

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2025-26/53

July 29, 2025

To,

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

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

Dear Sir/ Madam,

Sub: Notice of the 37th Annual General Meeting of the Company ('AGM') and Annual Report for the Financial Year ended March 31, 2025

**Ref: 1. Regulation 34(1), 50(2) and 53(1) read with Regulation 30 and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") and
2. Board Meeting Outcome letter dated May 29, 2025, *inter alia*, intimating date of 37th Annual General Meeting and related information.**

Pursuant to the Listing Regulations, we enclose herewith the following for your information and records:

1. Notice of the 37th AGM of the Company scheduled to be held on Thursday, August 21, 2025, at 11:00 a.m. (IST) through Video Conference('VC')/Other Audio-Visual Means ('OAVM') without physical presence of the members; and
2. Annual Report for the Financial Year ended March 31, 2025.

In compliance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the applicable circulars as issued by "Ministry of Corporate Affairs ("MCA") and the Securities and Exchange Board of India ("SEBI"), in relation to the subject matter, the AGM Notice and Annual Report has been sent today, only by electronic mode to all the Members whose email addresses are registered with the Depository Participants or the Company. In accordance with Regulation 36(1)(b) of the Listing Regulations, a letter containing the web-link and path to access the Annual Report of the Company was also sent to the registered address of the members whose e-mail addresses were not registered with the Company/ RTA/Depository Participant(s).

The members can also access the Annual Report on the Website of the Company www.varroc.com. Key information about the AGM is reproduced below for ready reference:

Cut-off date for e-voting	Thursday, August 21, 2025
Commencement of Remote e-voting	9:00 a.m. (IST) on Monday, August 18, 2025
Conclusion of Remote e-voting	5:00 p.m. (IST) on Wednesday, August 20, 2025
E-voting during AGM	From commencement of the AGM till conclusion of the AGM
Businesses to be transacted by voting through electronic means	Kindly refer the Notice of AGM

Yours faithfully,

For Varroc Engineering Limited

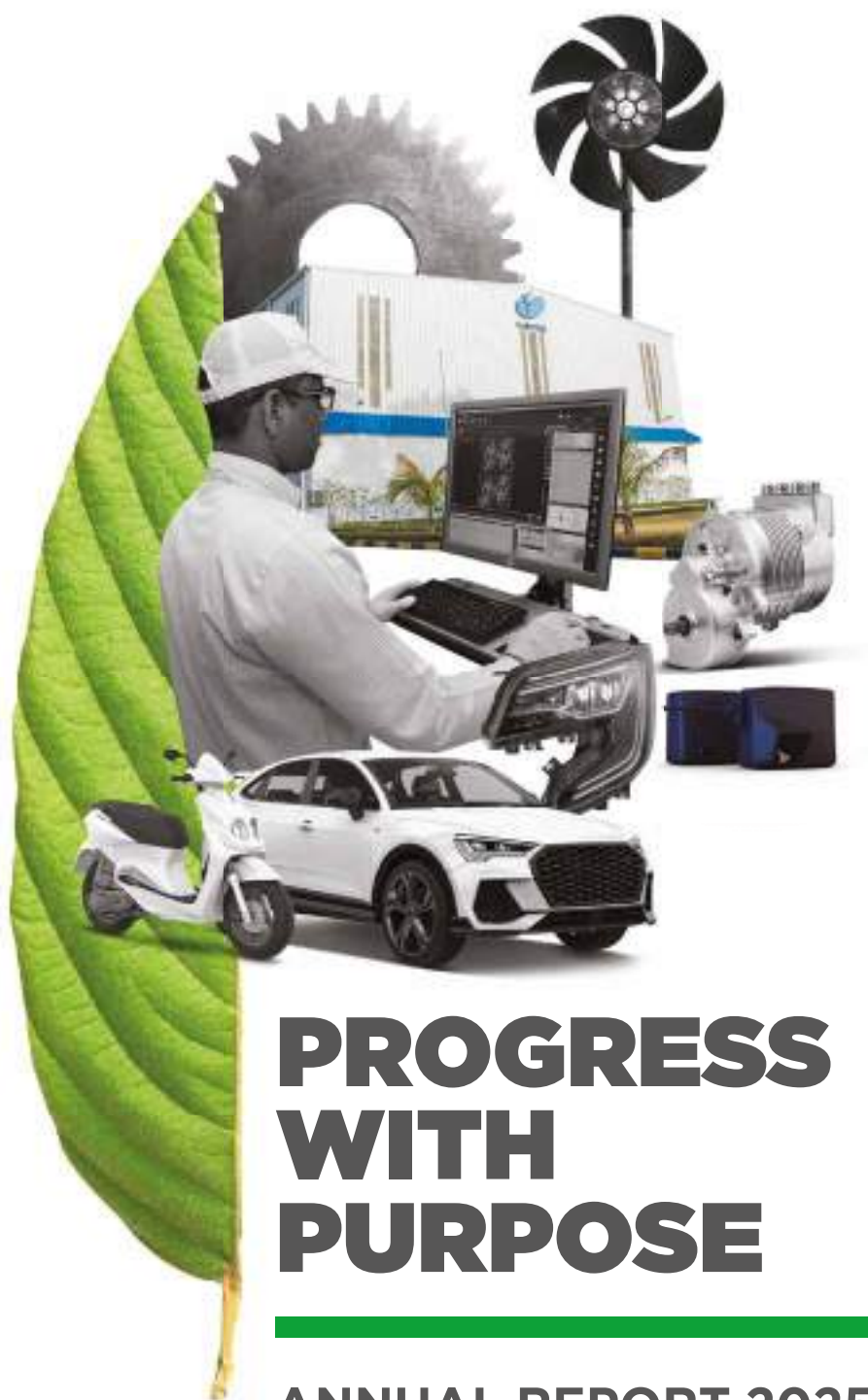
AJAY KUMAR

Ajay Sharma SHARMA

Group General Counsel and Company Secretary

Encl: a/a

Digitally signed by AJAY KUMAR
SHARMA
Date: 2025.07.29 21:50:03 +05'30'



PROGRESS WITH PURPOSE

ANNUAL REPORT 2025

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Notice

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What's Inside



PROGRESS WITH PURPOSE

At Varroc, purpose is our growth engine. In a world where mobility is being redefined by sustainability imperatives, evolving consumer preferences and regulatory shifts, we are engineering forward with clarity and conviction.

FY 2024–25 testifies our transformation journey marked by technology led innovation, structural simplification, strengthening of balance sheet and a strong ESG commitment. With over 120 patent filings to date, and a growing share of renewable energy, we are shaping the change.

Our efforts to sharpen focus through the merger of Varroc Engineering and Varroc Polymers, divestment of our China JV, and a strengthened balance sheet, have positioned us to be more agile, efficient and value-focused. Our R&D investments continue to power next-generation solutions, especially in the EV space, with over 55% of new business wins now linked to electric mobility OEM's.

Despite a mixed global economic backdrop and subdued consumption

trends, we remain optimistic. Our Indian operations registered robust growth, our debt profile improved significantly and we delivered healthy free cash flows. These outcomes reflect not just operational discipline, but a deeper commitment to building a smarter, safer and more sustainable future of mobility.

In every stride forward, we carry a belief: progress is meaningful only when anchored in purpose.



About us

Purpose-driven Progress in Every Move

We are a global automotive technology solutions provider offering a comprehensive portfolio across electrical, electronics, lighting, polymer, metallic and smart mobility systems. With 37 manufacturing facilities and seven R&D centres across eight countries, we serve OEMs in two-wheelers, three-wheelers, passenger cars, commercial and off-highway vehicles. Our solutions range from EV components and ADAS to connected telematics and high-performance engine parts.

Backed by robust R&D and a focus on safe, smart and sustainable mobility, we are shaping the future of transportation with precision-engineered, cost-effective products tailored to global and local markets.

Key highlights of FY 25

8.0%

Revenue growth

6,100

Employees

3.8%

PBT Margin

37

Manufacturing facilities

800+

R&D Employees

₹4.01

EPS

08

Countries presence

07

Technical centres

0.50X

Net Debt/Equity

9.8%

Revenue from EV customers

120+

Patents filed

20.8%

ROCE



Our vision

Create Safe, Smart & Sustainable future mobility solutions for everyone.



Our Mission

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

- Extend India Market leader position in 2W mobility, lighting and driver assistance to the world
- Stay ahead of market in growth and profitability
- Be the Partner of Choice for our valued customers through superior customer experience
- Empower and enable all teams committed to speed, excellence, and our values to achieve exceptional success

Continue to be a trusted business partner for our customers focused on societal and environmental sustainability.



Our Values

Sincerity

To speak and act from the heart

Humility

To walk with everyone

Integrity

To do what is right

Passion

To go the distance against all odds

Self-discipline

To make it happen

Our journey

Our Roadmap to Responsible Innovation



Presence across nations

Advancing Mobility Across Borders with Purpose

EUROPE

Romania
Poland
Italy
Germany

ASIA

India
China
Vietnam
Japan

SEGMENTS



2-WHEELER



3-WHEELER



PASSENGER
VEHICLE



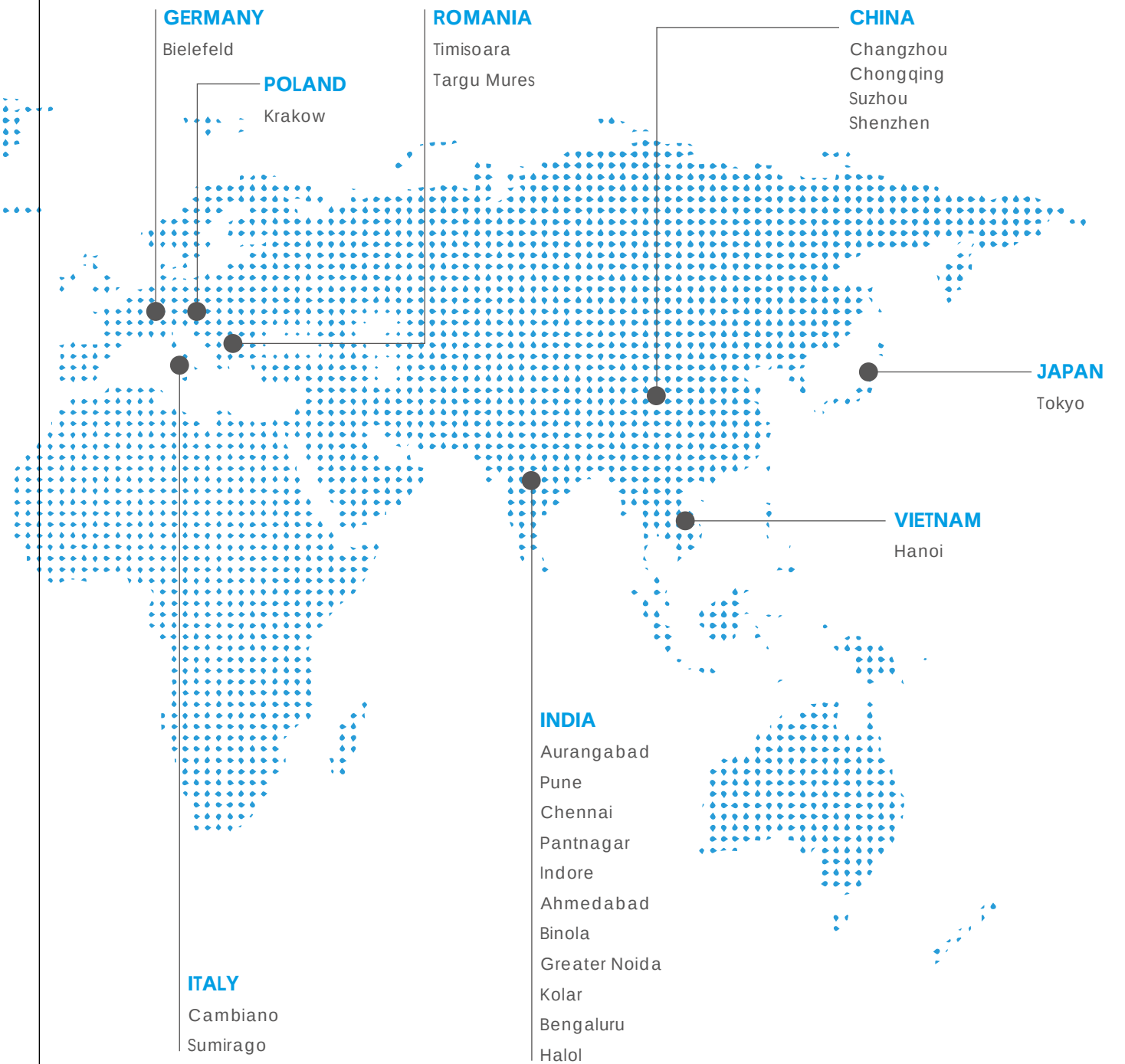
COMMERCIAL
VEHICLE



OFF HIGHWAY
VEHICLE



FARM
VEHICLE



Chairman's Annual Statement



India continues its impressive growth trajectory, supported by digitalization, infrastructure development, and a burgeoning middle class. The government's focus on 'Make in India' and 'Atmanirbhar Bharat' initiatives foster a conducive environment for manufacturing, innovation, and investments, leading to an optimistic outlook for the auto sector.



Dear Shareholders,

It gives me great pleasure to present to you the Annual Report for the financial year 2024–25. This year has been marked by continuing the journey by the company of prudent capital allocation and sustainable approach towards business in a dynamic and often challenging global automotive landscape.

Global Economic Outlook

The global economy is navigating a phase of gradual recovery driven by technological innovation, shifting geopolitical dynamics, and adaptive policy measures. The global economy shows signs of a steady rebound post-pandemic disruptions, with an expected growth rate of ~3% in 2025 (IMF projections). While uncertainties remain, especially in geopolitics and supply chain resilience, the overall outlook underscores opportunities for industries aligned with technology and sustainability.

Indian Economic Outlook

India continues its impressive growth trajectory, supported by digitalization, infrastructure development, and a burgeoning middle class. The government's focus on 'Make in India' and 'Atmanirbhar Bharat' initiatives foster a conducive environment for manufacturing, innovation, and investments, leading to an optimistic outlook for the auto sector.

The Auto Industry & Mega Trends

The auto industry is at the brink of a transformative era driven by trends

such as electrification, connectivity, autonomous systems, and shared mobility. These mega trends are catalysing a paradigm shift, compelling stakeholders to innovate and adapt rapidly.

Opportunities for Auto Ancillary

The increasing adoption of electronics in vehicles presents immense opportunities for auto ancillary players. From e-mobility to advanced driver-assistance systems (ADAS) to infotainment, electronics are becoming central to vehicle evolution. Our industry stands to benefit significantly by integrating cutting-edge electronic components, enhancing product offerings, and aligning with future-ready automotive solutions. We are witnessing an unprecedented surge in the adoption of electronics in the automotive sector. Usage of electronics component is expected to grow rapidly with the adoption of EVs, autonomous technologies, and software-defined vehicles and will reach more than 40% of the value chain in coming years.

Annual Report Theme "Progress with Purpose"

In an era defined by rapid technological change and evolving consumer expectations, the auto ancillary industry is charting a path of purpose-driven progress. This theme captures our unwavering commitment to innovation, sustainability, and financial discipline, ensuring we not only adapt to the evolving mobility landscape but lead it responsibly along with prudent capital deployment.

Purpose-Driven Transformation: Today

The current automotive environment demands resilience, agility, and strategic focus. As an industry, we are making intentional investments in:

- Advanced manufacturing technologies that improve quality and reduce waste
- Smart electronics and digital tools such as IoT and AI to enhance efficiency
- Sustainable processes that align economic performance with environmental responsibility

Our progress is not just about speed but about meaningful improvements — in product design, supply chain transparency, and customer



We focus on enhancing product design, optimizing supply chains, and implementing sustainable practices to meet the increased demand for safety, comfort, and eco-friendly system solutions.





We aim to collaborate across the ecosystem, leveraging new materials and digital solutions to create smarter, safer, and more sustainable mobility solutions.



experience. By fostering a culture of continuous learning and investing in talent and technology, we are transforming today's operations with a clear sense of purpose: to deliver long-term value to customers, employees, and partners.

Shaping a Purposeful Tomorrow

As we look to the future, our purpose is clear — to Create safe, smart and sustainable future mobility solutions for everyone. The emergence of electric, connected and autonomous vehicles presents opportunities to engineer innovative components and systems that drive the next generation of mobility.

But our vision extends beyond technology. We are committed to:

- Green manufacturing and energy-efficient product development
- Circular economy models that reduce environmental impact
- Prudent-capital deployment that accelerates safe, smart and sustainable future mobility

By aligning our efforts with global megatrends like electrification, connectivity, and sustainable development, we are ensuring that every step forward is intentional, responsible, and impactful.

Progress with Purpose: Our Collective Resolve

This theme is more than a guiding principle — it reflects how we operate, innovate, and grow. Our goal is not just to keep pace with change, but to lead change with integrity, ensuring our progress contributes meaningfully to a smarter, cleaner, and highest value for money mobility solutions.

