S R B C & CO LLP
Chartered Accountants

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

Review Report to
The Board of Directors
Varroc Engineering Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Varroc Engineering Limited (the "Company") for the quarter ended June 30, 2025 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Basis for Qualified Conclusion
As disclosed in Note 3 to the Statement, during the previous 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' in the previous year, 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 previous year and consequential impact including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income, reserves and surplus and earnings per share for the quarter ended June 30, 2026. Our report for the quarter and year ended March 31, 2026 and quarter ended June 30, 2025 was also qualified in respect of this matter.

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5. Qualified Conclusion
   Based on our review conducted as above except for the possible effects of the matter in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. 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 has filed further appeal against one of the orders and is in process of filing further appeal against the other, pending conclusion of which no adjustments have been made in respect of these matters in the standalone financial results.

Our conclusion on the Statement is not modified in respect of the above matters.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Mustafa Saleem
Partner
Membership No.: 136969

UDIN: 26136969WGELPM6034
Place : Pune
Date : August 06, 2026

Varroc Engineering Limited
Registered and Corporate Office : L-4, MIDC Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra
CIN: L28920MH1988PLC047335
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Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2026

(Rs. in Million)

Sr. No.	Particulars	Quarter Ended			Year Ended
		June 30, 2026	March 31, 2026	June 30, 2025	March 31, 2026
		Unaudited	Audited (refer note 2)	Unaudited	Audited
1	Revenue from operations (refer note 3)	23,634.95	21,496.30	18,428.87	81,455.32
2	Other income	51.49	30.01	36.91	123.58
3	**Total Income (1 + 2)**	**23,686.44**	**21,526.31**	**18,465.78**	**81,578.90**
4	**Expenses**				
	(a) Cost of materials consumed	15,782.84	14,409.71	12,238.44	54,259.08
	(b) Changes in stock of finished goods and work-in-progress	62.97	(178.52)	(288.03)	(509.79)
	(c) Employee benefits expense	1,992.66	1,761.00	1,687.76	6,950.34
	(d) Finance costs	265.56	298.61	332.01	1,205.49
	(e) Foreign exchange (gain)/loss (net)	3.65	54.18	(17.99)	78.26
	(f) Depreciation and amortisation expense	678.98	679.01	624.39	2,610.84
	(g) Other expenses	3,564.43	3,140.44	2,709.32	12,234.60
	Total expenses (4)	**22,351.09**	**20,164.43**	**17,285.90**	**76,828.82**
5	**Profit before tax and exceptional items (3- 4)**	**1,335.35**	**1,361.88**	**1,179.88**	**4,750.08**
6	**Exceptional item (refer note 6)**	-	-	-	871.37
7	**Profit before tax (5-6)**	**1,335.35**	**1,361.88**	**1,179.88**	**3,878.71**
8	**Tax expense**				
	(a) Current tax	322.62	-	-	-
	(b) Short/(excess) provision in respect of earlier years	-	-	-	1.12
	(c) Deferred tax	24.06	343.66	313.60	995.66
	Total tax expense (8)	**346.68**	**343.66**	**313.60**	**996.78**
9	**Profit for the period (7-8)**	**988.67**	**1,018.22**	**866.28**	**2,881.93**
10	**Other comprehensive income**				
A	**Items that will be reclassified to profit or loss in subsequent periods (net of tax)**				
	Net movement on Effective portion of Cash Flow Hedges (net of tax)	-	15.47	(28.26)	-
B	**Items that will not be reclassified to profit or loss in subsequent periods (net of tax)**				
	Remeasurement of defined benefit obligation (net of tax)	-	24.02	-	44.83
	Total other comprehensive income/(loss), (net of tax) (10)	-	**39.49**	**(28.26)**	**44.83**
11	**Total comprehensive income for the period (9+10)**	**988.67**	**1,057.71**	**838.02**	**2,926.76**
12	Paid-up equity share capital (Face value of the share is Re.1/- each)	152.79	152.79	152.79	152.79
13	Reserves excluding revaluation reserves as per balance sheet of previous accounting year				17,724.65
14	Earnings per equity share (Nominal value per share Re. 1/- each) (not annualised) Basic & Diluted (in Rupees)	6.47	6.66	5.67	18.86

Varroc Engineering Ltd.

