per Share	18.86	N/A
5.	Total Assets	45,986.33	N/A
6.	Total Liabilities	25,334.92	N/A
7.	Net Worth	20,651.41	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:	<p>Following qualification has been given by the Auditors in the audit report on Standalone financial statements of the Company:</p> <p>The Company received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognized by the Company under 'Revenue from operations' during the year ended March 31, 2026, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Company also received a 'Statement of Claim' under the arbitration proceedings with TYC Parties on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA against which the Company has filed Statement of defence in March 2026.</p> <p>Pending disposal of the arbitration proceedings and in the absence of sufficient appropriate audit evidence, we are unable to comment on the said income recognized in the books and consequential impact including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the year ended March 31, 2026 and retained earnings as at March 31, 2026.</p>
b.	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion

SI No.	Particulars	Remarks
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	N/A
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:  (i) Management's estimation on the impact of audit qualification:  (ii) If management is unable to estimate the impact, reasons for the same:  (iii) Auditors' Comments on (i) or (ii) above:	N/A  The Company has strong belief that the income recognized in the books have been received based on valid agreement(s) entered into between the parties and necessary services have been availed by overseas entities.  The Company believes that it has a strong case and will take appropriate actions, including filing of counter claims, as necessary to protect its interests. Pending disposal of the arbitration proceedings, the Company is unable to determine the possible impact of this matter.  As explained to us by the management, the Company is contesting all the claims by TYC Parties under the arbitration proceedings. Pending disposal of such arbitration proceedings, the Company is unable to determine the possible impact of the matter on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the year ended March 31, 2026 and retained earnings as at March 31, 2026.

### III. Signatories

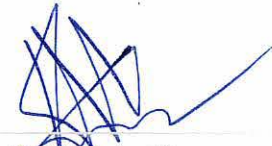
For and behalf of the Board



**Tarang Jain**  
Chairman & Managing Director

Place: Pune

Date: May 27, 2026



**K Mahendra Kumar**  
Group CFO

Place: Pune

Date: May 27, 2026



**Vinish Kathuria**  
**Chairman of Audit Committee**  
**Place: Pune**  
**Date: May 27, 2026**

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



**Mustafa Saleem**  
**Partner**  
**Membership Number: 136969**  
**Place: Pune**  
**Date: May 27, 2026**



Statement of Audited Standalone Financial Results for the Quarter and Year Ended March 31, 2026

(Rs. in Million)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		March 31, 2026	December 31, 2025	March 31, 2025	March 31, 2026	March 31, 2025
		Audited (refer note 2)	Unaudited	Audited (refer note 2)	Audited	Audited
1	Revenue from operations (refer note 3)	21,496.30	21,151.59	19,133.36	81,455.32	73,685.82
2	Other income (refer note 7)	30.01	29.87	165.77	123.58	276.24
3	<b>Total Income (1 + 2)</b>	<b>21,526.31</b>	<b>21,181.46</b>	<b>19,299.13</b>	<b>81,578.90</b>	<b>73,962.06</b>
4	<b>Expenses</b>					
	(a) Cost of materials consumed	14,409.71	13,847.70	12,326.83	54,259.08	48,960.09
	(b) Changes in stock of finished goods and work-in-progress	(178.52)	248.59	308.17	(509.79)	(286.40)
	(c) Employee benefits expense	1,761.00	1,721.71	1,590.51	6,950.34	6,693.88
	(d) Finance costs	298.61	276.95	385.28	1,205.49	1,622.26
	(e) Foreign exchange (gain)/loss (net)	54.18	35.61	(59.64)	78.26	(96.99)
	(f) Depreciation and amortisation expense	679.01	660.85	633.68	2,610.84	2,517.36
	(g) Other expenses	3,140.44	3,108.17	2,754.68	12,234.60	10,744.98
	<b>Total expenses (4)</b>	<b>20,164.43</b>	<b>19,899.58</b>	<b>17,939.51</b>	<b>76,828.82</b>	<b>70,155.18</b>
5	<b>Profit before tax and exceptional items (3- 4)</b>	<b>1,361.88</b>	<b>1,281.88</b>	<b>1,359.62</b>	<b>4,750.08</b>	<b>3,806.88</b>
6	<b>Exceptional item (refer note 6)</b>	-	871.37	95.42	871.37	208.12
7	<b>Profit before tax (5-6)</b>	<b>1,361.88</b>	<b>410.51</b>	<b>1,264.20</b>	<b>3,878.71</b>	<b>3,598.76</b>
8	<b>Tax expense</b>					
	(a) Current tax	-	-	-	-	-
	(b) Short/(excess) provision in respect of earlier years	-	1.12	-	1.12	(5.32)
	(c) Deferred tax	343.66	88.50	207.58	995.66	845.58
	<b>Total tax expense (8)</b>	<b>343.66</b>	<b>89.62</b>	<b>207.58</b>	<b>996.78</b>	<b>840.26</b>
9	<b>Profit for the period (7-8)</b>	<b>1,018.22</b>	<b>320.89</b>	<b>1,056.62</b>	<b>2,881.93</b>	<b>2,758.50</b>
10	<b>Other comprehensive income</b>					
A	<b>Items that will be reclassified to profit or loss in subsequent periods (net of tax)</b>					
	Net movement on Effective portion of Cash Flow Hedges (net of tax)	15.47	33.79	-	-	-
B	<b>Items that will not be reclassified to profit or loss in subsequent periods (net of tax)</b>					
	Remeasurement of defined benefit obligation (net of tax)	24.02	20.81	3.66	44.83	3.66
	<b>Total other comprehensive income (net of tax) (10)</b>	<b>39.49</b>	<b>54.60</b>	<b>3.66</b>	<b>44.83</b>	<b>3.66</b>
11	<b>Total comprehensive income for the period (9+10)</b>	<b>1,057.71</b>	<b>375.49</b>	<b>1,060.28</b>	<b>2,926.76</b>	<b>2,762.16</b>
12	<b>Paid-up equity share capital (Face value of the share is Re.1/- each)</b>	<b>152.79</b>	<b>152.79</b>	<b>152.79</b>	<b>152.79</b>	<b>152.79</b>
13	<b>Reserves excluding revaluation reserves as per balance sheet</b>				<b>20,498.62</b>	<b>17,724.65</b>
14	<b>Earnings per equity share (Nominal value per share Re. 1/- each) (not annualised)</b>					
	<b>Basic &amp; Diluted (in Rupees)</b>	<b>6.66</b>	<b>2.10</b>	<b>6.92</b>	<b>18.86</b>	<b>18.05</b>

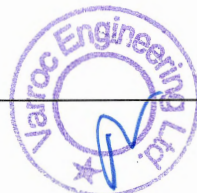




Statement of Audited Standalone Assets and Liabilities as at March 31, 2026

(Rs. in million)