With a strong foundation of values and a future-focused mindset, the Company is making progress with purpose — shaping mobility that benefits not only the industry, but society at large.

Performance of the Company in FY2024-25

Before discussing the operational performance of the Company, I would like to highlight a few other aspects which will help the Company to become more sustainable and enable value enhancement for the stakeholders :

- Beyond business, we continue to focus on various ESG aspects to make the organization more sustainable. We have published our first sustainability report which can be accessed on our website. Our efforts towards giving back to society is being also recognized. The Kham River Restoration was recognized by the WRI Ross Center for Sustainable Cities, as one of the top five finalists

globally for their prestigious award. The project also received globally recognized prestigious award i.e. The St Andrews Prize for the Environment

- Our sourcing of electricity from Renewable Energy has been increasing throughout FY25 and was around 31% for FY 25 as against 13% last year. For the month of March'25, it reached around 45%. We are also working on commencement of phase-2 of renewable energy project which will further improve this to > 50% in the coming year. These initiatives will boost our ESG credentials, besides giving us savings in electricity cost.
- Thirdly, we also completed the sale of our stake in the China JV and realised the net proceeds of RMB 290 million during May 2025.
- Fourthly, the Company received NCLT approval for amalgamation of Varroc Polymer Ltd. with Varroc Engineering Ltd. effective 1st April 2024.
- In FY25, we filed 25 patents and were granted more than 10+ patents. Thus, the total filings made now add up to more than 120 for the Company, which will further strengthen the intellectual property of the Company and help in developing technologically advanced products at an affordable cost.

In respect to financial performance of the Company

- The Company registered consolidated revenue of ₹ 81,541 million in FY2024-25 which is growth of 8.0%. The growth was supported by growth in India business of around 10.4%.

- The PBT before JV and exceptional item also improved to 3.8% of the Revenue in FY2024-25 as against last year 3.6%.
- The Company generated free cash flow (after interest and before growth capex in land) of ₹ 3,116 million or 3.8% of sales in FY2024- 25 and ROCE (before tax) of 20.8%

Looking at the financial performance of the Company, The Board of Directors have recommended 100% of Face Value i.e. ₹ 1 as dividend for FY2024-25 subject to the shareholders approval.

The Company revenue in FY25 was impacted by de-growth in overseas operations but the good news is that we have won various business both in electronics and global 2W lighting whose SOP will start in FY27 and thus growth in overseas business will come back strongly. The endeavour remains to lower our breakeven point in overseas operations by further reducing the fixed cost in our operations and doing backward integrations.

Our people are the foundation of our success. In FY 2024–25, we rolled out extensive training and upskilling programs, focusing on digital tools, lean manufacturing, and safety practices. We are proud to maintain a safe, inclusive, and growth-driven work culture.

In today's dynamic business environment, strong corporate governance is not merely a regulatory necessity—it is a strategic imperative. At the core of our governance framework lies our commitment to transparency, accountability, and ethical conduct, which underpin the long-term sustainability and trust we build with all our stakeholders.



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The future of our growth is being reshaped by four powerful trends: EV penetration, premiumization, electronics, and advanced lighting. As electric vehicles gain traction, we are aligning our product portfolio to support EV-specific components. Rising consumer demand for premium features is driving higher content per vehicle, benefiting our value-added offerings. The growing integration of electronics is transforming vehicles into intelligent systems, and our capabilities are evolving to meet that shift. Meanwhile, automotive lighting is emerging as both a safety and styling differentiator. We are well-positioned to capitalize on these trends and drive sustainable, innovation-led growth.

Our Board of Directors plays a critical role in this journey, with Independent

Directors serving as vital guardians of governance and strategic oversight. Their impartial perspective, depth of experience, and ability to challenge management constructively ensure that our decisions are balanced, forward-looking, and in the best interest of shareholders and society at large. I would like to thank Mr. Marc Szulewicz, Mr. Gautam Khandelwal and Mrs. Vijaya Sampath our existing Independent directors who have retired as their tenure ends and would like to welcome Mrs. Liselott Kilaas, Mr. Akshaykumar Chudasama and Mr. Padmanabh Sinha who have joined as independent directors for further enhancing board effectiveness.

In conclusion, the Indian auto ancillary sector stands at the cusp of a multi-decade growth opportunity. Companies that invest in innovation, scale, and global integration — like ours — will be the frontrunners in this journey. We are confident that the years ahead will reward our vision, resilience, and commitment to excellence.

As we look ahead, we remain optimistic yet prudent. With continued investments in automation, product innovation, and global partnerships, Varroc Engineering is well-positioned to capitalize on emerging trends such as electric mobility, connected vehicles, and advanced driver-assistance systems (ADAS).

We are committed to delivering long-term value to all stakeholders—our customers, employees, partners, and you, our shareholders.

On behalf of the Board, I thank you for your continued trust and support.

Tarang Jain
Chairman and Managing Director

Message from the Group Chief Financial Officer



As we look ahead, “Progress with Purpose” will continue to guide us in driving profitable growth initiatives with greater focus on process mindset and environmental responsibility. With our clear financial priorities and execution, we are well-positioned to create enduring value for all our investors in the coming years



Dear Shareholders,

FY 2025 was an important year for Varroc. We could strengthen our balance sheet further and implemented several structural changes and cost reduction initiatives to improve our profitability. In continuation to my earlier communications, I would like to group our efforts into five categories - growth, margin improvement, prudent capital deployment, free cashflow generation and process-driven culture.

Growth

The India business, which contributes around 93% of our total revenue, registered a growth of 10.4% compared to a combined 2 wheeler(2W) plus passenger vehicle (PV) industry growth of ~9%. Within this, the 2w business, which constitutes 75% of our revenues, grew by 13% in comparison to industry growth of 11%. It is important to note that we could grow our 2W revenues from all the major customers in strong double digits. The India growth could have been more significant without the degrowth witnessed in certain PV customers. As indicated in our earlier communications, we are also in the process of rebuilding the orderbook for our overseas businesses and the revenue conversion of this is expected to be visible from FY 27 onwards. We are also on the lookout for opportunities in non-auto adjacencies and exports.

Margin Improvements

During FY 25, we launched Project Optima to identify cost reduction opportunities in indirect costs. Our project team identified and

implemented recurring savings opportunities to the extent of about ₹ 500 million. There are still some opportunities which need deeper analysis and implementation in the coming year. We are progressively increasing our renewable energy sourcing in multiple phases. By the end of the first phase, renewables accounted for 45% of our energy mix, and upon completion of the second phase, our dependence on non-renewable sources will increase above 50%. The first phase was already implemented in FY 25 to give us savings of ~ 200 million on annualised basis. We are also streamlining the inflation recovery process which is critical for our profitability. In addition, we also carried out a significant delayering exercise in our organization during Q4 of FY 25 which simplified our organization structure, besides giving us cost reductions of ₹ 250 million on annualised basis. Our overseas operations in Romania and Italy also implemented cost reduction actions to reduce their break-even levels.

Prudent Capital Deployment

We continue to spend prudently on our capex without risking our growth prospects. Our net capex spending in FY 25 of ~₹ 2,220 million were significantly less than our depreciation charge. Most of this capex was meant for growth areas in less capital-intensive businesses like electronics. In addition, we also invested ~₹ 500 million in land at certain strategic locations, for future growth. We also streamlined and standardized our credit period with most of the vendors in line with the industry standards. These efforts to improve our capital rotation resulted in improving our pre-tax



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ROCE to 20.8%. There is still significant opportunity to reduce our net working capital by rationalizing other elements of net working capital and inventory levels. This will be our focus in the coming financial year.

During May 2025, we exited our JV in China and realized ₹ 3,400 million net of taxes. A major part of this was used for repayment of debt. The balance amount will be used for any future expansion or capability building.

Free cash flow generation

Our cash from operations was at ₹ 7,276 million which was ~94% of our adjusted EBITDA, indicating strong and healthy convergence between the two metrics. The free cash flow generation was also strong at ₹ 3,116 million or 3.8% of revenue, without



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considering the aforesaid growth investment in land. It is important to note that the cash generation would have been even better had we realized the accumulated incentives from the Government, a part of which was realized during Q1 of FY 26. With this strong cash flow performance, we could achieve this objective by March 2025 itself. It is likely to improve further during FY 26 supported by strong free cash flows and proceeds from divestment of China investment.

Process-driven culture

As indicated in the past, this is a very important areas for us and we understand that having right internal processes is an enabler for all the above important initiatives. We have initiated a business process reengineering (BPR) project with this objective. This will be followed by a reimplementaion of ERP in the coming quarters. We are also exploring various opportunities to leverage artificial

intelligence to improve our effectiveness in operations.

Finally, I would like to give an update on the 'profit pyramid' concept that I explained in my last two communications with you. Our approach to make operating leverage work at multiple levels of income statement met with reasonable level of success in India operations in FY 25. The PBT (before exceptional items) grew by 34% year-over-year (after excluding prior year govt incentives from PBT of FY 24) for a revenue growth of 10.4%. However, the impact would have been even better without the stabilization costs of a couple of new plants and some professional service costs that we had to incur during the year. The profit pyramid is not practically possible in case of degrowth as witnessed in some of our overseas operations. However, we continue to follow this strategic approach and

financial discipline in the coming years also to see our profits grow faster than our revenue growth.

As we look ahead, "Progress with Purpose" will continue to guide us in driving profitable growth initiatives with greater focus on process mindset and environmental responsibility. With our clear financial priorities and execution, we are well-positioned to create enduring value for all our investors in the coming years Finally, I would like to thank all the stakeholders for their confidence in us and look forward to their strong support. I also extend my appreciation to our Varroc team members for their dedication and efforts.

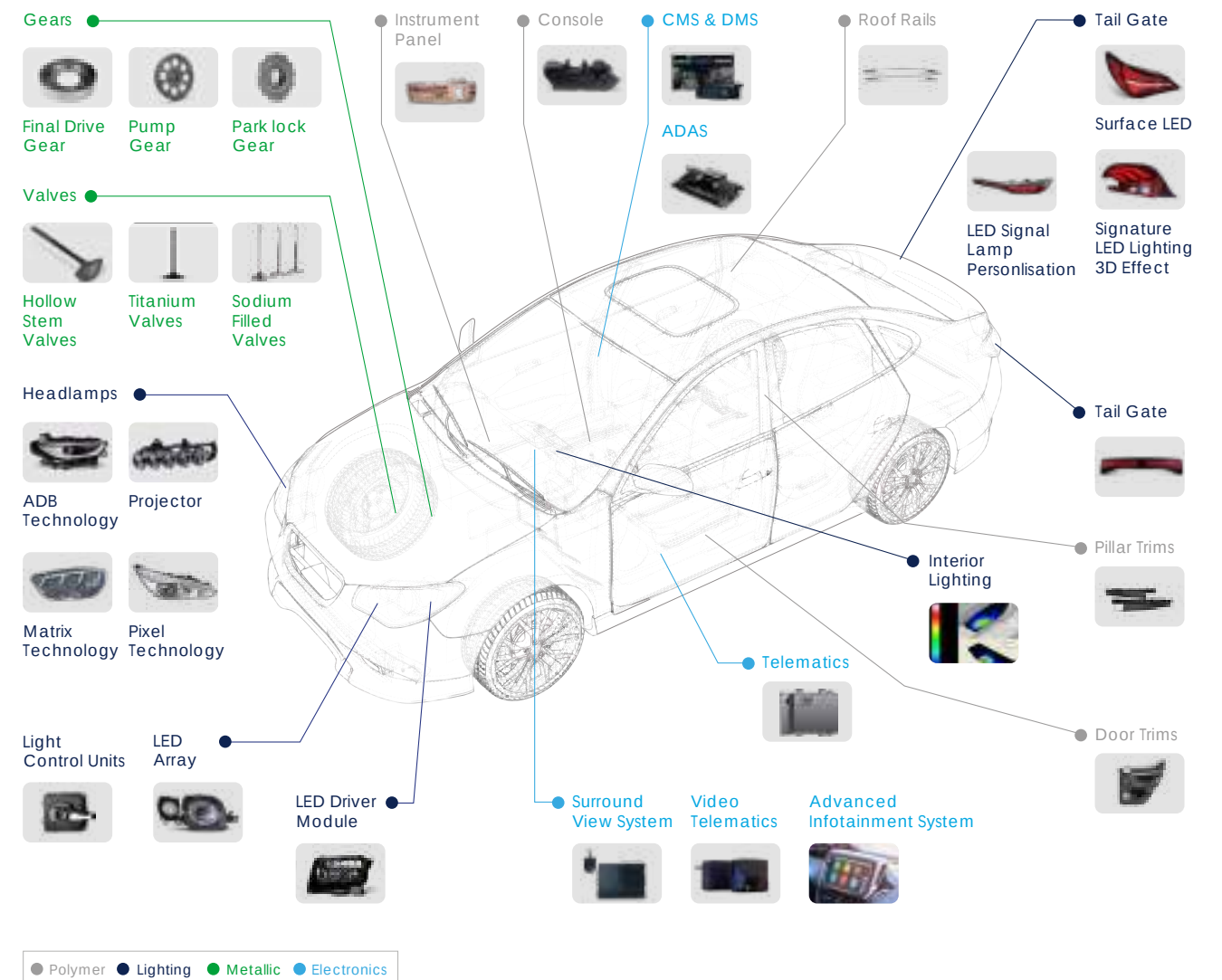
Best regards,

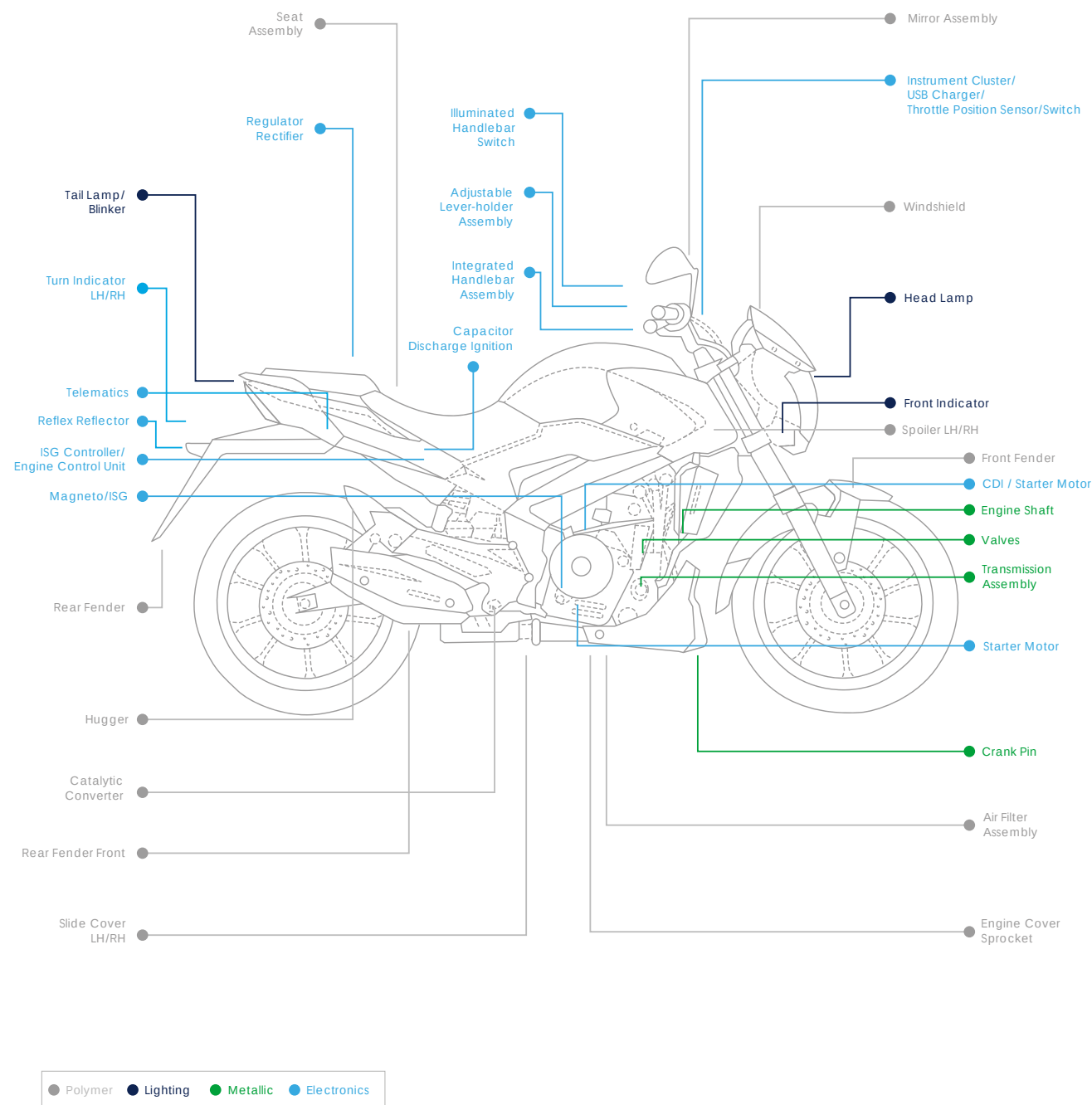
K. Mahendra Kumar
Group Chief Financial Officer