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varroc

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

Particulars		Quarter Ended			Year Ended
		June 30, 2026	March 31, 2026	June 30, 2025	March 31, 2026
Debt Equity ratio [refer note (i)]	(No of times)	0.28	0.28	0.39	0.28
Debt service coverage ratio [refer note (ii)]	(No of times)	6.38	3.62	2.27	3.00
Interest service coverage ratio [refer note (iii)]	(No of times)	8.59	7.83	6.43	7.11
Outstanding Redeemable Preference Shares (Qty / Value)		Not Applicable			
Capital Redemption Reserve					
Debenture Redemption Reserve					
Net Worth [refer note (iv)]	(Rs. In Millions)	21,640.08	20,651.41	18,715.46	20,651.41
Net profit after tax	(Rs. In Millions)	988.67	1,018.22	866.28	2,881.93
Earning per share (EPS)					
Basic EPS (Not Annualised)	(Rs)	6.47	6.66	5.67	18.86
Diluted EPS (Not Annualised)	(Rs)	6.47	6.66	5.67	18.86
Current Ratio [refer note (v)]	(No of times)	0.86	0.79	0.75	0.79
Long Term Debt To Working Capital [refer note (vi)] ^	(No of times)	(1.28)	(0.65)	(1.05)	(0.65)
Bad Debts To Account Receivable Ratio [refer note (vii)] **	(No of times)	0.00	-	-	0.00
Current Liability Ratio [refer note (viii)]	(No of times)	0.86	0.87	0.86	0.87
Total Debts To Total Assets [refer note (ix)]	(No of times)	0.12	0.13	0.17	0.13
Debtors Turnover [refer note (x)] *	(No of times)	3.48	4.01	3.65	14.92
Inventory Turnover [refer note (xi)] *	(No of times)	2.04	1.98	1.93	8.15
Operating Margin [refer note (xii)]	(In %)	6.56%	7.84%	7.91%	7.26%
Net Profit Margin [refer note (xiii)]	(In %)	4.18%	4.74%	4.70%	3.54%
Security cover ratio [refer note (xvii)]	(No of times)	NA#	NA#	1.72	NA#

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
(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
** numbers are below 0.01
# NCDs have been repaid on March 07, 2026, hence disclosure for security cover ratio is not applicable as at June 30, 2026 and March 31, 2026.

The Company has issued 1,000 listed unsecured Commercial Papers (CPs) of face value Rs. 5,00,000 aggregating to Rs. 500 million on July 22, 2026. The CPs have interest rate of 7.20% and are due for redemption on August 21, 2026.

Varroc Engineering Ltd. *

Varroc Engineering Limited
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Notes to Standalone Financial Results:

1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 06, 2026 and were subjected to review by the Statutory Auditors.

2) The figures for the quarter ended March 31, 2026 are the derived figures between the audited figures in respect of full financial year March 31, 2026 and the unaudited published year-to-date figures upto December 31, 2025 being the end of the third quarter of the previous 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 Company 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 review 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 l, 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 were partly allowed resulting in reduction of total demand to Rs. 284 million.

The Company has filed further appeal against b) above and intends to pursue further appellate remedies against a) above, 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 ended June 30, 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 year ended March 31, 2026. The incremental impact on provisions for employee benefits expenses of Rs. 217.93 million 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 associated with the VSS has been recognised as an exceptional item during the year ended March 31, 2026.

c. Exceptional item also includes write back of excess accrual of estimated expenses directly attributable to the merger of Rs. 10 million for the year ended March 31, 2026.

For and on behalf of Board of Directors
Varroc Engineering Limited

Varroc Engineering Ltd.

Tarang Jain
Chairman and Managing Director

Place: Pune
Date: August 06, 2026

S R B C & CO LLP
Chartered Accountants

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Independent Auditor's Review Report on the Quarterly Unaudited 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

Review Report to
The Board of Directors
Varroc Engineering Limited

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of Varroc Engineering Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its joint ventures for the quarter ended June 30, 2026 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the "Listing Regulations").