Sr. No.	Particulars	As at	As at
		March 31, 2026	March 31, 2025
		Audited	Audited
	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
	(a) Property, plant and equipment	15,790.86	14,311.34
	(b) Capital work-in-progress	333.12	708.62
	(c) Goodwill	183.90	183.90
	(d) Intangible assets	330.40	314.89
	(e) Intangible assets under development	550.11	26.64
	(f) Right to use asset	1,884.81	1,755.93
	(g) Investments in subsidiaries and joint venture	8,370.25	8,373.73
	(h) Financial assets		
	(i) Investments	63.66	142.73
	(ii) Other financial assets	108.75	146.60
	(i) Income tax assets (net)	287.52	163.57
	(j) Deferred tax assets	-	815.38
	(k) Other non-current assets	843.37	728.25
	<b>Total non-current assets</b>	<b>28,746.75</b>	<b>27,671.58</b>
<b>2</b>	<b>Current assets</b>		
	(a) Inventories	7,359.47	5,831.98
	(b) Financial assets		
	(i) Trade receivables	5,692.32	5,227.80
	(ii) Cash and cash equivalents	308.52	591.42
	(iii) Bank balances other than (ii) above	432.44	412.05
	(iv) Loans	189.09	1,290.01
	(v) Other financial assets	213.03	136.21
	(c) Other current assets	3,044.71	2,966.14
	<b>Total current assets</b>	<b>17,239.58</b>	<b>16,455.61</b>
	<b>Total Assets (1+2)</b>	<b>45,986.33</b>	<b>44,127.19</b>
	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Equity</b>		
	(a) Equity share capital	152.79	152.79
	(b) Other equity	20,498.62	17,724.65
	<b>Total equity</b>	<b>20,651.41</b>	<b>17,877.44</b>
<b>2</b>	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	1,976.68	3,129.96
	(ii) Lease liabilities	826.58	927.34
	(b) Provisions	180.37	144.70
	(c) Deferred tax liabilities (net)	195.35	-
	(d) Deferred government grant	225.52	226.25
	<b>Total non-current liabilities</b>	<b>3,404.50</b>	<b>4,428.25</b>
<b>3</b>	<b>Current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	3,795.32	5,427.18
	(ii) Lease liabilities	199.67	162.66
	(iii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	2,448.28	1,782.37
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	10,939.40	10,144.94
	(c) Acceptances	668.31	663.30
	(iv) Other financial liabilities	2,245.63	1,956.98
	(b) Provisions	418.26	277.69
	(c) Other current liabilities	1,150.54	1,310.46
	(d) Deferred government grant	65.01	95.92
	<b>Total current liabilities</b>	<b>21,930.42</b>	<b>21,821.50</b>
	<b>Total Equity and Liabilities (1+2+3)</b>	<b>45,986.33</b>	<b>44,127.19</b>



Varroc Engineering Limited

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E-mail: investors@varroc.com



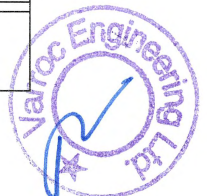
Statement of Audited Standalone Cash Flows for the Year ended March 31, 2026

(Rs. in million)

Sr.No	Particulars	For the year ended March 31, 2026 (Audited )	For the year ended March 31, 2025 (Audited )
<b>A</b>	<b>Cash flow from operating activities</b>		
	<b>Profit/(loss) before tax and exceptional items</b>	4,750.08	3,806.88
	Adjustments for:		
	Depreciation and amortization expense	2,610.84	2,517.36
	Provision for doubtful debts / advances	0.13	(1.58)
	Payment against Voluntary Separation Scheme (VSS)	(663.44)	-
	Impact of changes in new wage code on Employee benefit expenses	(217.93)	-
	Write back of excess accrual of Merger expenses	10.00	-
	Unrealised exchange (gain)/loss on restatement of intercorporate loan	-	(23.22)
	Realised exchange gain on intercorporate loan	(46.34)	-
	Interest expenses	1,205.49	1,622.26
	Rental Income	(3.35)	(3.10)
	Unwinding of Interest on Security Deposit	(6.37)	-
	Unrealised exchange gain on forward Contracts	(4.18)	-
	Profit on sale of current investments	-	(3.13)
	Provisions/liabilities no longer required written back	(0.03)	(0.46)
	(Profit)/Loss on sale of property, plant and equipment / intangible assets	(2.31)	5.51
	Increase in surrender value of key man insurance	-	(18.33)
	Dividend income	(0.03)	(125.79)
	Interest income	(97.44)	(120.16)
		2,785.04	3,849.36
	<b>Operating profits before working capital changes</b>	<b>7,535.12</b>	<b>7,656.24</b>
	<b>Adjustments for changes in working capital</b>		
	Trade receivables	(464.65)	(1,739.72)
	Trade payables	1,465.41	1,448.09
	Inventories	(1,527.49)	(760.49)
	Other financial assets	(27.04)	171.53
	Other current and non current assets	(351.81)	(745.57)
	Provision	221.07	26.62
	Other financial liabilities	(168.99)	615.28
	Other current and non current liabilities	(191.56)	155.86
		(1,045.06)	(828.40)
	<b>Cash generated from operations</b>	<b>6,490.06</b>	<b>6,827.84</b>
	Income tax paid (net of refund)	(110.00)	245.49
	<b>Net cash flow generated from operating activities</b>	<b>6,380.06</b>	<b>7,073.33</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Dividend received	0.03	125.79
	Interest received	171.13	66.69
	Rental Income	3.35	3.10
	Proceeds from sale of property, plant and equipment	80.19	87.00
	Proceeds from sale of Non current investment	0.07	-
	Loans repaid by subsidiaries	1,373.21	(600.43)
	Loans given to subsidiaries	(296.13)	406.08
	(Purchase of)/Proceeds from sale of current investment	-	651.24
	Purchase of property, plant and equipment	(3,642.38)	(2,721.10)
	Fixed deposits (placed)/ redeemed (net)	(21.77)	(234.93)
	Purchase of non current investment	-	(97.19)
	<b>Net cash flow used in investing activities</b>	<b>(2,332.30)</b>	<b>(2,313.75)</b>
<b>C</b>	<b>Cash flow from financing activities</b>		
	Repayment of long term borrowings	(4,548.49)	(4,459.34)
	Proceeds from long term borrowings	1,800.00	-
	Proceeds from/(repayment of) short term borrowings (net)	(36.65)	1,606.10
	Payment of principal portion of lease liability	(174.99)	(367.77)
	Payment of interest on lease liability	(101.66)	(99.66)
	Dividend paid	(152.79)	-
	Interest paid	(1,116.08)	(1,532.44)
	<b>Net cash flow used in financing activities</b>	<b>(4,330.66)</b>	<b>(4,853.11)</b>
	<b>Net decrease in cash and cash equivalents</b>	<b>(282.90)</b>	<b>(93.53)</b>
	<b>Opening cash and cash equivalents</b>	<b>591.42</b>	<b>684.95</b>
	<b>Closing cash and cash equivalents</b>	<b>308.52</b>	<b>591.42</b>
	<b>Cash and cash equivalents consists of :</b>		
	Cash in hand	0.02	0.01
	Current accounts	118.03	106.38
	Deposit with maturity of less than 3 months	190.47	485.03
		<b>308.52</b>	<b>591.42</b>

Notes:

- 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".
- Figures in brackets represent outflow of cash and cash equivalents.