Varroc's Diverse Automotive Product Range

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





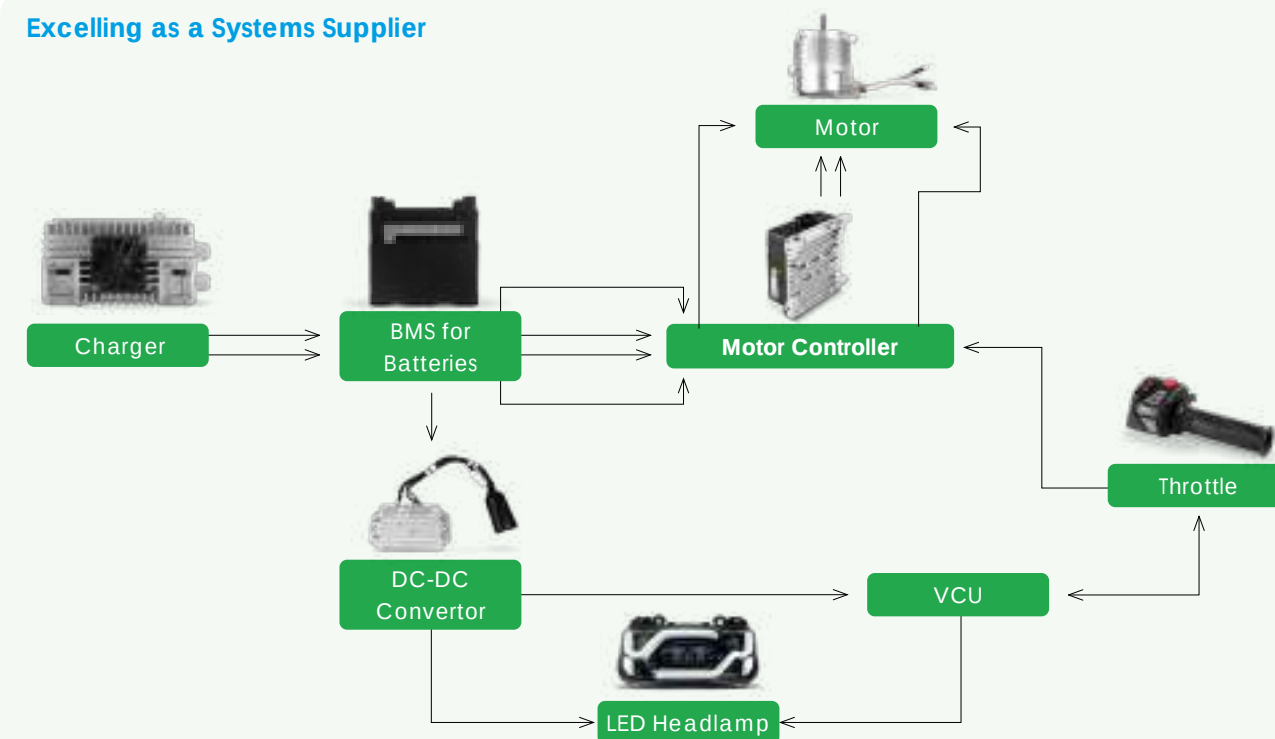
Varroc INDIA Business

Powering India's Mobility

E-Mobility

We are advancing electric mobility through high-efficiency solutions tailored for two-wheeler and three-wheeler electric vehicles. Our expertise spans traction motors, controllers, and DC-DC converters designed to enhance battery performance and extend driving range. With in-house electronic manufacturing, SMT lines and precision motor winding, we ensure consistent quality and reliability. Our EV-focused research and development, combined with IoT-enabled systems, allows us to deliver connected and energy-efficient technologies that support the evolving needs of sustainable mobility.

Excelling as a Systems Supplier



Components

- ✓ Customer CTQs
- ✓ Component Design
- ✓ Robust analysis to predict the design meets all CTQs
- ✓ Tolerance analysis to ensure DFM
- ✓ Material and component data Base to speed up the design

Sub-Systems

- ✓ Customer requirements and CTQs
- ✓ Sub-system level CTQs
- ✓ Design of Electronics Hardware, Software and Mechanical
- ✓ Sub-System level simulation and analysis to ensure robustness
- ✓ Model based design and system validation (HILS)

Systems

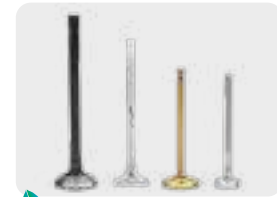
- ✓ System level requirements and CTQs
- ✓ System level architecture design
- ✓ Electronics, Control system and Software architecture design & development
- ✓ System integration and testing (HILS)
- ✓ Vehicle level testing (Vehicle, Dyno and Chassis)

Ice Powertrain Solutions

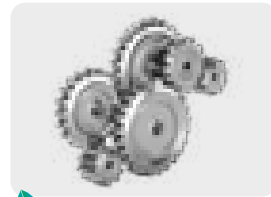
Varroc's ICE Powertrain Solutions division delivers high-performance, cost-effective components for internal combustion vehicles. Our portfolio includes transmission gears, crankshafts, camshafts, connecting rods, generators, and motors, catering to two-wheelers, commercial vehicles, and o-highway applications. We supply leading OEMs and tier-1 suppliers in India and export globally. With advanced manufacturing facilities in India and Italy, we drive innovation, including being the first Indian company to produce sodium-filled valves.

- ✓ Gear Grinding with BIAS
- ✓ Gas Nitriding Process
- ✓ Laser Welding
- ✓ TFT/LCD technology
- ✓ Electric magnetic field technology
- ✓ Plastic insert moulding technology
- ✓ Casted Aluminium heat sink
- ✓ Potting and rubber grommet techniques for sealing
- ✓ GPS/GNSS
- ✓ Firmware Over The Air
- ✓ Edge Algorithms
- ✓ BLDC Motor Control

Engine components



Valves
Designed for 30% longer lifespan with optimized heat resistance and reduced friction.



Transmission Components
Deliver 15% higher efficiency with precision-forged gears and crankshafts.



Crankpins & Balancers
Reduce vibration by 25%, improving ride quality and engine longevity.

Generator Solutions



Magneto & Regulator Rectifier
Provide 20% better power stability, enhancing battery life.



Integrated Starter Generator (ISG)
Improves fuel efficiency by 8% while ensuring seamless restarts.



Electronic Fuel Injection & Injector Driver
Achieve 10% better fuel combustion, reducing emissions.

Motor Solutions



Starter Motor
Offers 15% faster engine starts with improved torque output.



Actuator Motor
Increases precision by 12%, ensuring smoother vehicle operations.



Wiper Motor
Delivers 20% longer life with optimized speed control and wear resistance.

Lighting solutions

Varroc is a global leader in automotive lighting solutions, delivering cutting-edge Visibility and Indication Systems for 2W, 3W, and 4W vehicles. Our expertise spans LED, Matrix, and Xenon technologies, focusing on lightweight, energy-efficient designs that enhance safety and aesthetics. With a strong presence in Asia, we integrate advanced innovations like Adaptive Driving Beam (ADB) Systems for glare-free night driving and LiDAR-enabled headlamps for ADAS compatibility. Our customized lighting solutions strengthen partnerships with leading OEMs, ensuring superior illumination and reduced power consumption for the vehicles of tomorrow.

Advanced Technologies Powering Our Lighting Solutions.

- ✓ Matrix LED Technology
- ✓ Lightweight LED Modules
- ✓ Integrated Electronics & Smart Control Units
- ✓ Projector Lens System
- ✓ Adaptive Driving Beam
- ✓ Camera-based Adaptive Lighting
- ✓ Cornering and Bending lights - Directional Lighting
- ✓ Light Blades with advanced LED Designs
- ✓ Integrated heatsink for efficient thermal management



Visibility System



- Headlamps**
- ✓ Varroc LED Headlamps: Provide 50% better illumination with 40% longer lifespan than halogen lamps.
 - ✓ Adaptive Front-Lighting System (AFS): Improves visibility by 20% on curves and night drives, reducing accident.
 - ✓ Daytime Running Lights (DRLs): Enhance vehicle visibility by 30% in daylight, making roads safer.



- Projector Modules**
- ✓ Multi-functional lens Projectors with combined low beam, high beam, and cornering or ALU functions ensure optimal road illumination and sleek aesthetics in a compact form.
 - ✓ Precision image and matrix projectors offer crisp symbol or logo projection for safety and branding—enabled by pixel-based or multi-lens systems.
 - ✓ Bi-functional LED projectors and customizable modules with advanced collimator or reflector designs fit across vehicle categories, delivering superior visibility in a smaller footprint.

Visibility System



- 
Signaling Lamps
- Striking 3D visual effect tail lamps with patented lens designs create a distinctive 3D glow, enhancing vehicle appeal while integrating stop and tail functions
 - Unique virtual image technology uses a single LED to achieve wide angle illumination, delivering style and performance with minimal power.



- 
Specialty Lighting
- Front Lamp – Sleek & Intelligent Featuring headlamps with integrated animation display technology and a sleek profile, offering both striking design and dynamic signaling functionality.
 - Exterior Headlamp Range –Adaptive Illumination Includes projector lamps with DRL, Adaptive Driving Beam (ADB), and Adaptive Front-lighting System (AFS) to deliver precise, high-performance visibility in varied driving conditions.
 - Exterior Tail Lamps & Welcome Feature Boasts tail lamps with full-length coast lighting and Moiré- e ect crossed lenses for a 3D holographic appearance, plus signature welcome/goodbye LED sequencing for a memorable user experience.

Indication System



- 
Winker
- LED Winker Indicators: Provide 25% better visibility with 50% longer life cycle than conventional winkers.
 - Dynamic Turn Indicators: Feature progressive illumination to ensure clearer lane-changing signals.



- 
Blinker
- LHigh-Performance LED Blinkers: Offer quicker response time and 20% reduced power consumption.
 - Smart Blinker Modules: Adaptive brightness control improves visibility in varying lighting conditions.
 - Sequential LED Turn Indicators: Ensure faster response time (25% quicker than conventional indicators) for safer lane changes.

HMI Solutions

Varroc’s Human-Machine Interface (HMI) solutions enhance rider control, connectivity, and safety with advanced instrument clusters, telematics, sensors, and switches. Our customizable TFT displays, smart TCU for real-time tracking and remote diagnostics, iTPMS for optimal tire pressure, and high-precision sensors and switches ensure a seamless, responsive, and intelligent riding experience. Backed by state-of-the-art manufacturing facilities, including high-precision molding, SMT lines for electronic assembly, and in-house testing labs, we ensure best-in-class quality, durability, and performance. With IoT-enabled connectivity, Varroc is driving the future of smart and connected mobility.

Advanced Technologies Powering Our Lighting Solutions.

- Next-Gen Instrument Clusters with customizable TFT displays.
- Smart Telematics Control Units (TCU) – Enables real-time vehicle tracking, remote diagnostics, and OTA updates.
- Indirect Tyre Pressure Monitoring System (iTPMS) – 10% increased fuel efficiency by ensuring optimal tire pressure.
- High-Precision Sensors & Switches 30% faster response time for improved vehicle control.
- IoT-Enabled Connectivity

Hardware Solutions



- 
Digital Instrument Clusters
- Varroc Smart TFT Clusters with 40% brighter displays with enhanced sunlight readability.
 - Hybrid Digital-Analog Clusters combines classic aesthetics with modern intelligence.
 - Cloud-Connected Dashboard enables real-time vehicle health monitoring & remote diagnostics.



- 
Smart Telematics & Monitoring Systems
- Real-time tracking with GPS-enabled vehicle diagnostics.
 - 5% faster data transmission with 4G LTE connectivity.
 - Remote software updates via Over-the-Air (OTA) technology.



- 
Indirect Tyre Pressure Monitoring System (iTPMS)
- Prevents 80% of tire-related accidents with early warnings.
 - Enhances fuel efficiency by 10% by ensuring optimal tire pressure.



- 
Smart Sensors
- Rain & Light Sensors – Automatic headlamp activation for improved visibility.
 - Speed & Position Sensors – 30% improved accuracy in vehicle performance monitoring.



- 
Ergonomic Handlebar Switches
- Backlit & Sealed Design – Ensures better visibility and water resistance.
 - 20% improved user accessibility for reduced rider fatigue.

Body System Solutions

Varroc's Polymer Business is a Tier-1 automotive supplier delivering painted parts, molded components, and functional polymer solutions for 2W, 3W, 4W, and commercial vehicles. With 14 Plants & 1 Integrated Plant, 2 R&D centers, and a centralized tool room, we offer end-to-end design, development, and manufacturing. Our expertise in lightweighting, 2K molding, and 3i technology enables durable, efficient, and sustainable solutions. Backed by advanced molding, tooling, and painting capabilities, we supply high-quality parts and full assemblies such as cockpits, center consoles, door trims, seats, air filters, and mirrors — making us a trusted partner for next-gen.

Technologies we have:

- ✓ Molding
- ✓ Blow Molding
- ✓ Paintings
- ✓ Molded in Color (MIC) with metallic pigment
- ✓ Cut & Sew
- ✓ Foaming and Wrapping
- ✓ Safety Parts (CAB compatible Pillar Trims, HI IP & Console)
- ✓ 3D Stretch Bending

Painted Parts



Painted Body Panels & Covers

- ✓ Premium Piano Black Finish for Mirror-like gloss with single-piece construction for a seamless, high-end look.
- ✓ Value to the customer with aesthetics that enhances vehicle appeal with durable design and a rich, sophisticated feel.

Exterior & Interior Molded Parts



Exterior Molded Components

- ✓ Molded-In-Color Design for metallic silver/black finish eliminates the need for painting, offering improved aesthetics and consistent quality.
- ✓ Advanced molding technology ensures reduced weight and manufacturing cost while maintaining durability.



Tail-Lamp Assembly

- ✓ Integrated tailgate with light module, license plate light, and reverse camera for enhanced utility and aesthetics.
- ✓ High-gloss piano black with 2K injection and Dolphin Spin tech offers a premium look, IP55 compliance and improved durability.



Soft Door Trim

- ✓ Soft-touch top roll and dual-tone armrest add a refined, premium feel to the cabin.
- ✓ Painted grab handles and branded metallic speaker grilles add style and a premium, cohesive interior finish.



Cockpit/ Dashboard

- ✓ Modular design with a lockable swing-bin glove box and adaptable IP, suited for ICE/EV platforms and RHD/LHD setups.
- ✓ Cockpit design with CCB, shut-off AC vents, and open utility bins for enhanced functionality and convenience.
- ✓ Natural fiber materials and in-mold Tech Silver finishes boost sustainability and cut costs.
- ✓ Ambient lighting and refined textures enhance perceived value and elevate interior aesthetics.

Functional Polymer Components



Lightweight Structural Components

- ✓ Integrated in-house design, tooling, molding, testing, and validation for functional and aesthetic parts like oil pans, engine protectors, and adjustable visors.
- ✓ High-gloss and matt finishes with scratch-resistant, anti-corrosive materials, overmoulding, and ultrasonic robotic welding for durability and premium aesthetics.



Air Filter Assembly

- ✓ In-house design, development and validation of air filters with dual-layer foam, pre-filter and viscous paper with 5 submicron filtration and longer engine life.
- ✓ Features like resonators for sound reduction, labyrinth structure for oil separation, and centrifugal dust particle separation for longer service life.



Seat Assembly

- ✓ In-house design, development, and testing of 2W/3W seat assemblies ensure high-quality, lightweight, and durable solutions.
- ✓ Offers PU spray skin, pleated, stitch-less, multi-layer, and foam-in-place seats—blending premium looks with superior rider comfort.



Mirror Assembly

- ✓ End-to-end design and validation of 2W, 3W, and 4W mirrors with premium looks, smooth articulation, anti-dazzle glass, and global compliance
- ✓ Wide mirror range for 2W/3W and 4W, including bar-end, handlebar & fairing-mounted, manual/ electric actuator with blinkers, heater, and premium finishes like anodized, painted, and powder-coated housings & stays.

AFTERMARKET

Varroc AMD is a premier global supplier of Aftermarket Automotive Components and Solutions, offering an extensive product portfolio. Our range includes Lighting Systems, Electrical & Electronics Components, Polymer Components, Metallic Forging and Casting Products, Engine Parts, and Consumables & Accessories across all vehicle segments. With a robust distribution network and strong market presence, ensuring seamless access to quality replacement parts, facilitating widespread availability and customer satisfaction. Our commitment to quality, durability, and performance makes us the preferred choice worldwide.

- 2 Warehouses
- 5 Regional Offices
- SKUs: 9000+
- Product Lines: 40
- Distribution Network: 700+
- Countries: 30+



Our Product Portfolio



Lighting

Elevate your driving experience with our products: electrical, electronics, and lighting meticulously crafted to optimise vehicle performance.



Spare Parts

Our premium spare parts including forged components, filters, and rubber parts - are built for exceptional reliability and longevity, ensuring unwavering support for your vehicle.



Lubricants

Unleash the full potential of your vehicle with our specialised engine oils tailored for 2-Wheeler, 3-Wheeler, and 4-Wheeler vehicles. Our lubricants not only offer optimal protection but also contribute to the overall efficiency of your vehicle.