2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. The Statement includes the results of the following entities:
   Subsidiaries:
   Durovalves India Private Limited; Varroc Connect 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

   Joint Ventures:
   Nuova CTS, Srl, Italy; Varroc Dell'Orto Private Limited

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5. Basis for Qualified Conclusion

   As disclosed in Note 3 to the Statement, during the previous 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. 441.71 million recognized in previous years by the Group under 'Revenue from Operations', as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, during the previous 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 Group 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 previous years and consequential impact including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income, reserves and surplus and earnings per share for the quarter ended June 30, 2026. Our report for the quarter and year ended March 31, 2026 and quarter ended June 30, 2025 was also qualified in respect of this matter.

6. Qualified Conclusion

   Based on our review conducted and procedures performed as stated in paragraph 5 above and based on the consideration of the review reports of other auditors referred to in paragraph 8 and 9 below, except for the possible effects of the matter in para 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. 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 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 has filed further appeal against one of the orders and is in process of filing further appeal against the other, pending conclusion of which no adjustments have been made in respect of these matters in the consolidated financial results.

   Our conclusion on the Statement is not modified in respect of the above matters.

8. The accompanying Statement includes the unaudited interim financial results/statements and other financial information, in respect of 6 subsidiaries, whose unaudited interim financial results/statements include total revenues of Rs. 2,486.52 million, total net profit/(loss) after tax of Rs. 69.50 million and total comprehensive income of Rs. 69.50 million for the quarter ended June 30, 2026 as considered in the Statement which have been reviewed by their respective independent auditors.

   The independent auditor's reports on interim financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.

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9. Certain of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

10. The accompanying Statement includes unaudited interim financial results /statements and other unaudited financial information in respect of:
    - 5 subsidiaries, whose interim financial results/statements and other financial information include total revenues of Rs 319.97 million, total net profit/(loss) after tax of (Rs. 40.91 million) and total comprehensive income of (Rs. 40.91 million) for the quarter ended June 30, 2026.
    - 2 joint ventures, whose interim financial results/statements includes the Group's share of net profit/loss of Rs. 12.59 million and Group's share of total comprehensive income of Rs. 12.59 million for the quarter ended June 30, 2026.

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

Our conclusion on the Statement in respect of matters stated in para 8, 9 and 10 above is not modified with respect to our reliance on the work done and the reports of the other auditors and the financial results/financial information certified by the Management.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Mustafa Saleem
Partner
Membership No.: 136969

UDIN: 26136969OZDSQL8813

Place : Pune
Date : August 06, 2026

S R B C & CO LLP
CHARTERED ACCOUNTANTS

Varroc Engineering Limited
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varroc

Statement of Unaudited Consolidated Financial Results for the Quarter ended June 30, 2026

(Rs. in Million)

Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2026	March 31, 2026	June 30, 2025	March 31, 2026
		Unaudited	Audited (Refer note 2)	Unaudited	Audited
1	Revenue from operations (refer note 3)	26,342.37	23,680.84	20,275.51	88,904.93
2	Other income	61.95	55.33	50.59	175.46
3	**Total income (1+2)**	**26,404.32**	**23,736.17**	**20,326.10**	**89,080.39**
4	**Expenses**				
	(a) Cost of materials consumed	16,867.89	15,655.59	12,712.38	57,606.86
	(b) Changes in inventories of work-in-progress and finished goods	309.84	(451.72)	0.17	(590.57)
	(c) Employee benefits expense	2,674.51	2,369.69	2,412.30	9,631.21
	(d) Finance costs	306.51	348.86	363.20	1,342.19
	(e) Foreign exchange (gain)/loss (net)	8.70	81.11	(26.80)	65.55
	(f) Depreciation and amortisation expense	843.23	856.49	810.96	3,317.11
	(g) Other expenses	4,262.48	3,802.60	3,231.75	13,893.85
	Total expenses (4)	**25,273.16**	**22,662.62**	**19,503.96**	**85,266.20**
5	**Profit before exceptional item, share of profit of joint ventures and tax (3-4)**	**1,131.16**	**1,073.55**	**822.14**	**3,814.19**
6	Exceptional item (refer note 6)	-	-	(611.94)	436.87
7	**Profit before share of profit of joint ventures and tax (5-6)**	**1,131.16**	**1,073.55**	**1,434.08**	**3,377.32**
8	Share of profit of Joint Ventures	12.59	14.12	5.41	37.24
9	**Profit before tax (7+8)**	**1,143.75**	**1,087.67**	**1,439.49**	**3,414.56**
10	**Tax expense**				
	Current tax	346.86	48.27	43.24	147.73
	Short/ (excess) provision in respect of earlier year	-	0.09	6.09	7.11
	Deferred tax	19.86	334.78	315.96	961.39
	Total tax expense (10)	**366.72**	**383.14**	**365.29**	**1,116.23**
11	**Profit for the period (9-10)**	**777.03**	**704.53**	**1,074.20**	**2,298.33**
12	**Other comprehensive income**				
A	**Items to be reclassified to profit or loss in subsequent periods**				
	Net movement on effective portion of Cash Flow Hedges (net of tax)	-	15.47	(28.26)	-
	Exchange differences in translating the financial statements of foreign operations (refer note 6e)	(50.81)	170.46	(401.32)	14.21
B	**Items not to be reclassified to profit or loss in subsequent periods**				
	Remeasurement of defined benefit obligation (net of tax)	-	18.94	-	42.74
	Total Other comprehensive income/(loss), (net of tax) (12)	**(50.81)**	**204.87**	**(429.58)**	**56.95**
13	**Total comprehensive income for the period (11+12)**	**726.22**	**909.40**	**644.62**	**2,355.28**
14	**Profit for the period attributable to:**				
	Shareholders of the Company	**772.72**	**693.15**	**1,050.62**	**2,250.31**
	Non-controlling interests	**4.31**	**11.38**	**23.58**	**48.02**
15	**Other comprehensive income/(loss) attributable to:**				
	Shareholders of the Company	**(50.81)**	**203.93**	**(429.58)**	**55.20**
	Non-controlling interests	**-**	**0.94**	**-**	**1.75**
16	**Total comprehensive income for the period attributable to:**				
	Shareholders of the Company	**721.91**	**897.08**	**621.04**	**2,305.51**
	Non-controlling interests	**4.31**	**12.32**	**23.58**	**49.77**
17	Paid- up equity share capital (face value of Re.1/- each)	**152.79**	**152.79**	**152.79**	**152.79**
18	**Reserves excluding revaluation reserves as per balance sheet**				**17,650.57**
19	**Earnings per equity share attributable to Owners (Nominal value per share: Re.1/- each) (not annualised)**				
	Basic and diluted (in Rupees)	5.06	4.54	6.88	14.73

Varroc Engineering Ltd.

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

Particulars		Quarter ended			Year ended
		June 30, 2026	March 31, 2026	June 30, 2025	March 31, 2026
Debt Equity ratio [refer note (i)]	(No. of times)	0.43	0.41	0.50	0.41
Debt Service Coverage Ratio [refer note (ii)]	(No. of times)	5.76	3.24	2.01	2.78
Interest Service Coverage Ratio [refer note (iii)]	(No. of times)	7.48	6.57	5.51	6.34
Outstanding Redeemable Preference Shares (Qty / Value)		Not Applicable			
Capital Redemption Reserve					
Debenture Redemption Reserve					
Net Worth [refer note (iv)]	(Rs. in Million)	18,908.07	18,181.85	16,623.98	18,181.85
Net Profit after Tax	(Rs. in Million)	777.03	704.53	1,074.20	2,298.33
Earning per share (EPS)					
Basic EPS (Not Annualised)	(Rs.)	5.06	4.54	6.88	14.73
Diluted EPS (Not Annualised)	(Rs.)	5.06	4.54	6.88	14.73
Current Ratio [refer note (v)]	(No. of times)	0.92	0.88	0.89	0.88
Long Term Debt to Working Capital Ratio [refer note (vi)] ^	(No. of times)	(2.27)	(1.13)	(3.48)	(1.13)
Bad Debts to Account Receivable Ratio [refer note (vii)] **	(No. of times)	0.00	0.00	0.00	(0.00)
Current Liability Ratio [refer note (viii)]	(No. of times)	0.87	0.86	0.85	0.86
Total Debts to Total Assets Ratio [refer note (ix)]	(No. of times)	0.15	0.15	0.18	0.15
Debtors Turnover Ratio [refer note (x)] *	(No. of times)	3.03	3.47	3.06	12.57
Inventory Turnover Ratio [refer note (xi)] *	(No. of times)	1.75	1.69	1.65	6.85
Operating Margin [refer note (xii)]	(in %)	5.26%	6.12%	5.46%	5.68%
Net Profit Margin [refer note (xiii)]	(in %)	2.95%	2.98%	5.30%	2.59%
Security cover ratio [refer note (xvii)]	(No of times)	NA#	NA#	1.72	NA#

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 / 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

(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 - 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, 2026.