Varroc Engineering Limited

Registered Office : L-4, MIDC Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra

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E-mail: investors@varroc.com



**Notes to Audited Standalone Financial Results:**

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 27, 2026 and were subjected to audit by the Statutory Auditors.
- 2) The figures for the quarter ended March 31, 2026 and March 31, 2025 are the derived figures between the audited figures in respect of full financial year and the unaudited published year-to-date figures upto the third quarter of the respective financial year which were subjected to limited review.
- 3) The Company had received a settlement offer during the quarter ended June 30, 2025 from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognised by the Company under 'Revenue from operations' during the quarter ended June 30, 2025, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Group received Statement of Claim under the arbitration proceedings originally initiated by TYC Parties in August 2022, on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA, which are to be quantified against which the Company has filed Statement of defence in March 2026. The Company believes that it has a strong case and will take appropriate actions as necessary to protect its interests. The auditors in their audit report have included a qualification in respect of this matter.
- 4) On July 7, 2025, the Company, together with its Wholly Owned Subsidiary, VarrocCorp Holding B.V., Netherlands, received an intimation from ICC International Court of Arbitration ('ICC') with respect to a Request for Arbitration initiated by Opmobility Lighting Holding, France (Erstwhile PO Lighting Systems). The request pertains to certain alleged breaches of covenants under the Securities Purchase Agreement executed between the parties on April 29, 2022, and subsequently amended on October 5, 2022, May 12, 2023, and June 15, 2023. Claims in respect of some of the breaches have been quantified at US\$ 66.41 mn plus legal costs while for others no quantification has been provided. The Company is evaluating the matter and exploring legal and contractual remedies. It intends to contest the claims and take appropriate steps to protect its interests. Based on a legal opinion obtained, the Company believes that it has grounds to defend against the said allegations and accordingly no provision has been considered in respect of this matter in these results.
- 5) The Company had received following GST orders in relation to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023:
  - a) Order dated November 5, 2024 from Additional Commissioner of CGST & Central Excise for appropriation of GST dues amounting to Rs. 629 million along with equivalent penalty and applicable interest;
  - b) Order dated January 03, 2025 from Commercial Tax Officer (Divisional GST office, Karnataka) consisting of demand for GST dues amounting to Rs. 0.03 million along with interest of Rs. 302.67 million and penalty of Rs. 564.19 million (received by Varroc Polymers Limited ('VPL') (wholly owned subsidiary, now merged with the Company) The Company had paid the principal demand and had filed appeals against the above orders which have been partly allowed resulting in reduction of total demand to Rs. 284 million. The Company intends to pursue further appellate remedies in respect of the interest and penalty components. Based on legal advice and assessment of the merits of the cases, management believes that it has adequate grounds to successfully defend the matters. Pending conclusion of the proceedings, no adjustments have been made in the financial results for the quarter and year ended March 31, 2026.
- 6) Exceptional items for the periods presented in the standalone results include following:
  - a. On November 21, 2025, the Government of India notified the four Labour Codes – the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 consolidating 29 existing labour laws. The Company has assessed and disclosed the incremental impact of these changes on the basis of the best information available and guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Company has presented such incremental impact under "Exceptional Items" in the financial results for the quarter ended December 31, 2025 and year ended March 31, 2026. The incremental impact on provisions for employee benefits expenses of Rs. 217.93 million (gross of tax) towards gratuity and compensated absences primarily arises due to change in wage definition. The Company continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect as and when such clarifications are issued/rules are notified.
  - b. The Company announced a Voluntary Separation Scheme ('VSS') for all eligible permanent workmen at specific plants of the Company. In this regard, the Company accepted separation of 338 employees and the separation cost of Rs. 663.44 million (gross of tax) associated with the VSS has been recognised as an exceptional item during the quarter ended December 31, 2025 and year ended March 31, 2026.
  - c. Estimated expenses directly attributable to the merger of Varroc Polymers Limited ('VPL') with the Company amounting to Rs 83.32 million and Rs. 196.02 million for the quarter and year ended March 31, 2025, respectively. Further, exceptional item also includes write back of excess accrual of aforesaid expenses of Rs. 10 million for the quarter ended December 31, 2025 and year ended March 31, 2026.
  - d. KTM AG, one of the customer of the Company, filed for insolvency and the Court admitted restructuring with self-administration in Austria. Considering these developments, the Company recognised a provision for the expected credit loss of trade receivables as exceptional item amounting to Rs. 12.10 million for the quarter and year ended March 31, 2025.
- 7) Other Income for the quarter and year ended March 31, 2025 includes dividend received from a subsidiary company of Rs. 125.79 million.
- 8) During the year ended March 31, 2024, the Company issued 25,000 number of listed Non-Convertible Debentures ('NCDs') of face value of Rs. 1,00,000 each aggregating to Rs. 2,500 million on a private placement basis. The NCDs were originally repayable in 16 equal quarterly instalments beginning from December 07, 2024. During the current quarter, the company exercised its call option available under the debenture trust deed on February 13, 2025 and repaid the NCDs in full on March 07, 2026.

For and on behalf of Board of Directors

Varroc Engineering Limited

Tarang Jain

Chairman and Managing Director



Place: Pune

Date: May 27, 2026



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

Particulars		Quarter Ended			Year Ended	
		March 31, 2026	December 31, 2025	March 31, 2025	March 31, 2026	March 31, 2025
Debt Equity ratio [refer note (i)]	(No of times)	0.28	0.32	0.48	0.28	0.48
Debt service coverage ratio [refer note (ii)]	(No of times)	3.62	3.55	2.21	3.00	1.79
Interest service coverage ratio [refer note (iii)]	(No of times)	7.83	8.01	6.17	7.11	4.90
Outstanding Redeemable Preference Shares (Qty / Value)		Not Applicable				
Capital Redemption Reserve		Not Applicable				
Debtenture Redemption Reserve		Not Applicable				
Net Worth [refer note (iv)]	(Rs. In Millions)	20,651.41	19,593.70	17,877.44	20,651.41	17,877.44
Net profit after tax	(Rs. In Millions)	1,018.22	320.89	1,056.62	2,881.93	2,758.50
<b>Earning per share (EPS)</b>						
Basic EPS (Not Annualised)	(Rs)	6.66	2.10	6.92	18.86	18.05
Diluted EPS (Not Annualised)	(Rs)	6.66	2.10	6.92	18.86	18.05
Current Ratio [refer note (v)]	(No of times)	0.79	0.76	0.75	0.79	0.75
Long Term Debt To Working Capital [refer note (vi)] ^	(No of times)	(0.65)	(0.78)	(1.72)	(0.65)	(1.72)
Current Liability Ratio [refer note (viii)]	(No of times)	0.87	0.87	0.83	0.87	0.83
Total Debts To Total Assets [refer note (ix)]	(No of times)	0.13	0.14	0.19	0.13	0.19
Debtors Turnover [refer note (x)] *	(No of times)	4.01	3.86	4.37	14.92	16.88
Inventory Turnover [refer note (xi)] *	(No of times)	1.98	2.00	2.02	8.15	8.93
Operating Margin [refer note (xii)]	(In %)	7.84%	7.40%	7.94%	7.26%	6.86%
Net Profit Margin [refer note (xiii)]	(In %)	4.74%	1.52%	5.52%	3.54%	3.74%
Security cover ratio [refer note (xvii)]	(No of times)	NA #	2.12	1.57	NA#	1.57

**Formulae for calculation of ratios are as follows:**

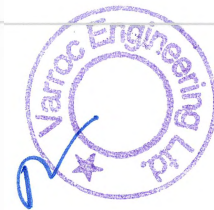
- (i) Debt Equity Ratio = [ Total Debt / Total Equity ]  
(ii) Debt service coverage ratio = [ (Earning before Interest, Tax, Depreciation, Amortisation and Exceptional item )/(Interest Expense + Principal repayments of long term loan made during the period excluding prepayment) ]  
(iii) Interest service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

^ Ratio is negative because net working capital is negative

\* Ratio is not annualised, except for the year ended March 31, 2026 and March 31, 2025

\*\* numbers are below 0.01

# NCDs have been repaid on March 07, 2026 (refer note 8), hence disclosure for security cover ratio is not applicable as at March 31, 2026



**Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To  
The Board of Directors of  
Varroc Engineering Limited

**Report on the audit of the Consolidated Financial Results****Qualified Opinion**

We have audited the accompanying statement of quarterly and year to date consolidated financial results of Varroc Engineering Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its joint ventures for the quarter ended March 31, 2026 and for the year ended March 31, 2026 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

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 reports of the other auditors on separate audited financial statements/ financial results/financial information of the subsidiaries and joint ventures, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' para below, the Statement:

- i. includes the results of the following entities  
**Subsidiaries:**  
Durovalves India Private Limited; Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited); Varroc European Holding B.V.; VarrocCorp Holding B.V.; Varroc Japan Co. Limited; Industria Meccanica e Stampaggio S.p.A., Italy; Varroc Italy S.p.A; Varroc Romania SA.; Varroc Vietnam Co. Ltd.; Varroc Electronics Romania SRL; Varroc Poland s.p.z.o.o; Varroc Germany GmbH; Varroc Intelligent Driving Research and Development Centre (Changzhou) Co. Ltd.; Varroc (Thailand) Company Limited (erstwhile Varroc (Thailand) Company Limited)  
**Joint Ventures:**  
Nuova CTS, Srl, Italy; Varroc Dell'Orto Private Limited
- ii. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group for the quarter ended March 31, 2026 and for the year ended March 31, 2026.

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## **Basis for Qualified Opinion**

As disclosed in Note 3 to the Statement, during the current year, the Group received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognized during the quarter ended June 30, 2025 and Rs. 231.82 million recognized during the previous year ended March 31, 2025 by the Group under 'Revenue from operations', as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, during the current year, the Group also received a 'Statement of Claim' under the arbitration proceedings with TYC Parties on the aforesaid matter and on certain additional claims/ breaches under the aforesaid TMA against which the Company has filed Statement of defense in March 2026.

Pending disposal of the arbitration proceedings and in the absence of sufficient appropriate audit evidence, we are unable to comment on the said income recognized in the books and consequential impact, including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the quarter and the year ended March 31, 2026 and retained earnings as at March 31, 2026.

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" 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 and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Statement.

## **Emphasis of Matter**

We draw attention to the following matters:

- a. Note 4 of the Statement regarding an arbitration initiated by OPmobility Lighting Holding, France ("OPmobility") at the ICC International Court of Arbitration alleging breaches of certain covenants under the Securities Purchase Agreement entered with OPmobility. Pending disposal of the arbitration proceedings and basis the legal opinion obtained, the management of the Group believes that no provision is considered necessary in the consolidated financial results.
- b. Note 5 of the Statement which describes the effects of the Orders received by the Group from GST Appellate Authorities. The Group is in the process of filing further appeals against the aforesaid Orders, pending conclusion of which no adjustments have been made in respect of these matters in the consolidated financial results.

Our opinion is not modified in respect of these matters.

## **Management's Responsibilities for the Consolidated Financial Results**

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group including its joint ventures in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The 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



# **SRBC & COLLP**

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controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement 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 Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, 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.

The 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 Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Statement 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 Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities 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 Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, 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.



# **S R B C & COLLP**

Chartered Accountants

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement 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.

We also performed procedures in accordance with the Master Circular issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

## **Other Matter**

The accompanying Statement includes the audited financial results/statements and other financial information, in respect of:

- 7 subsidiaries whose financial results/statements include total assets of Rs 9,952.52 million as at March 31, 2026, total revenues of Rs 1,890.54 million and Rs 6,198.09 million, total net profit / (loss) after tax of (Rs 267.57 million) and (Rs 1,056.48 million), total comprehensive income of (Rs 282.14 million) and (Rs 1,071.05 million), for the quarter and the year ended on that date respectively, and net cash inflows of Rs 424.67 million for the year ended March 31, 2026, as considered in the Statement which have been audited by their respective independent auditors.
- 1 joint venture whose financial results/statements include Group's share of net profit of Rs 10.13 million and Rs 25.20 million and Group's share of total comprehensive income of Rs 10.13 million and Rs 25.20 million for the quarter and for the year ended March 31, 2026 respectively, as considered in the Statement whose financial results/financial statements, other financial information have been audited by their respective independent auditors.

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

Certain of these subsidiaries and joint ventures are located outside India whose financial results/financial statements and other financial information have been prepared in accordance with the 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 results / financial statements of such subsidiaries and joint ventures 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 and joint ventures 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.

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

- 4 subsidiaries whose financial results/statements and other financial information reflect total assets of Rs 1,451.04 million as at March 31, 2026, and total revenues of Rs 266.81 million and Rs 847.48 million, total net profit / (loss) after tax of (Rs 61.28 million) and (Rs 236.45 million), total comprehensive income of (Rs 61.28 million) and (Rs 236.45 million), for the quarter and the year ended on that date respectively and net cash inflows of Rs 9.49 million for the year ended March 31, 2026, whose financial results /statements and other financial information have not been audited by any auditor;
- 1 joint venture whose financial results/statements includes the Group's share of net profit of Rs 4.00 million and Rs 12.04 million and Group's share of total comprehensive income of Rs 4.00 million and Rs 12.04 million for the quarter and for the year ended March 31, 2026 respectively, as considered in the Statement whose financial results /statements and other financial information have not been audited by any auditor.



# **S R B C & COLL P**

**Chartered Accountants**

These unaudited financial statements/ financial information/ financial results have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, is based solely on such unaudited financial statements/ financial information/financial results. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information/financial results are not material to the Group.

Our opinion on the Statement 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 Results/financial information certified by the Management.

The Statement includes the results for the quarter ended March 31, 2026 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2026 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For **S R B C & COLL P**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



**per Mustafa Saleem**

Partner

Membership No.: 136969



UDIN: 26136969FWCGBW2773

Place of Signature: Pune

Date: May 27, 2026

**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, 2026  
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

**I.**

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in million except EPS)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in million)
1.	Turnover / Total income	89,080.39	N/A
2.	Total Expenditure	85,266.20	N/A
3.	Net Profit/(Loss)	2,298.33	N/A
4.	Earnings Per Share	Rs. 14.73	N/A
5.	Total Assets	48,746.92	N/A
6.	Total Liabilities	30,565.07	N/A
7.	Net Worth	18,181.85	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:	<p>Following qualification has been given by the Auditors in the audit report on Consolidated financial statements of the Company:</p> <p>The Group received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognized during the year ended March 31, 2026 and Rs. 231.82 million recognized during the previous year ended March 31, 2025 by the Group under 'Revenue from operations', as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Group also received a 'Statement of Claim' under the arbitration proceedings with TYC Parties on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA against which the Company has filed Statement of defence in March 2026.</p> <p>Pending disposal of the arbitration proceedings and in the absence of sufficient appropriate audit evidence, we are unable to comment on the said income recognized in the books and consequential impact, including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the year ended March 31, 2026 and retained earnings as at March 31, 2026.</p>

Sl No.	Particulars	Remarks
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	First time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	N/A
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:  (i) Management's estimation on the impact of audit qualification:  (ii) If management is unable to estimate the impact, reasons for the same:  (iii) Auditors' Comments on (i) or (ii) above:	N/A  The Group has strong belief that the income recognized in the books have been received based on valid agreement(s) entered into between the parties and necessary services have been availed by overseas entities.  The Group believes that it has a strong case and will take appropriate actions, including filing of counter claims, as necessary to protect its interests. Pending disposal of the arbitration proceedings, the Group is unable to determine the possible impact of this matter.  As explained to us by the management, the Group is contesting all the claims by TYC Parties under the arbitration proceedings. Pending disposal of such arbitration proceedings, the Group is unable to determine the possible impact of the matter on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the year ended March 31, 2026 and retained earnings as at March 31, 2026.