Automotive Accessories

Explore a diverse range of accessories, from Helmets to Roof Rails, meticulously crafted to enhance, personalise, and optimise vehicle functionality and safety.

Hiker®

Our brand, Hiker, is synonymous with providing Premium-grade Automotive Aftermarket Accessories, that meet the evolving needs of global passenger cars and motorcycle owners.

Renowned for our expertise in design, development, and manufacturing, we specialize in delivering tailored solutions and genuine accessories. Our unwavering commitment to safety is the cornerstone of our brand, and we are constantly innovating to provide our customers with the best product ensuring their safety.

Products

-  Helmets
-  Side Footstep
-  Roof Rails
-  Rear Active Plate

Our Extensions

Varroc Connect

Varroc Connect is India's first connected vehicle platform, trusted by OEMs, insurers, and telecom providers to deliver real-time insights that enhance vehicle safety, efficiency, and customer experience. With 500,000+ connected vehicles and 5+ billion kilometers of driving data, it provides scalable, cost-effective solutions powered by a high-performance big data engine. Developed over 12 years, the platform integrates seamlessly with major cloud providers and supports device-agnostic connectivity, driving the future of connected mobility.

Technologies we have:

- Device-Agnostic Platform
- Cloud Integration
- Big Data Engine
- Modular Architecture
- Security & Compliance
- IoT & AI
- APIs & Integration

Building Blocks For Connected Drives



Hardware

(Telematics Includes AIS - 140 Certification) Customized hardware as per OEM requirements, stable and market proven hardware platform, supports a wide variety of use cases.



Platform

Powerful API to integrate with built-in privacy controls & data protection, built-in AI & ML module, integrated telecom management, firmware libraries to support popular processors, support for COTA and FOTA deployments.



Unified Telematics App/SDK

A single, lightweight App & SDK enabling real-time data, analytics, and engagement tools across connected and non-connected (Deviceless Telematics) vehicles.



AI Enabled Analytics Platform

Predictive maintenance module, device and service provider performance reports, and a customizable engine for advanced analytics.



Integrated Telematics & IoT Platform

Varroc Connect delivers intelligent, real-time telematics solutions through hardware, mobile-based platforms, and a scalable cloud-native architecture. From customizable TCUs to mobile-first telematics, our solutions ensure seamless, cost-effective deployment across OEM, aftermarket, logistics, and insurance ecosystems.



Industries We Serve

OEMs, Transport & Logistics, Insurance, and B2C – delivering customized, actionable data for operational efficiency, safety, and enhanced customer experience.



Smart Ecosystem & Community

Our platform creates a unified digital environment—connecting vehicles, services, and users. Through the CarIQ Community, users engage in knowledge sharing, receive updates, and influence product innovation.



Top Mobile Features

Live tracking, trip replay, alerts, analytics, remote commands & document management.



Robust Platform Capabilities

- Modular, device-agnostic platform with real-time data ingestion
- Advanced analytics & AI for predictive maintenance and insights
- Remote commands (lock/unlock, immobilization, light/horn alerts)
- Secure OTA updates with full version control
- End-to-end security with GDPR/CCPA compliance



Key Web Features by Segment

- OEMs – Diagnostics, FOTA/COTA, analytics, predictive maintenance
- TLS – Route optimization, detention time, transport billing
- Insurers – Driving behaviour scoring, claim verification & fraud detection

Varroc overseas business

Lighting and Lighting Electric Solutions

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

Technologies we have:

- Light Engines
- Light Control Units (LCUs)
- Smart LCUs
- Surface LED technology
- Shape Light technology



Light Engines

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



Light Control Units

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



Exterior Lighting

Varroc's advanced Shape Light and Surface Light technologies are redefining automotive lighting by blending design freedom with high efficiency. From multi-coloured /RGB LED's offering animated tail lamps to high-definition front lighting, our solutions offer low power consumption, enhanced visibility, and seamless sensor integration.



Interior Lighting

Varroc's Interior Lighting solutions combine safety, comfort, and style through Display Lighting, Illumination Lighting, and Ambient (Accent) Lighting. From critical alerts like speed and warnings to mood-enhancing ambient glows and functional door panel lighting, our solutions enrich the driving experience with smart, stylish, and purposeful interior illumination.



Other Products

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



Technologies

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

Intelligent Cockpit and ADAS

Revolutionize your driving experience with our cutting-edge Intelligent Cockpit and ADAS solution, where automotive safety meets innovation. Our suite of advanced technologies includes Surround View Systems, providing a comprehensive 360-degree perspective for enhanced situational awareness. Driver Monitoring systems and ADAS elevates your safety standards ensuring attentiveness and alertness, contributing to accident prevention.

But that's not all – our Smart Infotainment solution seamlessly integrates entertainment and connectivity features, to enhance your driving experience.



Advanced Infotainment System

Our advanced infotainment system goes beyond expectations, delivering intuitive access to media, smartphone apps, and critical information. With a user-friendly interface and robust connectivity, it transforms every drive into a more comfortable, convenient, and safer experience. By seamlessly integrating functionalities from the Surround View System (SVS), Cabin Monitoring System (CMS), Telematics Control Unit and built in LTE module we've reduced hardware costs—passing the savings directly to our customers.

Key Functionalities

- Interactive Display
- Integrated Audio System
- Advanced Navigation
- Robust Connectivity
- Integrates DMS & SVS
- Supports Android Auto & Car Play



Surround View System

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

Key Functionalities

- Automated parking assist
- Reverse Parking Assist
- Bird's Eye View
- Seamlessly switch to any camera view

Intelligent Cockpit and ADAS



Driver and Cabin Monitoring System

Our driver attention evaluation technology continuously monitors and analyses driver behaviour in real-time. This includes detecting signs of fatigue, inattention, and cognitive load due to secondary tasks. Our driver and occupancy monitoring camera enables customized implementations of diverse HMI and safety applications. This includes gesture recognition, hands-off steering wheel detection, in-cabin activity recognition, violence detection, and object-human interaction.

Key Functionalities

- ✔ Drowsiness Warning
- ✔ Distraction Warning
- ✔ Occupant Detection
- ✔ Gesture Detection



ADAS

Designed to enhance situational awareness and reduce risks on the road, our ADAS solutions support various levels of driving automation—ranging from Level 0 driver assistance to Level 1 functions offering either longitudinal or lateral control, such as Adaptive Cruise Control or Lane Keeping Assist. At Level 2, our system provides comprehensive driving assistance by seamlessly integrating video and radar (1V1R fusion) to enable both longitudinal and lateral control.

Our ADAS cameras leverage high-precision vision technology and intelligent algorithms to detect obstacles, monitor lane positioning, and deliver real-time alerts - ensuring unparalleled safety, operational efficiency, and driving confidence.

Key Functionalities

- ✔ Front Collision Warning
- ✔ Lane Departure Warning
- ✔ Adaptive Cruise Control
- ✔ Automated Emergency Braking
- ✔ Lane Keeping Assist
- ✔ Traffic Jam Pilot

Varroc Smart Mobility

Our Smart Mobility solution offer unrestricted access to real-time status updates, vehicle data, location, and advanced analytics whenever you need them. This product offers fleet owners a comprehensive solution, serving as a standard fleet management system that can seamlessly expand as required. Varroc Smart Mobility is an advanced fleet management solution that comes equipped with an AI enabled dual-camera system capable of ADAS, and driver monitoring system. Additionally, Varroc Smart Mobility cloud portal provides a centralized hub for fleet managers to monitor their vehicles, access important data, and track driver behaviour. Varroc Smart Mobility has developed an intelligent driver coaching system. It analyses driver behaviour and identifies areas for improvement, providing personalized coaching and feedback to each driver.



Cloud Platform for Fleet Visibility and monitoring

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

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



Key Functionalities

- ✔ Distracted Driver Warning
- ✔ Drowsy Driver Warning
- ✔ Front Collision Warning
- ✔ Lane Departure Warning
- ✔ Driver Talking on a Phone
- ✔ Pedestrian Warning
- ✔ Hard Acceleration warning
- ✔ Hard Breaking
- ✔ Hard Turn



AI-Powered Algorithm

Varroc's AI-powered algorithms offer a holistic view of fleet operations by seamlessly integrating both road and driver behaviour monitoring. This comprehensive approach allows fleet managers to take proactive measures, mitigating risks, enhancing safety, and ultimately reducing accidents across the board. Our AI-powered exterior monitoring detects harsh braking, sudden lane changes, and tailgating, helping prevent collisions. Meanwhile, the driver-facing system identifies distractions, drowsiness, and seatbelt violations, enabling timely interventions. This comprehensive monitoring empowers fleet managers to enhance safety, reduce risks, and promote responsible driving through targeted training and real-time insights.



Empowering Fleet Managers With Video Telematics

Monitor your fleets in near real time using Dual Dash Camera enabled with video telematics technology.

All the data you need about your driver behaviour, vehicle condition and feet efficiency at your fingertips.



Dual Dash Camera

- ✔ Powerful AI Processor
- ✔ Ambarella SoC

HD Quality Video

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

Wireless and standalone

- ✔ WiFi 2.4/5.0GHz
- ✔ Bluetooth v5.0
- ✔ LTE More recording hours
- ✔ Record 50-100h of drive time

Easy to use and adopt

- ✔ Easy to use and install, and seamlessly integrates with all other platforms

Value creation model

Creating Holistic Value with Purpose

Inputs	Process	Outputs	Impact	SDG's
 Financial Capital Net-worth: ₹ 15,979 million Net debt to equity: 0.5	Ethical governance Sustainable products Employee growth and diversity Community development Sustainable supply chain Sustainable operations Our business philosophy  Safe Safety is integral to our product design. From mirrors and lights to cameras, we develop technologies that enhance road safety and support a more secure driving experience.  Smart We develop smart, connected automotive systems that enhance performance, efficiency, and in-vehicle communication across critical components.  Sustainable We focus on sustainable manufacturing, renewable energy use, and EV solutions, while supporting inclusion, skill development and environmental restoration. Our business segments  Ice Powertrain Solutions  E-mobility Solutions  Lighting Solutions  HMI Solutions  Body System Solutions  Varroc Connect  Aftermarket  Lighting and Lighting Electronic solutions  Intelligent Cockpit & ADAS  Varroc Smart Mobility ISO Certifications  IATF 16949  ISO 45001  ISO 14001  ISO 27001:2022  ISO 9001:2015	Financial Capital Revenue growth: 8.0% EBITDA: ₹ 7,767 million	We continue to strengthen our financial foundation through disciplined capital allocation, improved cash flow generation, and sustained earnings performance. This enables reinvestment in growth-oriented initiatives and supports long-term value creation for stakeholders	  
 Manufactured Capital Manufacturing facilities: 37		Manufactured Capital New range of product commercialised: - Integrated Startor Motor (ISG) - Battery Management System (BMS)	Equipped with advanced machinery, our integrated manufacturing facilities are designed to deliver high-quality products with precision and consistency. These facilities support end-to-end production processes, enabling us to meet evolving customer requirements while maintaining efficiency, reliability and adherence to global standards.	 
 Intellectual capital Technology Centres: 07		Intellectual capital Patents filled: 120+	We focus on next-generation research and development, with a strong emphasis on technology innovation and engineering excellence. By investing in advanced capabilities, we aim to deliver competitive solutions that align with the evolving requirements of our customers both today and in the future.	 
 Human Capital Employee: 6,100+		Human Capital Diversity ratio: 16.5%	Our team brings together highly skilled professionals with deep industry experience, enabling us to deliver reliable, high-performance solutions across our product portfolio. Their expertise drives innovation, quality and responsiveness in every aspect of our operations.	    
 Social and Relationship Capital CSR expenditure: ₹ 40.91 million		Social and Relationship Capital Beneficiaries: 15,212 No of learners reached: 231	We maintain strong partnerships with regulators and automotive authorities across our markets, along with successful collaborations with industry stakeholders. These relationships support our strategic direction and help us align with evolving standards, enabling steady progress towards our growth objectives	    
 Natural Capital Energy consumed: 172 million units		Natural Capital Water footprint reduction: 6.8% Waste recycled: 89% Trees planted: 19,641	We prioritise resource efficiency and responsible operations by reducing environmental impact across our facilities. Our initiatives focus on energy optimisation, water conservation and waste management, in line with our broader sustainability objectives.	    

Risk management

Proactively Managing Risks to Enable Purposeful Progress

We recognise that a proactive and structured approach to risk management is essential to sustaining performance and protecting value in a dynamic business environment. By integrating risk oversight into decision-making processes, we ensure greater resilience, agility and preparedness. Regular monitoring, internal reviews and cross-functional coordination help us mitigate potential disruptions while aligning with stakeholder expectations and regulatory developments.

RISK	DESCRIPTION	MITIGATION
 MARKET RISK	Demand for our products may be influenced by changes in the automotive industry, evolving customer preferences or broader economic factors.	✔ We focus on building long-term customer engagement through adoption of emerging technologies. ✔ To strengthen tool development, we benchmark industry peers and study global product trends. ✔ Participation in international conferences and exhibitions helps us stay aligned with technological shifts. ✔ We have also established a structured process to benchmark competitive products and define Varroc's approach to product development.
 SUPPLY CHAIN RISK	Vulnerabilities in the supply chain due to reliance on single sources or overseas suppliers can impact continuity and lead times.	✔ We follow a multi-sourcing approach to ensure uninterrupted operations while balancing cost efficiency. ✔ We are also working towards developing local alternatives for currently imported materials to reduce external dependencies.

RISK	DESCRIPTION	MITIGATION
 FINANCIAL RISK	Economic volatility, inflation, rising interest rates, and liquidity challenges may adversely impact financial performance and asset value.	✔ We are focused on strengthening cash flows through targeted debt reduction, improved working capital management by extending vendor credit, better customer realisation and inventory optimisation.
 INFORMATION TECHNOLOGY RISK	As technology becomes increasingly integral to operations, effective use is essential to support productivity and decision-making.	✔ We prioritise optimal use of SAP ERP systems to support informed business decisions. ✔ We are also enhancing collaboration between Manufacturing Excellence and IT teams to adopt IoT and automation technologies. ✔ Data collection and reporting through IoT is being implemented to enable accurate analysis and timely actions.
 HUMAN RESOURCE RISK	Inability to attract, retain and develop key talent may impact organisational continuity and performance.	✔ We are strengthening our talent strategy by enhancing the performance management system, assessing attrition drivers in critical roles and defining career paths for high-potential employees ✔ Diversity hiring is being prioritised, and systems are being implemented to manage the entire employee lifecycle. ✔ We are also identifying internal talent for succession planning and developing roadmaps to expand capabilities for future roles.
 REGULATORY COMPLIANCE	Evolving government policies and regulatory changes may impact internal processes and compliance requirements.	✔ We have a structured Compliance Management System (CMS) in place to track all applicable statutes. ✔ Periodic reviews are conducted to ensure timely adherence and alignment with changing regulations.
 ESG RISK	Increasing regulatory expectations and customer demands related to scope 3 emissions, along with reputational considerations linked to our sustainability goals.	✔ We are expanding our ESG framework with support from dedicated ESG leads and external experts to build a long-term strategy. ✔ ESG KPIs have been integrated into select leadership roles to embed accountability and accelerate progress.

Operating landscape

Navigating a Dynamic Landscape with Purpose

In understanding the evolving dynamics of the global automotive industry, we assess and monitor key factors that shape our operations and influence strategic priorities. These include technological transitions, policy directions, customer preferences, supply chain realignments and environmental considerations. Each of these elements impacts how we adapt our offerings, invest in capabilities, and strengthen our position in both domestic and international markets.

By maintaining agility, we are able to respond to emerging opportunities and challenges, while continuing to develop solutions that are aligned with our vision for safe, smart and sustainable mobility.

Transition to Electrification and Software-Defined Vehicles

What is it?

The automotive industry is witnessing a rapid shift towards electric vehicles (EVs), supported by government incentives, regulatory targets, and changing consumer demand. At the same time, digitalisation is redefining vehicles into software-driven, connected systems with embedded intelligence.

What does it mean for us?

This shift opens up new opportunities across our EV powertrain, telematics and smart electronics portfolio. We continue to expand our offerings in traction motors, controllers, BMS and advanced driver assistance systems (ADAS), while strengthening R&D for digital cockpit and connected mobility solutions.

Regulatory Landscape and ESG Focus

What is it?

Automotive regulations are evolving with growing emphasis on emissions control, safety, data privacy and sustainability. Stakeholder expectations around ESG disclosures and carbon footprint are becoming more prominent.

What does it mean for us?

We are strengthening our ESG roadmap and compliance mechanisms by investing in renewable energy, water and waste management and ethical supply chain practices. Our expanding portfolio of EV and ADAS solutions also aligns with future regulatory and sustainability norms.

Volatility in Global Supply Chains

What is it?

Fluctuations in raw material availability, geopolitical shifts and logistic constraints continue to impact global automotive supply chains, particularly where there is dependency on imports or single-source vendors.

What does it mean for us?