** numbers are below 0.01

^ Ratio is negative because net working capital is negative.

\# NCDs have been repaid on March 07, 2026, hence disclosure for security cover ratio is not applicable as at June 30, 2026 and March 31, 2026.

The Company has issued 1,000 listed unsecured Commercial Papers (CPs) of face value Rs. 5,00,000 aggregating to Rs. 500 million on July 22, 2026. The CPs hav interest rate of 7.20% and are due for redemption on August 21, 2026.

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Unaudited Consolidated Segment wise Revenue, Results, Assets and Liabilities

(Rs. in Million)

Particulars	Quarter ended			Year ended
	June 30, 2026	March 31, 2026	June 30, 2025	March 31, 2026
	Unaudited	Audited (Refer note 2)	Unaudited	Audited
1) Segment Revenue				
(i) Automotive (refer note 3)	25,507.97	22,961.03	19,723.60	86,487.52
(ii) Others	834.40	719.81	551.91	2,417.41
Revenue from operations	**26,342.37**	**23,680.84**	**20,275.51**	**88,904.93**
2) Segment Results				
(i) Automotive (refer note 6a, 6b, 6c & 6d)	1,418.17	1,411.07	1,241.59	4,276.42
(ii) Others	(3.98)	(14.92)	(85.93)	(276.92)
Total segment results	1,414.19	1,396.15	1,155.66	3,999.50
Add/ (Less) :				
(a) Finance Cost	(306.51)	(348.86)	(363.20)	(1,342.19)
(b) Net unallocated (expenditure) / income (refer note 6e)	36.07	40.38	647.03	757.25
Profit before tax	**1,143.75**	**1,087.67**	**1,439.49**	**3,414.56**
3) Segment Assets				
(i) Automotive	48,758.56	44,070.02	41,035.72	44,070.02
(ii) Others	2,656.82	2,485.48	2,285.54	2,485.48
Total segment assets	51,415.38	46,555.50	43,321.26	46,555.50
Add : Unallocated	1,730.40	2,191.42	2,714.28	2,191.42
Total assets	**53,145.78**	**48,746.92**	**46,035.54**	**48,746.92**
4) Segment Liabilities				
(i) Automotive	24,856.90	22,252.17	20,379.13	22,252.17
(ii) Others	834.14	632.64	644.66	632.64
Total segment liabilities	25,691.04	22,884.81	21,023.79	22,884.81
Add : Unallocated	8,546.66	7,680.26	8,387.77	7,680.26
Total liabilities	**34,237.70**	**30,565.07**	**29,411.56**	**30,565.07**

Notes to Consolidated Financial Results:

1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 06, 2026 and were subjected to review by the Statutory Auditors.

2 The figures for the quarter ended March 31, 2026 are the derived figures between the audited figures in respect of full financial year upto March 31, 2026 and the unaudited published year-to-date figures upto December 31, 2025 being the date of end of the third quarter of the previous financial year which was subjected to limited review.

3 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 recognised during the quarter ended June 30, 2025 and Rs. 231.82 million recognised during the 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 Group 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 review report have included a qualification in respect of this matter.

4 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.

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5 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:
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.
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 has filed further appeal against (b) above and intends to pursue further appellate remedies against (a) above, 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 ended June 30, 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 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 year ended March 31, 2026.

c) Exceptional item includes write back of excess accrual of estimated expenses directly attributable to the merger of Varroc Polymers Limited ('VPL') with the Varroc Engineering Limited ('VEL'), the Holding company of Rs. 10.00 million for the year ended March 31, 2026.

d) Net loss of Rs. 33.83 million for the 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.
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, were reclassified to the Statement of Profit or Loss. This has been disclosed as an exceptional item and reduced from Other Comprehensive Income for the quarter ended June 30, 2025 and year ended March 31, 2026.

7 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

Place : Pune
Date : August 06, 2026

Varroc Engineering Ltd.

Tarang Jain
Chairman and Managing Director