### III. Signatories

For and behalf of the Board

**Tarang Jain**  
Chairman & Managing Director

Place: Pune

Date: May 27, 2026



**K Mahendra Kumar**  
**Group CFO**

**Place:** Pune  
**Date:** May 27, 2026



**Vinish Kathuria**  
**Chairman of Audit Committee**  
**Place:** Pune  
**Date:** May 27, 2026

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



**Mustafa Saleem**  
**Partner**  
**Membership Number:** 136969  
**Place:** Pune  
**Date:** May 27, 2026



**Statement of Audited Consolidated Financial Results for the Quarter and Year ended March 31, 2026**

(Rs. in Million)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2026	December 31, 2025	March 31, 2025	March 31, 2026	March 31, 2025
		Audited (Refer note 2)	Unaudited	Audited (Refer note 2)	Audited	Audited
1	Revenue from operations (refer note 3)	23,680.84	22,875.20	20,992.01	88,904.93	81,540.84
2	Other income	55.33	42.96	48.39	175.46	176.82
3	<b>Total income (1+2)</b>	<b>23,736.17</b>	<b>22,918.16</b>	<b>21,040.40</b>	<b>89,080.39</b>	<b>81,717.66</b>
4	<b>Expenses</b>					
	(a) Cost of materials consumed	15,655.59	14,909.93	13,073.32	57,606.86	52,391.04
	(b) Changes in inventories of work-in-progress and finished goods	(451.72)	(20.32)	390.04	(590.57)	(298.84)
	(c) Employee benefits expense	2,369.69	2,354.46	2,132.77	9,631.21	8,877.11
	(d) Finance costs	348.86	311.58	407.92	1,342.19	1,702.29
	(e) Foreign exchange (gain)/loss (net)	81.11	22.86	(73.89)	65.55	(120.39)
	(f) Depreciation and amortisation expense	856.49	823.81	814.23	3,317.11	3,233.21
	(g) Other expenses	3,802.60	3,509.20	3,262.37	13,893.85	12,804.37
	<b>Total expenses (4)</b>	<b>22,662.62</b>	<b>21,911.52</b>	<b>20,006.76</b>	<b>85,266.20</b>	<b>78,588.79</b>
5	<b>Profit before exceptional item, share of profit of joint ventures and tax (3-4)</b>	<b>1,073.55</b>	<b>1,006.64</b>	<b>1,033.64</b>	<b>3,814.19</b>	<b>3,128.87</b>
6	Exceptional item (refer note 6)	-	1,048.81	564.19	436.87	1,473.37
7	<b>Profit/ (Loss) before share of profit of joint ventures and tax (5-6)</b>	<b>1,073.55</b>	<b>(42.17)</b>	<b>469.45</b>	<b>3,377.32</b>	<b>1,655.50</b>
8	Share of profit of Joint Ventures	14.12	9.35	3.07	37.24	37.09
9	<b>Profit/ (Loss) before tax (7+8)</b>	<b>1,087.67</b>	<b>(32.82)</b>	<b>472.52</b>	<b>3,414.56</b>	<b>1,692.59</b>
10	<b>Tax expense</b>					
	Current tax	48.27	17.32	45.78	147.73	151.13
	Short/ (excess) provision in respect of earlier year	0.09	0.77	-	7.11	8.02
	Deferred tax	334.78	62.12	196.84	961.39	836.68
	<b>Total tax expense (10)</b>	<b>383.14</b>	<b>80.21</b>	<b>242.62</b>	<b>1,116.23</b>	<b>995.83</b>
11	<b>Profit/ (Loss) for the period (9-10)</b>	<b>704.53</b>	<b>(113.03)</b>	<b>229.90</b>	<b>2,298.33</b>	<b>696.76</b>
12	<b>Other comprehensive income</b>					
A	<b>Items to be reclassified to profit or loss in subsequent periods</b>					
	Net movement on effective portion of Cash Flow Hedges (net of tax)	15.47	33.79	-	-	-
	Exchange differences in translating the financial statements of foreign operations (refer note 6e)	170.46	109.89	13.69	14.21	91.05
B	<b>Items not to be reclassified to profit or loss in subsequent periods</b>					
	Remeasurement of defined benefit obligation (net of tax)	18.94	23.80	(23.17)	42.74	(23.24)
	<b>Total Other comprehensive income/(loss), (net of tax) (12)</b>	<b>204.87</b>	<b>167.48</b>	<b>(9.48)</b>	<b>56.95</b>	<b>67.81</b>
13	<b>Total comprehensive income for the period (11+12)</b>	<b>909.40</b>	<b>54.45</b>	<b>220.42</b>	<b>2,355.28</b>	<b>764.57</b>
14	<b>Profit/ (Loss) for the period attributable to:</b>					
	Shareholders of the Company	693.15	(102.97)	205.74	2,250.31	612.30
	Non-controlling interests	11.38	(10.06)	24.16	48.02	84.46
15	<b>Other comprehensive income/(loss) attributable to:</b>					
	Shareholders of the Company	203.93	166.67	(9.32)	55.20	67.97
	Non-controlling interests	0.94	0.81	(0.16)	1.75	(0.16)
16	<b>Total comprehensive income/ (loss) for the period attributable to:</b>					
	Shareholders of the Company	897.08	63.70	196.42	2,305.51	680.27
	Non-controlling interests	12.32	(9.25)	24.00	49.77	84.30
17	Paid-up equity share capital (face value of Re.1/- each)	152.79	152.79	152.79	152.79	152.79
18	Reserves excluding revaluation reserves as per balance sheet				17,650.57	15,497.85
19	<b>Earnings per equity share attributable to Owners (Nominal value per share: Re.1/- each) (not annualised)</b>					
	Basic and diluted (in Rupees)	4.54	(0.67)	1.35	14.73	4.01



**Varroc Engineering Limited**

Registered Office: L-4, MIDC Area, Waluj, Chhatrapati Sambhaji Nagar

CIN : L28920MH1988PLC047335

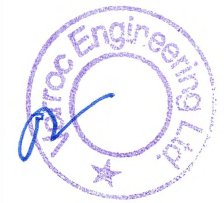
Tel: +91 240 6653 700/6653 699, Fax: +91 240 2564 540, E-mail : investors@varroc.com



**Statement of Audited Consolidated Assets and Liabilities as at March 31, 2026**

(Rs. in Million)

Sr. No.	Particulars	As at	As at
		March 31, 2026	March 31, 2025
		Audited	Audited
<b>A. ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment		18,674.43	16,849.54
(b) Capital work-in-progress		951.60	1,000.47
(c) Goodwill		489.32	473.06
(d) Other intangible assets		434.96	450.18
(e) Right-of-use assets		2,724.82	2,387.18
(f) Intangible assets under development		555.51	32.22
(g) Investments accounted for using the equity method		198.63	166.20
(h) Financial assets			
(i) Investments		68.62	147.27
(ii) Other financial assets		242.77	201.56
(i) Income tax assets (net)		310.99	178.18
(j) Deferred tax assets (net)		67.86	863.04
(k) Other non-current assets		854.98	744.01
<b>Total non-current assets</b>		<b>25,574.49</b>	<b>23,492.91</b>
<b>II Current assets</b>			
(a) Inventories		9,331.11	7,327.62
(b) Financial assets			
(i) Investments *		616.37	374.31
(ii) Trade receivables		7,345.36	6,797.60
(iii) Cash and cash equivalents		1,249.85	1,114.77
(iv) Bank balances other than (iii) above		558.52	518.59
(v) Loans		0.15	0.12
(vi) Other financial assets		217.90	143.39
(c) Other current assets		3,853.17	3,554.67
<b>Total current assets</b>		<b>23,172.43</b>	<b>19,831.07</b>
<b>III Assets classified as held for sale (refer note 6e)</b>		-	3,395.15
<b>Total Assets (I+II+III)</b>		<b>48,746.92</b>	<b>46,719.13</b>