We are advancing our localisation strategy and diversifying our vendor base to reduce supply-side risk. At the same time, we are enhancing collaboration with suppliers and investing in digital tools to improve transparency and responsiveness across the value chain.

OEM Consolidation and Platform Sharing

What is it?

OEMs are increasingly consolidating platforms across vehicle categories and geographies to optimise costs, reduce complexity and speed up time to market. This impacts sourcing patterns and supplier engagement.

What does it mean for us?

We continue to engage closely with key OEMs as their strategic partners. Our wide product range, modular platforms and design-to-cost capabilities allow us to address multi-segment needs efficiently, while strengthening long-term relationships with our customers.

Talent Availability and Digital Skillsets

What is it?

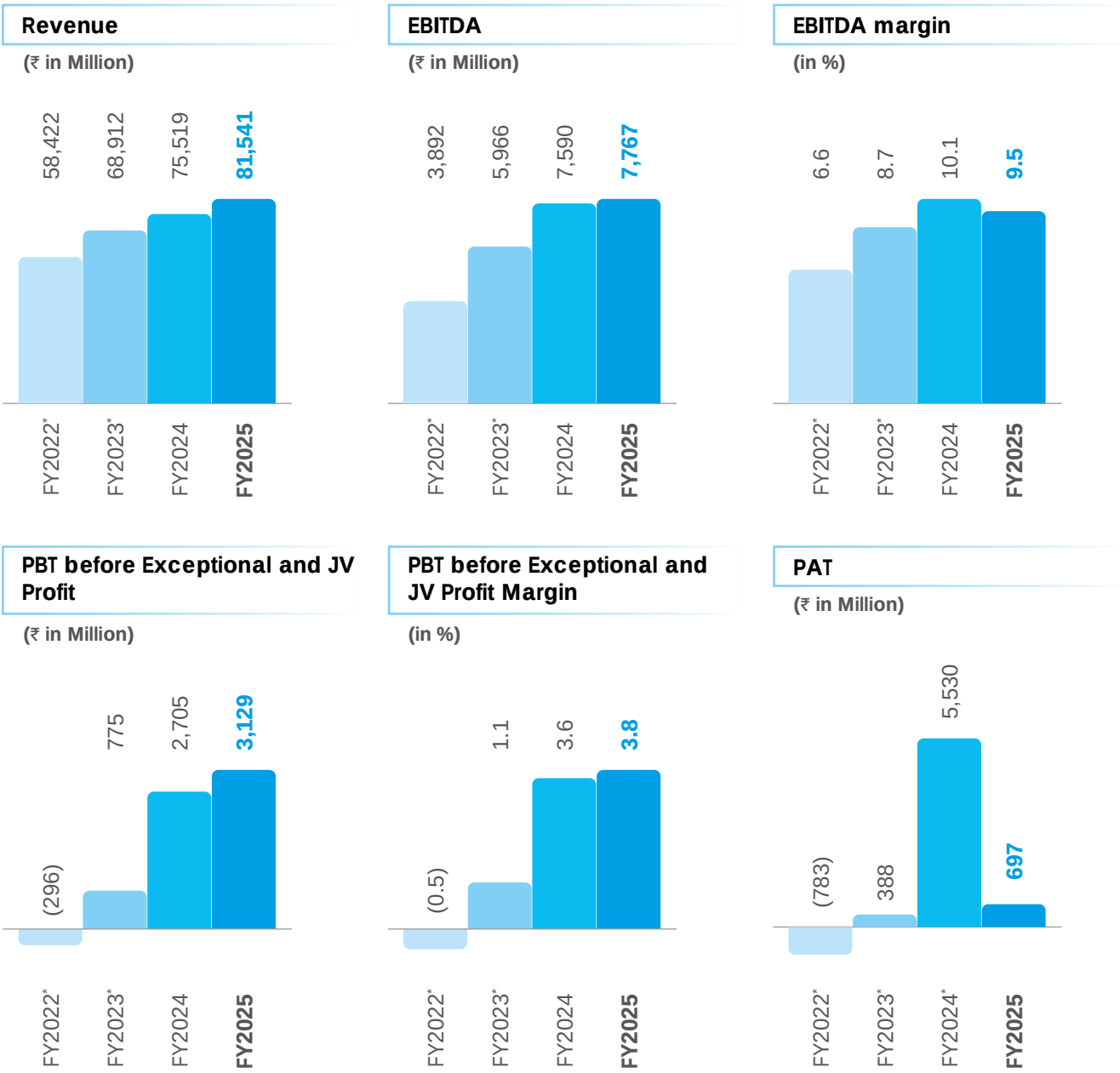
As the industry pivots towards software, electronics and AI-led mobility, the demand for skilled talent—especially in digital, embedded systems, and advanced manufacturing—is rising sharply.

What does it mean for us?

We are building internal capabilities through structured training, leadership development and hiring from a diverse talent pool. We also focus on employee engagement, career progression and upskilling programmes aligned with future growth areas such as IoT, embedded software and digital engineering

Financial highlights

Performance That Powers Purpose



EBITDA excludes the loss/gain from the FX movement and includes incentives from government
 * On October 6, 2022, Varroc has divested its 4W Lighting Business in Europe and the US. Numbers in the above charts/ graphs for FY 2021-22 and consecutive years pertain to continuing operations only.

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

Manufacturing excellence

Manufacturing the Momentum for Responsible Mobility

Our operational excellence stems from the strength of our manufacturing capabilities, efficient supply chain and adoption of advanced technologies. With modern facilities and strategic collaborations, we ensure precision and consistent quality across our offerings. By integrating innovation into our processes, we continue to enhance efficiency and deliver high-value solutions to our customers.

Our manufacturing capabilities

We drive manufacturing excellence through a structured approach that integrates Total Quality Management, lean processes and technology-enabled systems. Our focus on continuous improvement is embedded across all our facilities through Kaizen practices, helping us identify and implement efficiencies in real time. With a wide manufacturing footprint across India and key global markets, we are able to maintain cost efficiency while staying close to our customers. This enables us to respond to their requirements with speed and consistency.

We use IoT-enabled tools for real-time tracking of production and equipment performance, which supports predictive maintenance and improves process visibility. Our emphasis on quality systems and

standardised processes ensures reliability across product lines. We align our operations with customer expectations, focusing on product performance, delivery timelines and traceability. By strengthening digital integration and operational controls, we continue to improve plant productivity, reduce variation and

ensure consistent outcomes across every unit we produce.

Our focus on quality, safety and environmental standards is demonstrated through the certifications held across all our manufacturing facilities.



IATF 16949



ISO 45001



ISO 27001: 2022



ISO 14001



ISO 9001:2015



Supply chain management

Delivering Value Through a Connected, Conscious Supply Chain

In our supply chain operations, we follow well-defined and streamlined processes supported by a structured release strategy for sourcing. We work closely with our long-term suppliers by aligning them with our Standard Operating Requirements (SOR), ensuring consistency and dependability across the value chain. By leveraging our scale of procurement, we focus on strengthening cost management and driving cost standardisation across our operations.

Integrated Supplier Quality management

1

Potential Supplier Assessment (PSA)

Standardised onboarding process aligned with Varroc's expectations and strategic priorities.

2

Component Development

Common development processes that create a methodical path between Varroc and suppliers

3

Proactive Risk Management

Enhances risk readiness by identifying potential threats and applying appropriate safeguards.

4

Manufacturing Process Enhancement

Drives efficiency and robustness by applying best practices in world-class manufacturing systems.

5

Centralised Controls for Supplier

Identifies and improves quality and system gaps at the supplier's end that affect operational performance.

6

Performance Management

Assesses supplier execution against expectations and defined improvement plans.

7

Change Management

Facilitates smooth adoption of process or engineering changes through structured implementation.

8

Customer – Specific drives

Implements Tier-2 improvement initiatives as per customer requirements.

Technology and innovation at Varroc

Innovating with Purpose, Engineering the Future of Mobility

We continue to advance automotive innovation through a strong R&D foundation and a skilled engineering team focused on delivering customer-centric solutions. Our approach is closely aligned with emerging technology trends and supports our vision of building safe, smart and sustainable mobility systems.

Strategic collaborations further strengthen our ability to develop integrated solutions across product categories, allowing us to serve a wide range of customer requirements with efficiency and precision. As a systems supplier operating across multiple business segments, we bring together cross-functional expertise to deliver reliable, future-oriented technologies that meet evolving industry expectations.

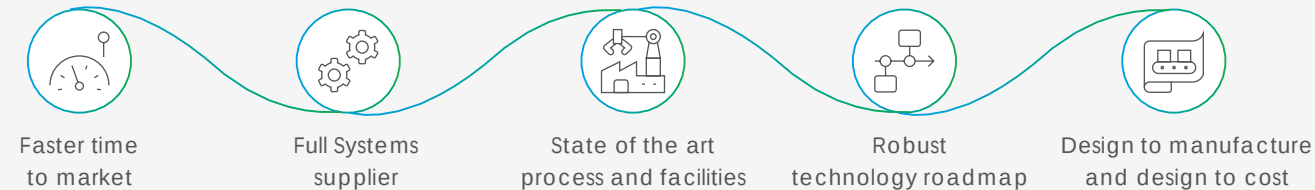
800
Engineers

7
R&D centres

120+
Patents filed



Our Approach to Engineering



Our R&D focus

Sustainable mobility

We are committed to advancing environmental responsibility by developing sustainable solutions in electrification and emission control. Our efforts focus on energy efficiency, lightweight design and the use of sustainable materials. Through these initiatives, we aim to support cleaner operations and contribute meaningfully to a more sustainable future.

- ✓ Electrification
- ✓ Lightweighting
- ✓ Sustainable materials
- ✓ Energy efficiency

Safe mobility

We view safety as a fundamental pillar of modern mobility. Our products are designed to enhance rider and passenger safety through advanced lighting systems, intelligent driver monitoring and integrated electronic controls. From precision-engineered mirrors and braking systems to ADAS-enabled technologies, we focus on reducing risk and improving visibility and responsiveness across vehicle platforms

- ✓ Road illumination
- ✓ Occupant monitoring
- ✓ Eliminating blind spot

Smart mobility

Smart mobility for us means integrating intelligence, connectivity and real-time data into vehicle systems to enhance performance, efficiency, and user experience. Through telematics, digital clusters and IoT-enabled platforms, we enable smarter decision-making, seamless communication, and improved vehicle management for both riders and fleet operators.

- ✓ Fleet monitoring
- ✓ Smart displays
- ✓ Telematics
- ✓ Advanced solutions



Board of Directors



Tarang Jain
Chairman & Managing Director



Arjun Jain
Whole-time Director
and CEO – Business I



Dhruv Jain
Whole-time Director
and CEO – Business II



Vinish Kathuria
Independent Director



Marc Szulewicz*
Independent Director



Vijaya Sampath*
Independent Director



Gautam Khandelwal*
Independent Director



Liselott Kilaas
Independent Director



Akshaykumar Chudasama
Independent Director



Padmanabh Sinha
Independent Director



Vidyadhar Limaye**
Whole-time Director

*Completed the second and final term as an Independent Director of the Company effective from July 19, 2025
**Ceased to be Whole-time Director & KMP effective from June 30, 2025

Our ESG Practices

About the Section

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

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

Reporting Scope

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

Reporting Boundary

The data provided in this section primarily pertains to all of Varroc's offices and plants in India. It encompasses data and activities from our operations for the fiscal year ending FY 2024-25.

Forward-looking Statement

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

Contact Details and Feedback

Share your feedback or queries regarding this report with:

Manohar N. Sethpalani
Head of Quality, ESG & EHS
Email id: Manohar.Sethpalani@varroc.com



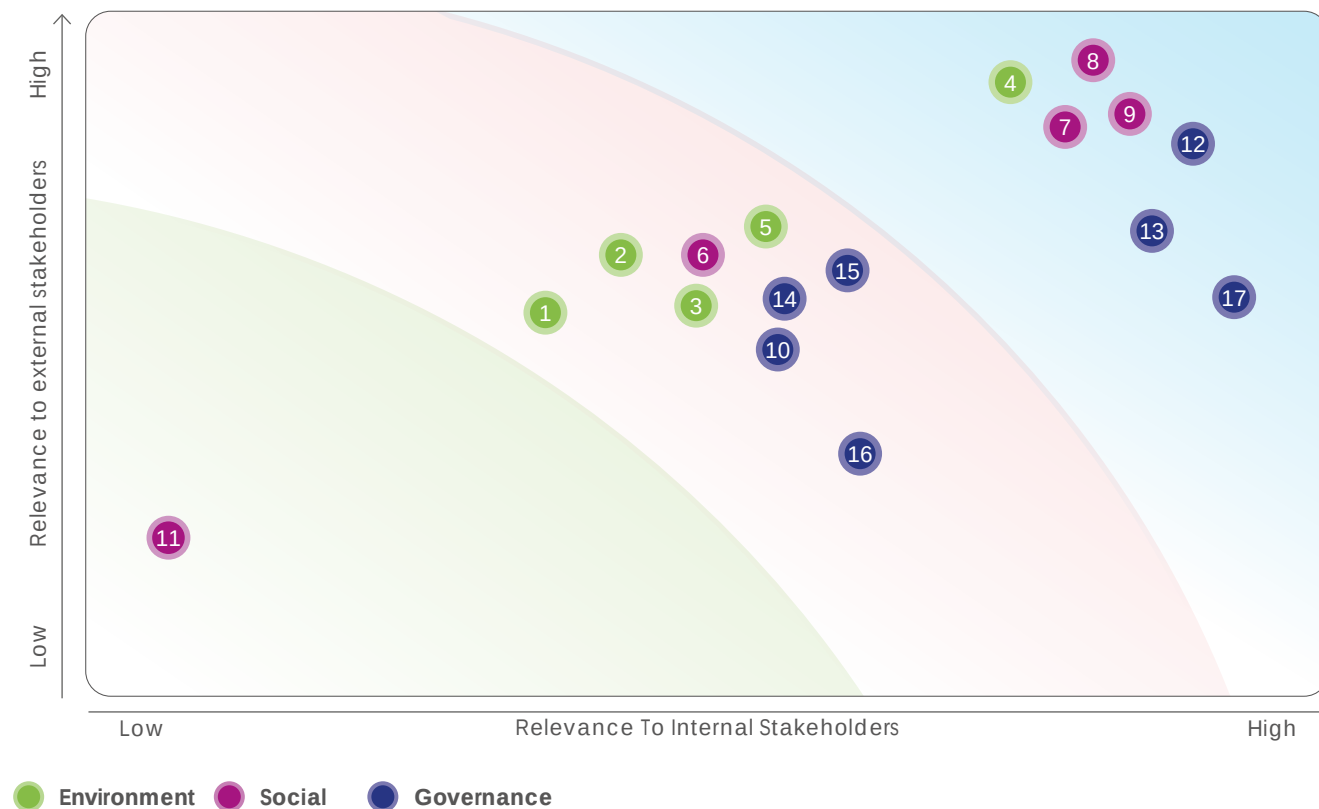
Our Materiality Approach and Stakeholder Engagement

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

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

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

Process to Conduct Materiality Assessment



Identified Material Issues:

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

Our Sustainability Priorities

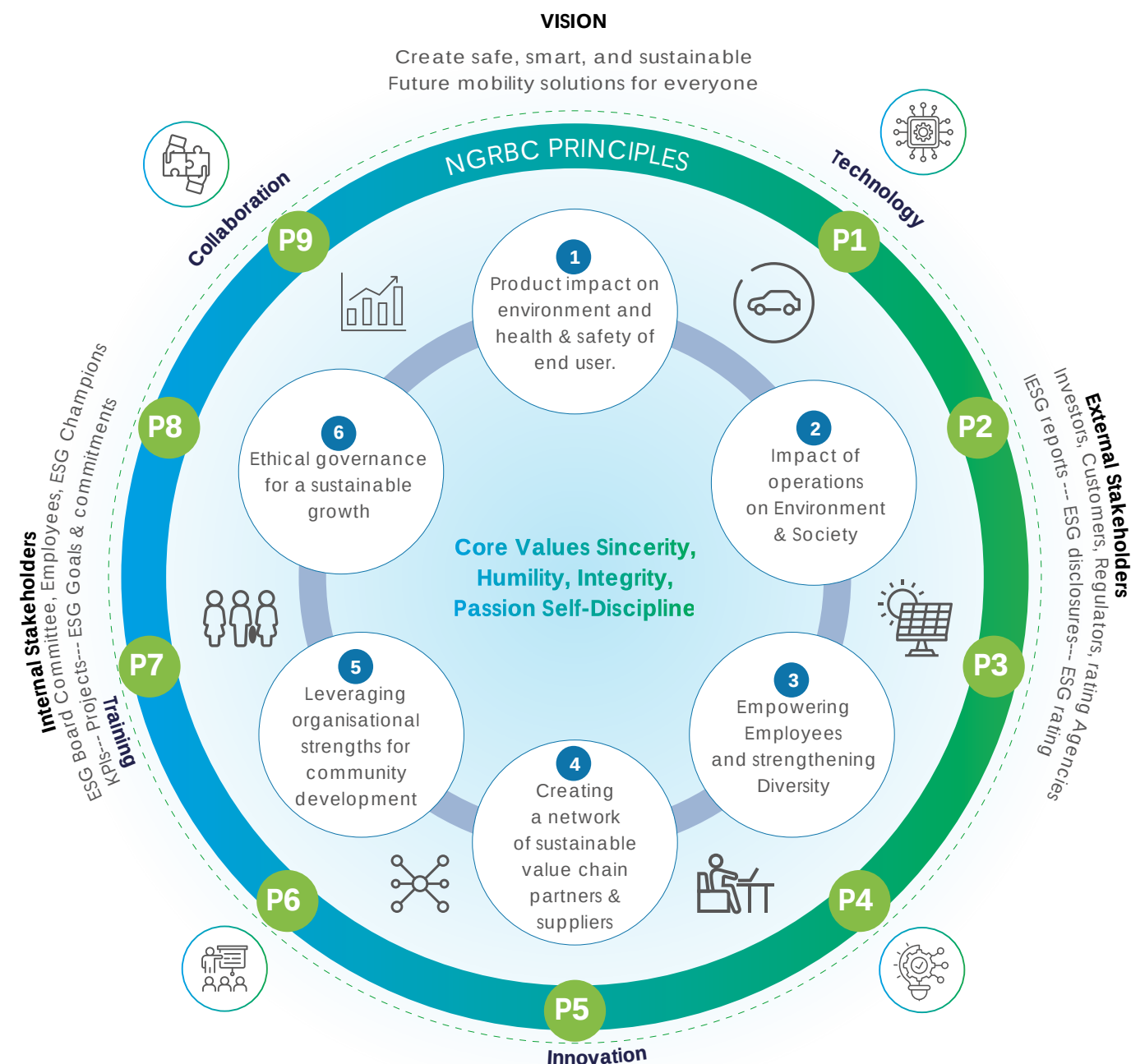
At Varroc, our vision for sustainability is to collaboratively create value for our stakeholders by pioneering eco-friendly products for the automobile sector. Committed to environmentally responsible operations, we aim to 'Create safe, smart, and sustainable future mobility solutions for everyone.'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



ESG Strategy Framework

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

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



Sustainable Product

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



Sustainable Operations

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



Diversity, Equity and Inclusion

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



Sustainable Supply Chain

- Building a sustainable value chain with responsible sourcing practices



Community Development

- Utilising organisational strengths for community development and CSR projects.