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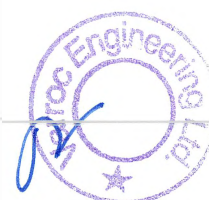


**Statement of Audited Consolidated Assets and Liabilities as at March 31, 2026**

(Rs. in Million)

Sr. No.	Particulars	As at	As at
		March 31, 2026	March 31, 2025
		Audited	Audited
<b>B.</b>	<b>EQUITY AND LIABILITIES</b>		
<b>I</b>	<b>Equity</b>		
	(a) Equity share capital	152.79	152.79
	(b) Other equity	17,650.57	15,497.85
	<b>Equity attributable to owners</b>	<b>17,803.36</b>	<b>15,650.64</b>
	Non-controlling interests	378.49	328.72
	<b>Total equity</b>	<b>18,181.85</b>	<b>15,979.36</b>
<b>II</b>	<b>Liabilities</b>		
<b>(1)</b>	<b>Non-current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	2,084.56	3,195.32
	(ia) Lease liabilities	1,521.12	1,443.85
	(ii) Other financial liabilities	16.89	15.82
	(b) Provisions	221.61	187.72
	(c) Deferred tax liabilities (net)	223.50	46.79
	(d) Other non current liabilities	-	0.25
	(e) Deferred government grants	225.52	226.25
	<b>Total non-current liabilities</b>	<b>4,293.20</b>	<b>5,116.00</b>
<b>(2)</b>	<b>Current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	5,292.39	6,292.44
	(ia) Lease liabilities	348.31	252.79
	(ii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	2,504.60	1,804.56
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	12,046.75	11,457.30
	(c) Acceptances	668.31	663.30
	(iii) Other financial liabilities	3,254.38	2,967.62
	(b) Provisions	445.08	304.94
	(c) Current tax liabilities (net)	43.57	10.23
	(d) Other current liabilities	1,602.45	1,766.65
	(e) Deferred government grants	66.03	103.94
	<b>Total current liabilities</b>	<b>26,271.87</b>	<b>25,623.77</b>
<b>III</b>	<b>Total Equity and Liabilities (I+II)</b>	<b>48,746.92</b>	<b>46,719.13</b>

\* Pertains to investment in liquid mutual funds.





**Audited Consolidated Statement of Cash Flows for the year ended March 31, 2026**

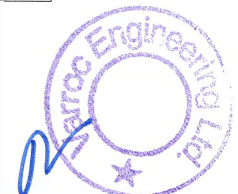
(Rs. in Million)

Sr. No.	Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
		Audited		Audited	
<b>A</b>	<b>Cash flow from operating activities</b>				
	<b>Profit/(loss) before tax and exceptional items</b>		3,851.43		3,165.96
	Adjustments for :				
	Depreciation and amortisation expense	3,317.11		3,233.21	
	Net loss/(gain) on disposal of property, plant and equipment/ intangible assets	(0.77)		(26.32)	
	Provision for doubtful debts and advances	(0.01)		6.95	
	Interest expenses	1,333.09		1,702.29	
	Unwinding of interest on security deposit	(6.37)		-	
	Gain on sale of current investments	(11.62)		(36.58)	
	Share in profit of Joint Venture accounted for using the equity method	(37.24)		(37.09)	
	Liabilities no longer required written back	(0.03)		(0.60)	
	Payment against Voluntary Separation Scheme (VSS)	(799.49)		-	
	Impact of changes in new wage code on Employee benefit expenses	(225.49)		-	
	Write-back of excess accrual of merger expenses	10.00		-	
	Gain/(Loss) on liquidation of Step-down Subsidiary	(33.83)		-	
	Unrealised exchange gain on forward Contracts	(4.18)		-	
	Increase in surrender value of keyman insurance policy	-		(18.33)	
	Net foreign exchange differences (unrealised)	88.58		(120.39)	
	Dividend income	(0.03)		-	
	Interest income	(108.07)		(55.17)	
	<b>Operating profits before working capital changes</b>		3,521.65		4,647.97
	Adjustments for changes in:				
	Inventories	(1,790.67)		(551.70)	
	Trade receivables	(329.78)		(1,883.34)	
	Other assets	(674.32)		(398.69)	
	Trade payables	1,059.72		1,519.92	
	Other liabilities and provisions	(12.73)		775.76	
			(1,747.78)		(538.05)
	<b>Cash generated from operations</b>		5,625.30		7,275.88
	Taxes paid (net of refund received)		(257.28)		91.32
	<b>Net cash flow generated from operating activities</b>		5,368.02		7,367.20
<b>B</b>	<b>Cash flow from investing activities</b>				
	Dividend received	10.58		-	
	Interest received	105.61		50.39	
	Proceeds from sale of China JV	3,406.64		-	
	(Purchase of)/proceeds from sale of current investment (net)	(211.00)		625.44	
	(Purchase of)/Proceeds from sale of non current investment (net)	(0.34)		(97.21)	
	Proceeds from sale of property, plant and equipment	186.42		167.74	
	Purchase of property, plant and equipment	(3,974.92)		(2,787.99)	
	Costs incurred on intangible assets	(711.63)		(100.91)	
	Fixed deposits (with maturity of more than 3 months) redeemed/(purchased) (net)	(41.17)		(320.71)	
	<b>Net cash used in investing activities</b>		(1,229.81)		(2,463.25)
<b>C</b>	<b>Cash flow from financing activities</b>				
	Proceeds from long-term borrowings	1,853.94		45.73	
	Repayment of long-term borrowings	(4,613.98)		(4,588.77)	
	Payment of principal portion of lease liability	(308.29)		(454.89)	
	Payment of interest on lease liability	(145.33)		(130.21)	
	Proceeds from/(repayment of) short term borrowings (net)	486.64		1,805.53	
	Dividend paid on equity shares	(152.79)		-	
	Interest paid	(1,175.04)		(1,581.88)	
	<b>Net cash flow used in financing activities</b>		(4,054.85)		(4,904.49)
	<b>Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)</b>		83.36		(0.54)
	<b>Opening cash and cash equivalents</b>		1,114.77		1,104.37
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		51.72		10.94
	<b>Total</b>		1,166.49		1,115.31
	<b>Closing cash and cash equivalents</b>		1,249.85		1,114.77

Sr. No.	Particulars	As at March 31, 2026		As at March 31, 2025	
		(Rs. in Million)		(Rs. in Million)	
	<b>Cash and cash equivalents consists of:</b>				
A	Cash and cash equivalents				
i.	Cash in hand		0.20		0.18
ii.	<b>Bank balances</b>				
	- Current accounts		907.15		629.56
	- Deposits with maturity of less than three months		342.50		485.03
			1,249.85		1,114.77

**Notes:**

- 1 The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 on "Statement of Cash flows".
- 2 Figures in brackets represent out flow of cash and cash equivalents.