Sustainable Growth and Governance

- Ethical governance practices



Corporate Governance

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

Governance Structure

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

Board of Directors

ESG Steering Committee of the Board

ESG Operational Council - Environment

ESG Operational Council - Social

ESG Operational Council - Governance

Policy Framework

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

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

We have disclosed our policies on our website for easy access: [Policy link](#)

Whistle Blower Policy

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

Anti-Corruption Policy

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

Code of Practices and Procedures

Our Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information reflects our commitment to integrity. This code offers a clear



framework of procedures and practical guidelines to guide our actions and decisions. Our primary objective is to ensure consistent, transparent, and timely public disclosure of information. Adhering to these principles builds trust with our stakeholders and ensures a level playing field for all investors. [Code of Practices and Procedures](#).

Grievance Redressal Mechanism

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

continually enhance our grievance redressal mechanism, ensuring all stakeholders feel included in the company’s progress.

Risk Management

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

Environment

UNSDGs Impacted



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



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

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

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

Energy Management and Efficiency

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

Material Issues Addressed



Energy and GHG Emission



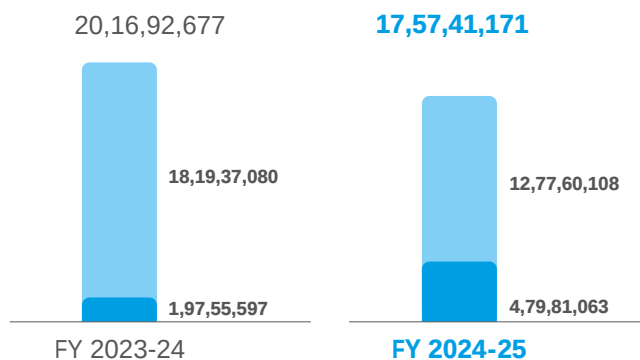
Climate Change Regulation

16.5% decrease
in total energy intensity per revenue

Over the years, Varroc has undertaken significant measures to enhance energy efficiency, which resulted in a reduction in our energy consumption and emissions. Through a combination of monitoring processes and proactive energy management, our total energy consumption in FY 2024-25 was 17,57,41,171 kWh. As part of our sustained commitment to optimizing energy usage across our operations, several key initiatives were undertaken. These include compressed air leak arresting and system optimization, implementation of lighting automation through motion sensors, and demand load optimization. Additionally, Variable Frequency Drives (VFDs) were installed for MTC pumps, standby pumps were deactivated during non-operational hours, and conventional lighting systems were replaced with energy-efficient LED lighting. These efforts have not only contributed to significant reductions in operational costs but have also played a vital role in lowering our overall carbon footprint, reinforcing our commitment to sustainable and energy-efficient operations.

Energy Consumption

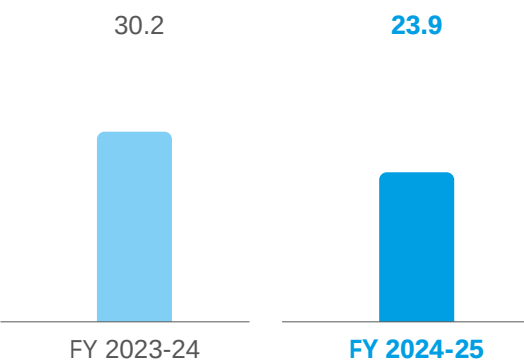
(in kWh)



■ Total energy consumption from Non-Renewable Energy Sources (kWh) ■ Total energy consumption from Renewable Energy Sources (kWh)

Energy Intensity

(in kWh/INR million)



Energy Efficiency Measures

Compressed Air

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

Operational Effectiveness

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

Lightings

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

Demand Management

- Maximum demand and contract demand

LPG Gas

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

Fans & Motors

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

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

Renewable Energy

Material Issues Addressed



Energy and GHG Emission



Climate Change Regulation

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

In FY 2023–24, Varroc's electricity consumption from renewable sources through solar rooftop generation and Renewable Power Purchase Agreements (PPAs) under the Renewable Purchase Obligation (RPO)—stood at **1,97,55,597 kWh**. By FY 2024–25, this figure saw a significant increase, with **solar rooftop generation and renewable**

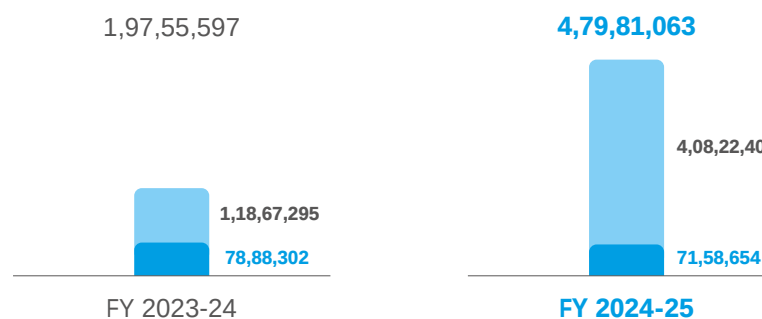
energy procured via PPA reaching 4,79,81,063 kWh, with nearly 30% of Varroc's total electricity consumption now being met through renewable sources.

Over **50% of our manufacturing plants** are already equipped with rooftop solar installations. We are actively expanding plant-wise renewable energy generation capacity, reinforcing our commitment to decarbonization and sustainable energy sourcing across all facilities.



Renewable Energy Generation

(in kWh)



■ Electricity Consumption - Solar/Wind Captive generated (kWh)

■ Electricity Consumption - Solar Rooftop generated (kWh)

Emissions Management

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

Material Issues Addressed



Energy and GHG Emission



Climate Change Regulation

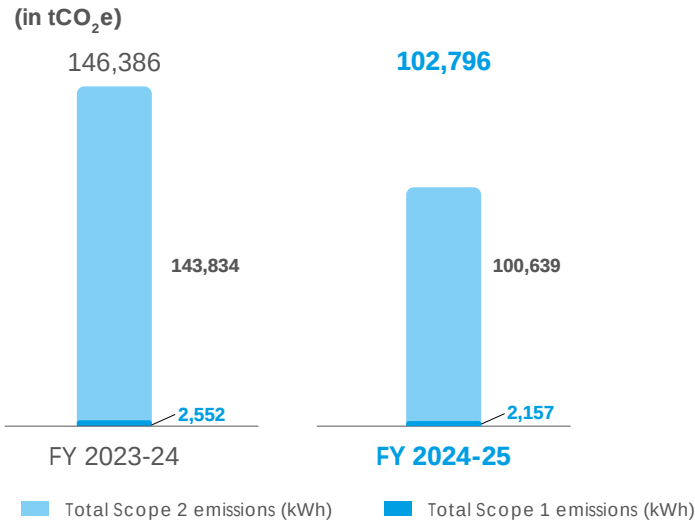
A vital part of understanding and addressing climate change includes monitoring and reducing our greenhouse gas emissions. We employ the GHG Protocol standards to estimate our Scope 1 and Scope 2 emissions, as is showcased in the table below. In FY 2023-24, we reduced our Scope 1 emissions by 6.65%, demonstrating our ongoing efforts to boost efficiency and integrate cleaner technologies. Varroc's climate strategy prioritizes the monitoring and reduction of

greenhouse gas (GHG) emissions, following the GHG Protocol to ensure transparency and global alignment. In FY 2024–25, the company achieved a 16% reduction in Scope 1 and a 30% reduction in Scope 2 emissions, driven largely by a significant rise in renewable energy consumption, which accounted for nearly 30% of total electricity use. These reductions, which exclude process-based fuel emissions, reflect Varroc's focus on operational efficiency and sustainable technology adoption. The strategy emphasizes minimizing emissions at the source, underscoring a proactive and holistic approach to carbon management. Moving into FY 2025–26, Varroc remains committed to maintaining this downward emissions trend through ongoing improvements and integration of new technologies. While Scopes 1 and 2 remain vital, the company recognizes Scope 3 as the largest component

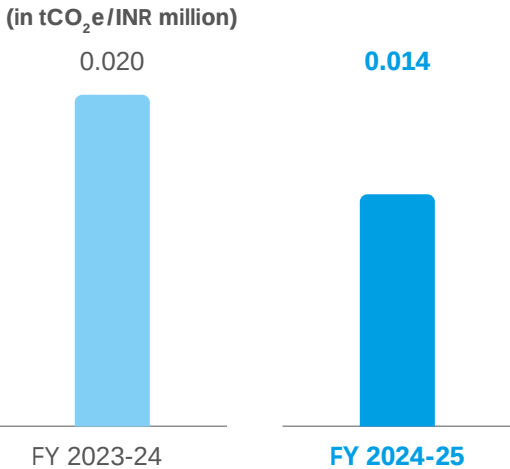
of its carbon footprint. Efforts are underway to calculate, monitor, and mitigate Scope 3 emissions, with formal reporting planned to support long-term sustainability goals.

30% decrease in total emission intensity

GHG Emissions



Emission Intensity



Water and Effluents Management

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

Material Issues Addressed



Climate Change Regulation

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



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

While our products are not as water intensive as other industries, we still require water for our manufacturing processes. In FY2024-25, our total water consumption amounted to 412,228.10 KL and

our water discharge was 31,760 KL. We are working on reducing our freshwater withdrawal through a combination of strategies, including maximising effluent recycling and reuse at all our manufacturing plants, minimising leakage and wastage, and implementing water-saving technologies.

By FY 2024–25, Varroc successfully commissioned Zero Liquid Discharge (ZLD) systems at five of our manufacturing plants, with capital expenditure allocated for a sixth plant, where implementation is scheduled later this year. The combined treatment capacity of the currently installed ZLD systems stands at 38 kilolitres per day (KLD). ZLD systems are a critical component of our water management strategy, ensuring that 100% of wastewater is treated, recycled, and reused within the facility—thereby eliminating any discharge into the environment. This directly supports our broader commitment to responsible water stewardship. Encouraged by the success of these installations, we are actively exploring opportunities to expand ZLD implementation across additional facilities. This initiative plays a vital role in strengthening our environmental sustainability



agenda and reinforces Varroc’s focus on efficient and circular water use practices. Through ongoing investments in ZLD and other water conservation technologies, Varroc continues to demonstrate leadership in sustainable industrial water management.

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

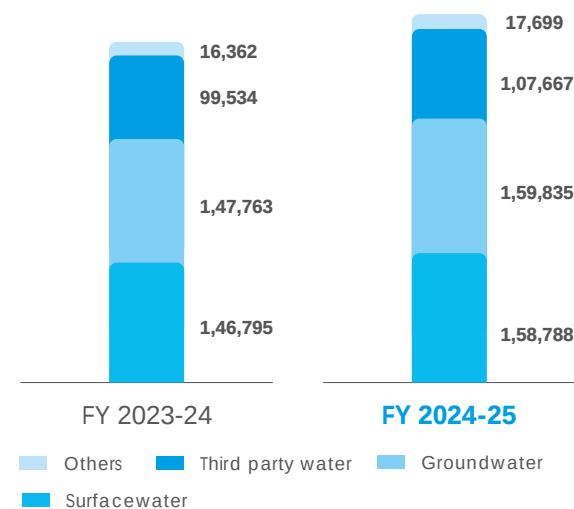
Finally, one of our notable water conservation initiatives is the Kham River Restoration Project. Further details around what the Kham River Restoration Project is and how it has impacted the community can be found in the CSR section of this report, but specifically for this section, this initiative has been geared towards the reduction of waste in the river, cleaning and beautifying the river itself through sapling plantations and stone-pitching the banks, and working on replenishing groundwater for the community. We also undertook the Kham Freshwater Pond Treatment, covering four large ponds, which further underscores our commitment to water conservation

and ecological balance. Our active involvement in the Kham River restoration and pond treatment projects was acknowledged by the NIUA at the DHARA summit. Consequently, Aurangabad became the third city in the nation to establish its own Urban River Management Plan (URMP).

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

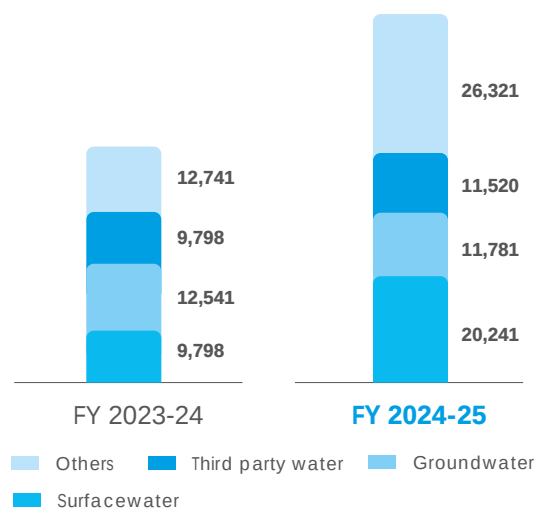
Water withdrawal

(by source)



Water discharge by destination (with Treatment)

(in KL)



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

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

Waste Management and Circularity

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

Material Issues Addressed



Waste Management



Climate Change Regulation

Particularly considering the increasing global scarcity of resources, effective waste management and mitigating the impact of waste is a key parameter of our ESG efforts. Guided by our environmental goals and targets, we prioritise recycling and waste

reduction across all our operations, by working to transform waste into valuable resources and, minimise waste generation, and promote sustainability within our industry.

We recognise that hazardous waste storage and disposal pose significant environmental risks. Varroc recognizes the environmental risks of hazardous waste storage and disposal. In FY 2024–25, the company generated 6,475.16 MT of hazardous and 7,363.93 MT of non-hazardous waste. Through enhanced segregation, recycling, reuse, and energy recovery efforts, 12,402.88 MT of waste was diverted from disposal. These initiatives were carried out in partnership with third-party recyclers under formal consent agreements, ensuring responsible and compliant waste management while supporting Varroc’s commitment to environmental sustainability and risk mitigation.