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

Particulars		Quarter ended			Year ended	
		March 31, 2026	December 31, 2025	March 31, 2025	March 31, 2026	March 31, 2025
Debt Equity ratio [refer note (i)]	(No. of times)	0.41	0.44	0.59	0.41	0.59
Debt Service Coverage Ratio [refer note (ii)]	(No. of times)	3.24	3.21	2.01	2.78	1.76
Interest Service Coverage Ratio [refer note (iii)]	(No. of times)	6.57	6.90	5.54	6.34	4.76
Outstanding Redeemable Preference Shares (Qty / Value)		Not Applicable				
Capital Redemption Reserve		Not Applicable				
Debt Redemption Reserve		Not Applicable				
Net Worth [refer note (iv)]	(Rs. in Million)	18,181.85	17,272.45	15,979.36	18,181.85	15,979.36
Net Profit after Tax	(Rs. in Million)	704.53	(113.03)	229.90	2,298.33	696.76
<b>Earning per share (EPS)</b>						
Basic EPS (Not Annualised)	(Rs.)	4.54	(0.67)	1.35	14.73	4.01
Diluted EPS (Not Annualised)	(Rs.)	4.54	(0.67)	1.35	14.73	4.01
Current Ratio [refer note (v)]	(No. of times)	0.88	0.86	0.77	0.88	0.77
Long Term Debt to Working Capital Ratio [refer note (vi)] ^	(No. of times)	(1.13)	(1.39)	(1.59)	(1.13)	(1.59)
Bad Debts to Account Receivable Ratio [refer note (vii)] **	(No. of times)	0.00	(0.00)	(0.00)	(0.00)	0.00
Current Liability Ratio [refer note (viii)]	(No. of times)	0.86	0.87	0.83	0.86	0.83
Total Debts to Total Assets Ratio [refer note (ix)]	(No. of times)	0.15	0.16	0.20	0.15	0.20
Debtors Turnover Ratio [refer note (x)] *	(No. of times)	3.47	3.38	3.65	12.57	13.92
Inventory Turnover Ratio [refer note (xi)] *	(No. of times)	1.69	1.72	1.74	6.85	7.40
Operating Margin [refer note (xii)]	(in %)	6.12%	5.67%	6.28%	5.68%	5.56%
Net Profit Margin [refer note (xiii)]	(in %)	2.98%	-0.49%	1.10%	2.59%	0.85%
Security cover ratio [refer note (xvii)]	(No of times)	NA#	2.12	1.57	NA#	1.57

**Formulae for calculation of ratios are as follows:**

- (i) Debt Equity Ratio = [ Total Debt / Total Equity ]  
(ii) Debt Service Coverage Ratio = [ (Earnings before Interest, Tax, Depreciation & Amortisation expense and Exceptional Item)/(Interest Expense + Principal repayments of long term loan made during the period excluding prepayment) ]  
(iii) Interest Service Coverage Ratio = [ (Earnings before Interest, Tax, Depreciation & Amortisation expense and Exceptional Item)/(Interest Expense) ]  
(iv) Net Worth = [ Equity Share Capital + Other equity + Non-controlling Interests ]  
(v) Current Ratio = [ Current Assets<sup>^^</sup> / Current Liabilities ]  
(vi) Long Term Debt to Working Capital = [ Non Current Borrowings (including Current Maturities of Long Term Borrowings) / Working Capital ]  
(vii) Bad Debts to Accounts Receivable Ratio = [ (Bad debts written off + Provision for bad debts charged to Profit and Loss account) / Average Trade Receivables ]  
(viii) Current Liability Ratio = [ Current Liability / Total Liability ]  
(ix) Total Debts to Total assets = [ Total Debt / Total Assets ]  
(x) Debtors Turnover = [ Revenue from Operations / Average Debtors ]  
(xi) Inventory Turnover = [ (Cost of Material Consumed + Changes in stock of finished goods and work-in-progress) / Average Inventory ]  
(xii) Operating Margin = [ (Earnings before Interest, Tax, Exceptional Item and Share of Profit from Joint Venture - Other Income +/- foreign exchange (gain)/loss (net)) / Revenue from Operations ]  
(xiii) Net Profit Margin = [ Net Profit after Tax / Revenue from Operations ]  
(xiv) Total Debt = [ Long Term Borrowings + Short Term Borrowings (includes Current Maturities of Long Term Borrowings) ]  
(xv) Total Equity = [ Equity Share Capital + Other Equity ]  
(xvi) Working Capital = [ Total Current Assets<sup>^^</sup> - Total Current Liabilities (excluding Current Maturities of Long Term Borrowings) ]  
(xvii) Security cover ratio = [Book value of specific identified movable fixed assets both present and future of the company as per debenture trust deed / (NCD principal amount +Interest payable till date)]

\* Ratio not annualised, except for the year ended March 31, 2025.

\*\* numbers are below 0.01

^ Ratio is negative because net working capital is negative.

^^ Current Assets are excluding assets held for sale.

# NCDs have been repaid on March 07, 2026 (refer note 7), hence disclosure for security cover ratio is not applicable as at March 31, 2026.





**Audited Consolidated Segment wise Revenue, Results, Assets and Liabilities**

(Rs. in Million)

Particulars	Quarter ended			Year ended	
	March 31, 2026	December 31, 2025	March 31, 2025	March 31, 2026	March 31, 2025
	Audited (Refer note 2)	Unaudited	Audited (Refer note 2)	Audited	Audited
<b>1) Segment Revenue</b>					
(i) Automotive (refer note 3)	22,961.03	22,223.09	20,356.25	86,487.52	79,338.94
(ii) Others	719.81	652.11	635.76	2,417.41	2,201.90
<b>Revenue from operations</b>	<b>23,680.84</b>	<b>22,875.20</b>	<b>20,992.01</b>	<b>88,904.93</b>	<b>81,540.84</b>
<b>2) Segment Results</b>					
(i) Automotive (refer note 6a, 6b, 6c, 6d & 6g)	1,411.07	326.49	1,326.05	4,276.42	4,811.26
(ii) Others	(14.92)	(76.61)	(29.99)	(276.92)	(257.13)
Total segment results	1,396.15	249.88	1,296.06	3,999.50	4,554.13
Add/ (Less) :					
(a) Finance Cost	(348.86)	(311.58)	(407.92)	(1,342.19)	(1,702.29)
(b) Net unallocated (expenditure) / income (refer note 6e & 6f)	40.38	28.88	(415.62)	757.25	(1,159.25)
<b>Profit/(loss) before tax</b>	<b>1,087.67</b>	<b>(32.82)</b>	<b>472.52</b>	<b>3,414.56</b>	<b>1,692.59</b>
<b>3) Segment Assets</b>					
(i) Automotive	44,070.02	41,864.47	38,310.66	44,070.02	38,310.66
(ii) Others	2,485.48	2,355.57	2,260.65	2,485.48	2,260.65
Total segment assets	46,555.50	44,220.04	40,571.31	46,555.50	40,571.31
Add : Unallocated (refer note 6e)	2,191.42	2,999.27	6,147.82	2,191.42	6,147.82
<b>Total assets</b>	<b>48,746.92</b>	<b>47,219.31</b>	<b>46,719.13</b>	<b>48,746.92</b>	<b>46,719.13</b>
<b>4) Segment Liabilities</b>					
(i) Automotive	22,252.17	21,660.24	20,582.86	22,252.17	20,582.86
(ii) Others	632.64	567.72	590.30	632.64	590.30
Total segment liabilities	22,884.81	22,227.96	21,173.16	22,884.81	21,173.16
Add : Unallocated	7,680.26	7,718.90	9,566.61	7,680.26	9,566.61
<b>Total liabilities</b>	<b>30,565.07</b>	<b>29,946.86</b>	<b>30,739.77</b>	<b>30,565.07</b>	<b>30,739.77</b>

**Notes to Consolidated Financial Results:**

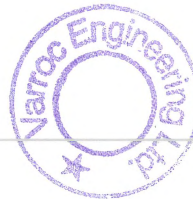
- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 27, 2026 and were subjected to audit by the Statutory Auditors.
- The figures for the quarter ended March 31, 2026 and March 31, 2025 are the derived figures between the audited figures in respect of full financial year and the unaudited published year-to-date figures upto the third quarter of the respective financial year which were subjected to limited review.
- The Group had received a settlement offer during the quarter ended June 30, 2025 from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognized during the quarter ended June 30, 2025 and Rs. 231.82 million recognized during the previous year ended March 31, 2025 by the Group under 'Revenue from operations', as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Group received Statement of Claim under the arbitration proceedings originally initiated by TYC Parties in August 2022, on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA, which are to be quantified against which the Company has filed Statement of defence in March 2026. The Group believes that it has a strong case and will take appropriate actions as necessary to protect its interests. The auditors in their audit report have included a qualification in respect of this matter.
- On July 7, 2025, the Group received an intimation from ICC International Court of Arbitration with respect to a Request for Arbitration initiated by OPMobility Lighting Holding, France (Erstwhile PO Lighting Systems). The request pertains to certain alleged breaches of covenants under the Securities Purchase Agreement executed between the parties on April 29, 2022, and subsequently amended on October 5, 2022, May 12, 2023, and June 15, 2023. Claims in respect of some of the breaches have been quantified at US\$ 66.41 million plus legal costs while for others no quantification has been provided. The Group is evaluating the matter and exploring legal and contractual remedies. It intends to contest the claims and take appropriate steps to protect its interests. Based on a legal opinion obtained, the Group believes that it has grounds to defend against the said allegations and accordingly no provision has been considered in respect of this matter in these results.
- The Group had received following GST orders in relation to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023:
  - Order dated November 5, 2024 from Additional Commissioner of CGST & Central Excise for appropriation of GST dues amounting to Rs. 629 million along with equivalent penalty and applicable interest;
  - Order dated January 03, 2025 from Commercial Tax Officer (Divisional GST office, Karnataka) consisting of demand for GST dues amounting to Rs. 0.03 million along with interest of Rs. 302.67 million and penalty of Rs. 564.19 million.

The Group had paid the principal demand and had filed appeals against the above orders which have been partly allowed resulting in reduction of total demand to Rs. 284 million. The Group intends to pursue further appellate remedies in respect of the interest and penalty components. Based on legal advice and assessment of the merits of the cases, management believes that it has adequate grounds to successfully defend the matters. Pending conclusion of the proceedings, no adjustments have been made in the financial results for the quarter and year ended March 31, 2026.





- 6 Exceptional items for the periods presented in the consolidated financial results include the following:
- a) On November 21, 2025, the Government of India notified the four Labour Codes – the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 consolidating 29 existing labour laws. The Group has assessed and disclosed the incremental impact of these changes on the basis of the best information available and guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Group has presented such incremental impact under "Exceptional Items" in the financial results for the quarter ended December 31, 2025 and year ended March 31, 2026. The incremental impact on provisions for employee benefits expenses of Rs. 225.49 million (gross of tax) towards gratuity and compensated absences primarily arises due to change in wage definition. The Group continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect as and when such clarifications are issued/rules are notified.
- b) The Group announced a Voluntary Separation Scheme ('VSS') for all eligible permanent workmen at specific plants of the Group. In this regard, the Group accepted separation of 411 employees and the separation cost of Rs. 799.49 million (gross of tax) associated with the VSS has been recognised as an exceptional item during the quarter ended December 31, 2025 and year ended March 31, 2026.
- c) Estimated expenses directly attributable to the merger of Varroc Polymers Limited ('VPL') with the Varroc Engineering Limited ('VEL'), the Holding company, amounting to Rs. 83.32 million and Rs. 196.02 million for quarter and year ended March 31, 2025, respectively. Further, exceptional item also includes write back of excess accrual of aforesaid expenses of Rs. 10.00 million for the quarter ended December 31, 2025 and year ended March 31, 2026.
- d) Net loss of Rs. 33.83 million for the quarter ended December 31, 2025 and year ended March 31, 2026 pertaining to liquidation of a step-down subsidiary, Varroc Lighting Systems, Bulgaria, EOOD.
- e) On December 11, 2024, the Group received an order from ICC International Court of Arbitration ('ICC') in respect of the ongoing arbitration between Varroc Corp Holding B.V. ('VCHBV') jointly with Varroc Engineering Limited and Beste Motor Co. Ltd. ('TYC BVI Entity') jointly with TYC Brother Industrial Co. Ltd ('TYC Group') and Varroc TYC Corporation ('VTYC' or 'China JV'), wherein VCHBV was directed to transfer its 50% shareholding in VTYC to TYC BVI Entity for a consideration of RMB 310.50 million. Accordingly, the Group assessed that its investment in VTYC (a joint venture accounted for under the equity method) satisfies the criteria prescribed under Ind AS 105 'Non-Current Assets Held for Sale and Discontinued Operations' for classification as 'Assets held for sale' and had written down this investment to Rs. 3,395.15 million which was its fair value less costs to sell. The resulting estimated impairment loss of Rs. 10.34 million and Rs. 806.82 million for the quarter and year ended March 31, 2025, respectively, was disclosed as an Exceptional item in the financial results. The Group received above consideration on May 07, 2025 and transferred its investments in China JV. On account of such disposal, the cumulative exchange gains pertaining to China JV of Rs. 611.94 million, which had been recognised in Other Comprehensive Income and accumulated in foreign currency translation reserve during the previous periods, have been reclassified to the Statement of Profit or Loss. This has been disclosed as an exceptional item and reduced from Other Comprehensive Income for the year ended March 31, 2026.
- f) On April 21, 2025, the Group received final order from ICC in respect of the above arbitration wherein the Group was directed to pay to TYC Group legal costs pertaining to the arbitration incurred by TYC Group amounting to Rs. 439.91 million. The group recognised a provision for this cost as at March 31, 2025 and the same was disclosed as an Exceptional item in the financial results for the quarter and year ended March 31, 2025.
- g) KTM AG group, one of the customers of the Group, filed for insolvency and the Court admitted restructuring with self-administration in Austria. Considering these developments, the Group recognised a provision for expected credit loss of trade receivables of KTM AG Group amounting to Rs. 30.62 million in the quarter and year ended March 31, 2025.
- 7 During the year ended March 31, 2024, the Company issued 25,000 number of listed Non-Convertible Debentures ('NCD') of face value of Rs. 1,00,000 each aggregating to Rs. 2,500 million on a private placement basis. The NCDs were originally repayable in 16 equal quarterly instalments beginning from December 07, 2024. During the current quarter, the Company exercised its call option available under the debenture trust deed on February 13, 2025 and repaid the NCDs in full on March 07, 2026.
- 8 The 'Automotive' segment consists of the business of automobile products consisting of auto parts for two-wheelers, three-wheelers and four-wheelers and related design, development and engineering activities and other services. 'Others' comprise of forging components for off road vehicles and components for mining and oil drilling industry which is below the thresholds for reporting as separate operating segment. Investment in joint ventures and corresponding share of profit/loss from joint ventures is considered under unallocated assets and profit/loss respectively.



For and on behalf of Board of Directors  
Varroc Engineering Limited

Tarang Jain  
Chairman and Managing Director

Place : Pune  
Date : May 27, 2026