89%

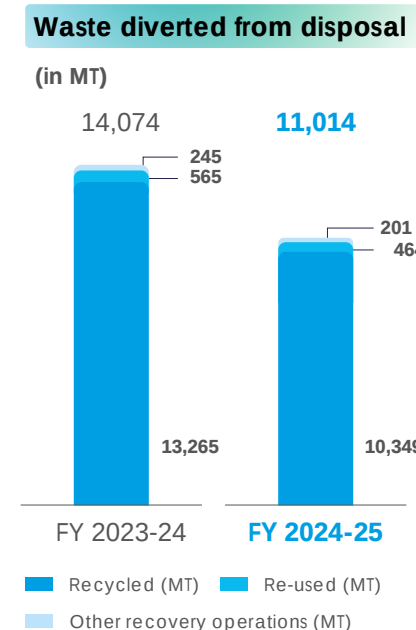
waste diverted from disposal



Waste generated



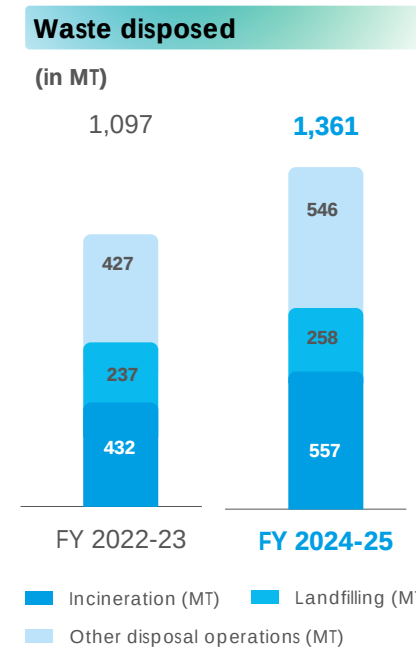
Waste diverted from disposal and waste disposed



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

The company has implemented waste management practices that adhere strictly to regulatory standards. We clearly distinguish between hazardous and non-

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



Social

UNSDGs Impacted



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

Our Employees

GRI 2-7, 2-8

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



Employee Category	FY 2024-25				FY 2023-24			
	Male	Female	Others	Total	Male	Female	Others	Total
Top Management	20	1	0	21	16	1	0	17
Senior Management	223	13	0	236	228	9	0	237
Middle Management	945	71	0	1,016	976	73	0	1,049
Associates	1,930	130	0	2,060	2,243	117	0	2,360
Workers	17,612	4,260	0	21,872	11,192	3,203	0	14,395



Employee Engagement

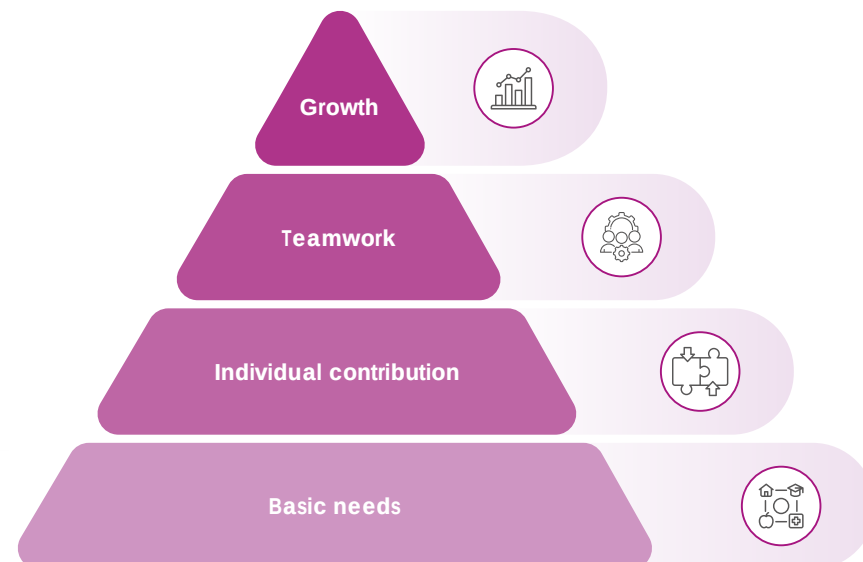
At Varroc, we are dedicated to fostering a culture of continuous engagement across our organisation. We proactively encourage employee engagement, prioritising their input and valuing their perspectives to drive the success of the organisation along with the growth of our employees. To embody this, in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

Employee Survey:

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

Culture Brief

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



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

the key drivers of engagement, fostering a more motivated and effective workforce.

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

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

and look forward to continuing our engagement with them.

In addition to the cricket tournament, we hosted a variety of recreational and awareness-building activities to strengthen team bonding and enhance employee well-being. These included chess tournaments, World Environment Day celebrations featuring interactive employee sessions, and quiz competitions designed to engage, educate, and inspire. Such initiatives are an integral part of our commitment to creating a vibrant and inclusive workplace culture, where employees feel connected, motivated, and valued beyond their professional roles.

Training and Development

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

Material Issues Addressed



Training and Development

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



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

13.7

Hours/ employee in FY24-25

94%

of employee received performance and career development reviews



Mandatory Trainings

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

Non-Mandatory Trainings

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

Training and Development (T&D) Framework



Hiring and Initial Goal Setting

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



Finalisation of KRAs

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



Regular Reviews and Scoring

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



Fast-Track Opportunities

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



Continued Education and Professional Growth

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



Job-Specific and Personal Development Training

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



Employee Well-being

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

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

In FY 2024-25, we spent 0.1% of our total revenue on insurance schemes for our employees and workers. We provide 100% coverage for all employees and workers for Health Insurance, Accidental Insurance, Maternity Benefits, Paternity Benefits, and Retirement Benefits. Understanding the mental load of parenting while working full-time, we also offer 100% coverage for daycare facilities. At Varroc, our commitment to employee wellness is unwavering, and we continually seek new ways to enhance our team's well-being. By embedding surveys and employee engagement structures into our processes, we aim to understand how employees manage work and life, and help them do so successfully.



	No. of employees entitled to parental leave	No. of employees that took parental leave	No. of employees who returned to work after leave ended	No. of employees who returned to work after leave ended and were still employed after 12 months	Return to work rate	Retention Rate
FY2024-25						
Maternity Leave	294	11	11	11	100%	100%
Paternity Leave	5,412	159	159	147	100%	100%

Occupational Health & Safety

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

Material Issues Addressed

Employee health and safety

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

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

Occupational Health & Safety Management System

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

We have established a comprehensive occupational health and safety management system

²<https://varroc.com/beyond-business/ehs-2/>

across all our manufacturing plants worldwide, as per ISO 45001:2018. This system encompasses health and safety policies, guidelines, periodic training sessions, and comprehensive records. It also integrates various health and safety promotional activities and programmes. To streamline these efforts, we have implemented a digital portal for tracking and monitoring occupational health and safety risks, ensuring compliance, and reporting critical information to senior management for improved oversight. Our occupational health and safety policy focuses on the continuous improvement of our management system through regular reviews. The system has been certified by an independent third-party registrar, ensuring our compliance with these standards and also with legal mandates, such as the Factories Act of 1948 and the Maharashtra Factories Rules of 1963. Effective communication is a cornerstone of our EHS approach, as we actively inform stakeholders about our EHS guidelines. Collaboration is key: we work as a team (Cross-Functional Team, CFT) to develop and implement EHS practices. We cover all our employees and workers, including

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

those who are not directly employed by us but whose work or workplace is controlled by our organisation.

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



Identifying and Managing Work-Related Hazards

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



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



Preventing Negative Impacts

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

Safety Performance Monitoring

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

- Daily Meetings:** The Plant Head and Plant Safety Officer convene daily to address ongoing safety issues and review current performance metrics.
- Management Reviews:** Our monthly business review meetings, which include the Managing Director and CEO, prioritise

safety discussions. During these meetings, the EHS Head from each business unit presents the latest safety performance data and outlines current and upcoming safety initiatives to the senior management team.

Reporting Mechanisms for Workplace Hazards

Our employees can report health and safety concerns to their line supervisors and the EHS Officer at their respective plants. Employees are encouraged to report work-related hazards and hazardous

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



Lost time injuries per one million-person hours worked			
Parameters	UoM	FY 2024-25	FY 2023-24
Lost Time Injury Frequency Rate (LTIFR)	Lost time injuries per one million-person hours worked	0.185	0.031
Total recordable work-related injuries	Numbers	2	2
Fatalities	Numbers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Numbers	0	0

Access to Medical and Healthcare Services

Varroc ensures that all employees and workers have access to non-occupational medical and healthcare services. We have Occupational Health Centres (OHCs) at our sites, equipped with comprehensive medical facilities to ensure the well-being of our employees. Our OHCs include ambulance services with options for Patient Transfer, Basic Life

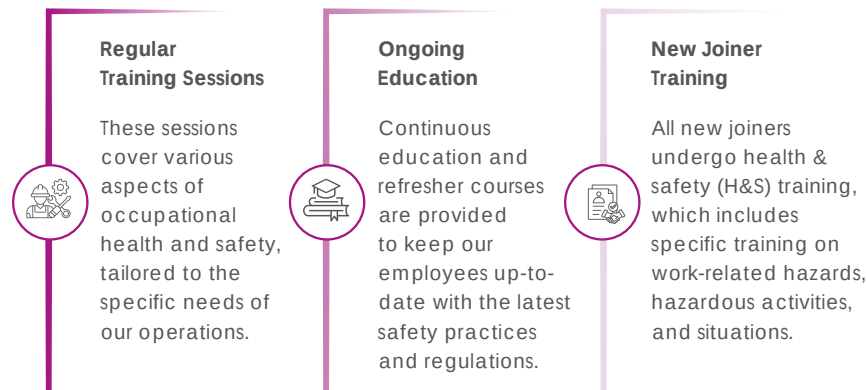
Support (BLS), and Advanced Life Support (ALS) to cater to various medical emergencies. Additionally, the centres are equipped with Automated External Defibrillators (AED), wheelchairs, and a range of antidotes for immediate response to toxic exposures. These resources enable us to provide prompt and effective medical care in case of any workplace incidents.

Other services include annual and half-yearly medical check-ups,

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

Training and Capacity Building

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



Our training calendar encompasses a wide range of crucial topics to ensure comprehensive occupational health and safety education for all employees. Training sessions include

EHS policy awareness, significant aspect and impact awareness, Behaviour-Based Safety (BBS) awareness, proper usage of spill kits, hazard and risk awareness, and

practical fire-fighting skills. These topics are meticulously covered in accordance with the annual training schedule, ensuring that our workforce is well-informed and equipped to handle various safety and environmental challenges effectively. Training needs are assessed through a formal identification process, and the effectiveness of training is evaluated quarterly. Training is conducted during paid working hours to ensure maximum participation.

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

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



Diversity, Equity and Inclusion

GRI 405-1, 405-2

Material Issues Addressed



Diversity, Equity and Inclusion

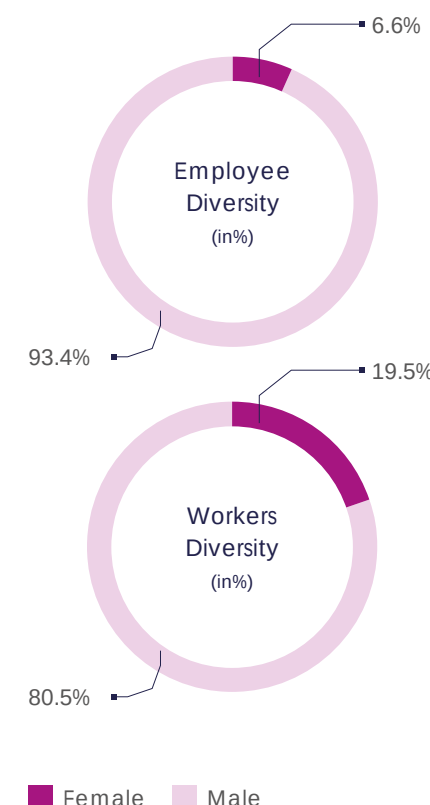
Varroc remains firm in its commitment to promoting equal opportunities both within the organisation and beyond. Drawing from our rich legacy and bolstered by our inclusive practices and programmes, we continuously endeavour to cultivate a workplace culture where every individual is esteemed, respected,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

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

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

22.22% female

in board of director



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

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



Talent Attraction and Retention

GRI 401-1

Material Issues Addressed



Employee
Attrition

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

To attract top talent, we highlight our unique company culture, growth opportunities, and competitive compensation packages. As we discussed in previous sections, we

strive to create a workplace where individuals are recognised for their skills and accomplishments. Our Great Place To Work certification, is a testament to our success in meeting talent aspirations and fostering a positive work environment.

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

Succession planning is a priority at Varroc, and we are committed to standardising this process. Emphasising professional development and succession planning aligns with our “One Varroc”

vision, ensuring that we prepare our leaders for the future while fostering a unified and strong company culture. Our comprehensive succession planning policy for the directors, key managerial personnel, senior management personnel and other employees ensures the seamless filling of key leadership roles and other important positions. This policy aligns talent management with business objectives, mitigating risks associated with vacancies, project readiness, and transitions.

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

Employee Category	FY 2024-25	FY 2023-24
Permanent Employees	3,333	3,853
Permanent Workers	2,373	2,317
Contractor Workers	21,872	14,071
Total Number of New Employee Hires during the period	740	1,086
Total Attrition -Permanent Employees & Workers excluding contract workers	10.77%	9.98%
Total Permanent Employee Attrition excluding contract workers	16.48%	15.86%

16.6%
total

white collar employee
turnover rate in FY2024-25

6.8%
total

blue collar employee
turnover rate in FY2024-25

Responsible Value Chain

GRI 401-1

Material Issues Addressed



Sustainable
Products



Sustainable
Supply chain

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

Spend Analysis of Supply Chain:

In FY 2024–25, we conducted a detailed spend analysis focused on our Bill of Materials (BOM) suppliers, to better understand and align our sourcing practices with our sustainability goals. The findings reinforced our dedication to inclusive growth and local economic development: 29% of our total spend was directed towards Micro, Small, and Medium Enterprises (MSMEs), reflecting our commitment to empowering smaller businesses and fostering supplier diversity. 96% of our procurement spend was with local suppliers, underlining our focus on local sourcing, community upliftment, and regional supply chain resilience.

This analysis not only supports our internal sustainability objectives but also promotes shared value creation across the supply network.

Identifying Critical Suppliers:

We define critical suppliers as those providing essential raw materials, subcomponents, specialized materials, tooling, machinery, and logistics services. These suppliers are vital for ensuring the continuous and

Maintaining Supplier Diversity:

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

Capacity Building of Suppliers:

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

Risk Assessment:

Our risk assessment process for potential suppliers includes third-party assessments during the vendor onboarding process for non-BOM

efficient production of high-quality automotive parts, disruptions from these suppliers can significantly impact our production process and the timely delivery of components.

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

suppliers. For BOM suppliers, the SUG team conducts detailed audits. This comprehensive assessment helps us identify and mitigate potential risks early in the supplier engagement process.

Top Management Review:

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

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

Sustainable Supply Chain:

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



Environmental Responsibility

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



Governance

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



Conflict Minerals

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



Social Responsibility

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



Ethical Conduct

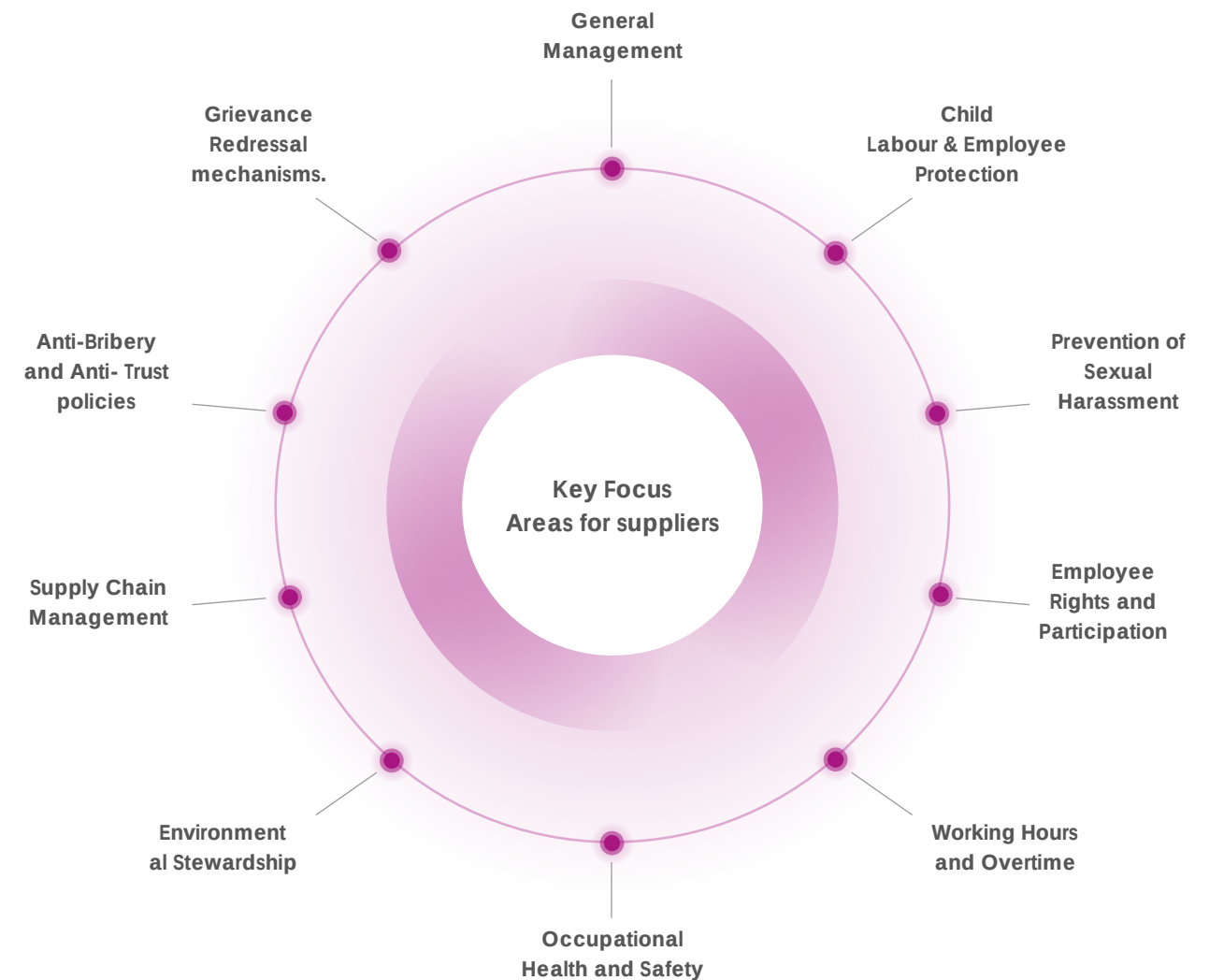
- ✓ **Anti-Corruption:** Adhere to anti-corruption laws and avoid unethical practices.
- ✓ **Transparency:** Maintain transparency in business practices.
- ✓ **Fair Competition:** Compete ethically and avoid anti-competitive behaviours.
- ✓ **Conflict of Interest:** Disclose any potential conflicts of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

Supplier Code of Conduct:

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

Suppliers are expected to align their practices with ethical sourcing principles, ensuring responsible procurement of materials and services. This includes upholding

high standards for labour rights, environmental protection, and integrity in all business dealings. Suppliers are required to sign an agreement to adhere to the Code of Conduct and to further promote these standards among their subcontractors and partners. At present, our key focus areas of our supplier selection are more from social compliances which are mentioned below. However, going forward we aim to include focus areas from the sustainability perspective.



Our Downstream Stakeholders: Customers

GRI 418-1

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

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

providing customised solutions that address safety and styling factors, ensuring we remain at the forefront of industry advancements to meet and exceed customer expectations.

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

With our customers increasingly adhering to the Responsible Supply Chain Initiative (RSCI), which promotes ethical, sustainable, and transparent supply chain practices, we have formalised the

principles of those standards within our own operations. The RSCI sets high standards for environmental stewardship, social responsibility, and corporate governance, a concept we have been aligned with since our inception. While the practices have been part of our operations since our inception, by following RSCI guidelines more formally, we consistently meet the ESG criteria of our customers, uphold high sustainability and ethical standards, and maintain long-term, trust-based relationships across the board.

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



Human Rights

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

Material Issues Addressed



Labour Management and Human Rights

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

Zero

cases of human rights violation in FY 2024-25

Human Rights Policy and Commitment

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

100%

training of employees on human rights

Grievance Redressal Mechanisms

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

Whistleblower Policy:

Allows employees to report unethical practices or breaches of company policies confidentially.

Zero

incidents of discrimination reported in FY 2024-25

Ethics Committee:

A dedicated internal committee has been established for employees and workers to use as a grievance redressal mechanism for work-related issues that fall outside the scope of the Whistleblower Policy.

Policy on Prevention and Redressal of Sexual Harassment at Workplace (POSH):

Provides a framework for preventing and addressing sexual harassment in the workplace, ensuring a safe and respectful environment for all employees.

Dedicated HR POCs:

Staff have dedicated HR persons of contact for their respective roles, who are available to address employment concerns, or guide employees to the right committees or people who can support the issue.

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



Our Community Interventions

GRI 413-1, 413-2

Material Issues Addressed



Employee
volunteering and CSR

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

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

Varroc has formed a dedicated CSR committee responsible for overseeing and guiding the company's corporate social responsibility initiatives. This

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



CSR Focus Areas



Environment Sustainability
Kham River Eco Restoration



Employability Development
Varroc Academy



Sports
Varroc Vengsarkar Cricket Academy



Health and Welfare
Blood Donation Camp

CSR Initiatives:

1 Kham River Eco Restoration Project

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

Key Area of Intervention - 1

- Riverfront Development

Initiatives

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

Impact since inception

- Area Cleaned: **46,650 m2**
- Area Greened: **21,553.51 m2**
- Saplings Planted: **12,160+ saplings**



Key Area of Intervention - 2

- Pollution Prevention

Initiatives

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

Impact

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

Key Area of Intervention - 3

- Citizen Engagement

Initiatives

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

Impact

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



2 Varroc Academy

As part of our ongoing commitment to skill development and social empowerment, Varroc Academy was established in collaboration with the Tata Institute of Social Sciences (TISS), and formerly with Deccan Management Consultants Finishing School Skill Foundation (DMCFSSF). This initiative is designed to bridge the gap between academic learning and industry-ready skills for underprivileged youth.

The Academy offers a structured three-year Bachelor of Vocational Education (B.Voc.) programme in Industrial Tool Manufacturing, developed and certified by TISS. The curriculum is tailored to provide hands-on technical training, practical exposure, and essential soft skills—equipping students with industry-relevant competencies to enhance their employability and career prospects in the manufacturing sector.

Currently, the Academy supports 231 students, with 58% hailing from economically disadvantaged, vulnerable, and marginalised communities. By empowering these youth with meaningful education and job-ready skills, Varroc Academy is creating a pathway for inclusive development and transforming lives through education-driven opportunity.

Key Area of Intervention

- 3 yrs** curriculum for B. Voc. in Industrial Tool Manufacturing

Impact

- 58%** of total beneficialness are from vulnerable and marginalized group

Initiatives

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



3 Varroc Vengsarkar Cricket Academy (VVCA)

The Varroc Vengsarkar Cricket Academy (VVCA) in Thergaon, Pune, established in collaboration with cricketing legend Mr. Dilip Vengsarkar, is dedicated to nurturing young cricketing talent through professional coaching and holistic development.

With a strong focus on discipline, technique, and character building, the academy has benefitted over 746 aspiring players to date. It offers structured training, modern facilities, and mentorship from seasoned coaches, helping athletes realise their full potential.

The academy takes pride in its notable alumni, including Ruturaj Gaikwad, a key member of India's international T20 team, and Shradda Pokharkar, who played in the Senior T20 Challenger Trophy 2022. Their success underscores VVCA's role as a breeding ground for the next generation of cricketing excellence.

4 Varroc Interschool & Industrial Cricket Tournament

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



Key Area of Intervention

- Newly constructed International Standard Pavilion

Initiatives

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

Impact - Key Achievements

- Varroc Cup U-13, U-14 at VVCA
- Winner Under 14 HK Super Star Trophy FY 2022-23
- Winners Under 14 3rd Eye Championship FY 2022-23
- U-19 Winners MCA Invitation Championship
- Runner up open MCA Invitation Championship
- Produced top players like Ruturaj Gaikwad (India T20 team) and Shradda Pokharkar (Senior T20 Challenger Trophy 2022).
- Shradda Pokharkar, who played in the Senior T20 Challenger Trophy 2022

5 Abhinav Bindra Foundation Trust (ABFT)



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

6 Blood Donation Camp

On March 21st of 2023, 2024 and 2025 on the occasion of Varroc's CMD Tarang Jain's birthday, several of our plants across India hosted blood donation drives. With everyone's generous support, Varroc donated blood, positively impacting the lives of 1,502 individuals. Thanks to the success of these initial efforts, Varroc will continue to expand this initiative to all our Indian plants in due course.



Key Area of Intervention

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

Initiatives

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

Impact - Key Achievements

- The 7 athletes won 32 medals in international, national, state, and regional tournaments, including 20 gold medals
- Varroc joined hands with the ABFT which works for uplifting of the Indian Sporting Ecosystem, Education and Social Upliftment bringing Global best Practices through intervention. It supports 3 Indian Athletes, Mughdhaa Wavhal (Swimming), Ajay Bhosale (Swimming) & Shrushti Chorge (Boxing) to grow in their respective fields.

Management Discussion and Analysis

Economic Environment

Global Economic Overview¹

The world economy demonstrated resilience in CY 2024, growing at 3.3%, while navigating a complex environment characterised by divergent trends across regions and chronic structural issues. The global economy was characterised by uneven growth, with advanced economies witnessing uneven growth performances, while emerging markets, especially in South Asia, exhibited relative strength. Geopolitical uncertainties and changing trade patterns magnified the underlying vulnerabilities, leading to increased instability and potential economic disruptions.

Global inflationary pressures showed signs of easing, while certain services markets continued to show resistance due to price stickiness. Global CPI inflation declined from 6.6% in CY 2023 to 5.7% in CY 2024. Central banks across the world attempted to balance disinflationary gains against persisting macroeconomic uncertainties and thus adopted piecemeal approach to monetary

policy. Geopolitical crises, such as rising trade barriers and strategic competition, further challenged global integration, causing companies to focus on supply-chain resilience and regionalisation.

The US economy grew at 2.8% supported by strong consumer demand, continued innovation and a tight labour market. Europe's economies witnessed subdued growth as major economies like Germany and France battled political and economic uncertainties. Geopolitical turmoil in the Middle-East and Eastern Europe continues to impact the region in exacerbating issues such as persistently high energy prices, competition from Chinese exports and supply chain disruptions. In contrast, Emerging and Developing Asia showcased an impressive growth of 5.3% driven by rapid industrialisation, technological advancements and infrastructural investments.

Overall, the year highlighted the widening gap between economies harnessing technological innovation and those, hindered by structural constraints and political volatility.



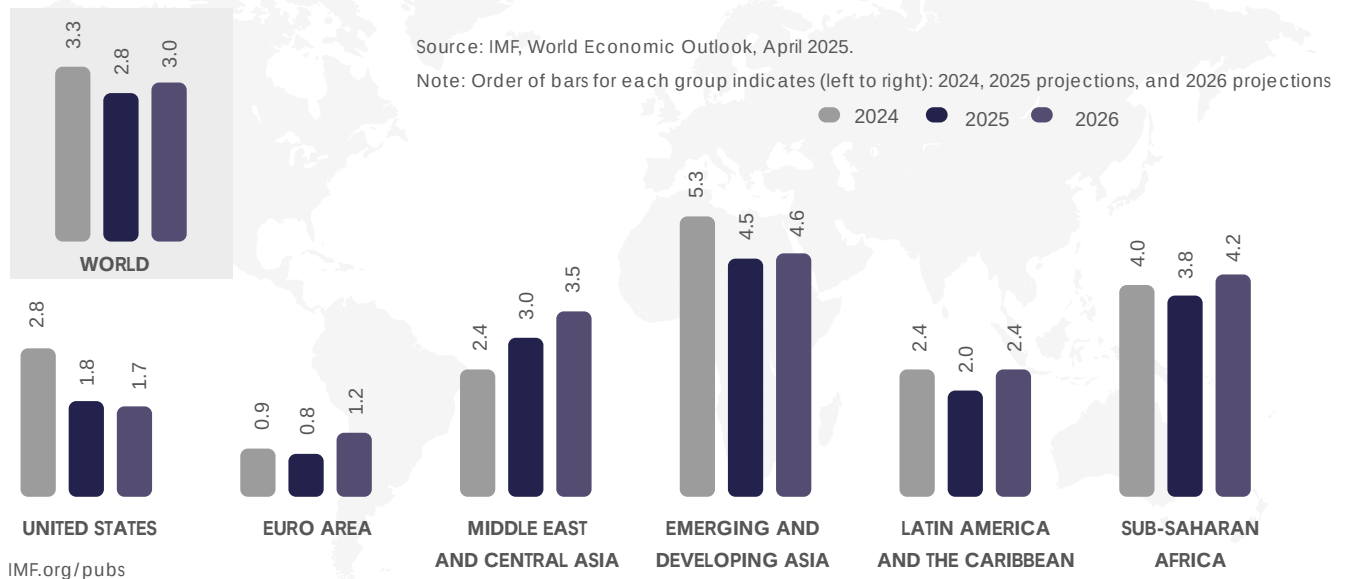
¹<https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025>

Outlook

Despite rising uncertainties around world trade order, global economy is projected to witness modest growth of 2.8% in CY 2025 and 3% in CY 2026. Disinflationary trends are expected to persist with the average CPI inflation projected at 4.3% for the CY 2025. This will allow the central banks more freedom to adopt softer monetary policies to drive economic activity. The continued expansion of energy production in the US and other OPEC nations continue to exert downward pressure on prices, providing additional impetus to disinflation.

Trade policy uncertainty emanating from the US continues to weigh on investor sentiment leading to increasing long-term bond yields and driving capital outflow from the economy. Global economies are expected to counter the impact of tariffs through enhanced cooperation and realignment of supply chain. In a fragmented economic landscape, the emergence of trade blocs might provide new opportunities for facilitator economies to thrive within the evolving trade dynamics.

Global Growth Projections (in %)



India Economic Overview²

India's economy demonstrated great resilience in the context of challenging global economic conditions with a growth rate of 6.5% in FY 2024-25. The growth was supported by the rise in exports and robust rural demand. Headline Consumer Price Index (CPI) inflation averaged at 4.7% for the year, staying within the Reserve Bank of India's (RBI) target band of 2-6%.

The Government of India's key programmes, such as the Production Linked Incentive (PLI) scheme and a higher infrastructure outlay of ₹10.2 trillion, are aimed at stimulating business activities across the country. India managed to maintain its fiscal deficit in the range of 4.4% to 4.5% of

GDP, providing the government with greater leeway to increase expenditure and boost domestic demand.

The RBI implemented prudent monetary measures to counter liquidity stress in the banking sector, including a ₹1.5 trillion liquidity injection. The RBI also reduced interest rates from 6.5% to 6.25% in February and further to 6% in April, aiming to increase liquidity and stimulate private sector investment.

Although growth slowed from 9.2% in FY 2023-24 to an estimated 6.5% in FY 2024-25, India continues to rank as one of the world's fastest-growing large economies supported by strong domestic demand and focused economic policies.

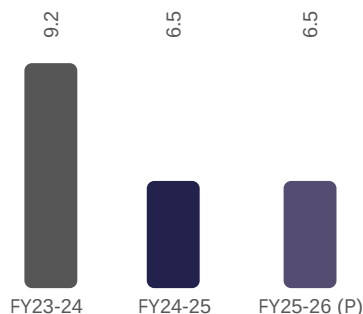
²<https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/0BULL22042025F03F83AE118C4B3B84E662D980C8DE33.PDF>

Outlook

The manufacturing sector, after a second quarter slowdown and moderate recovery, is expected to rebound, driven by positive investor sentiment. Investment activity is also expected to remain buoyant driven by the accommodative stance of the RBI. The income tax relief for salaried individuals, announced in the Union Budget FY 2025-26, is projected to enhance discretionary spending thereby boosting demand for white goods and mobility. The passing of core inflation shocks along with the accelerated urbanisation in tier 3 and 4 cities is also expected to drive consumption in the economy.

A favourable policy environment and elevated domestic demand is expected to attract increased FDIs, amid an uncertain global economic landscape. With the projections for global growth and trade volume dampening, Indian manufacturers might shift focus to reviving domestic demand. Given the strong growth of emerging and developing Asia, regional trade partnerships can play a key role in helping India navigate the challenging trade environment.

India's real GDP growth (in %)



P: (Projected)

Source: RBI Bulletin April 2025

Industry Overview

Global Automotive Industry³

As global supply chain challenges showed signs of easing, car sales reached 74.6 million units in 2024, representing a 2.5% increase year-on-year. During the year, regional markets experienced growth divergence owing to localised factors.

China remained the largest contributor to global car sales accounting for ~31% of the total global sales. Government's tax incentives succeeded in driving a strong recovery in car sales in the final quarter of 2024, leading to nearly 23 million units sold marking a 2.6% year-on-year increase.

Europe sold 16.1 million cars, growing by 3.9% y-o-y, driven by strong exports. In contrast, growth within the EU itself was much more subdued, as is evident in the new car registrations rising only 0.8% y-o-y to around 10.6 million units.

North America showed resilience in 2024, despite increased economic and political uncertainty, registering a 3.8% growth. The US, the region's largest market, saw a 3.1% rise, bringing total sales to 12.7 million units. The final quarter saw a sales boost amid concerns over the new administration's promise to eliminate federal incentives.

Asia experienced mixed response. Japan saw a 7% decline in car sales in 2024 due to the gradual withdrawal of subsidies and the persistently weak Yen drove demand slowdown and increased the cost of imports. South Korea, another key automotive producer also witnessed a 5.1% decline driven by political uncertainty and inflation concerns.

India's two-wheeler segment witnessed modest recovery, with demand supported by a festive season and improving rural sentiment. Two-wheeler exports also rebounded, benefiting from stabilised global freight costs and stronger trade flows. Meanwhile, the three-wheeler market achieved record sales levels, driven by surging demand for last-mile connectivity and the increasing popularity of electric three-wheelers in urban logistics.



³https://www.acea.auto/files/Economic_and_Market_Report-Full_year-2024.pdf

Outlook

The implementation of additional tariffs on automobiles by the US is expected to have a notable impact on the domestic price of vehicles, causing a slowdown in demand. Further, with dwindling exports across sectors, other economies are expected to witness appreciation of their local currencies. This will in turn reduce their export competitiveness. As a result, production of automobiles is expected to experience a decline in the short-term. Although, a respite from tariffs, in the form of subsidies for auto component imports has opened horizons for shifting of some manufacturing units to the US.

Tailwinds are represented by the growing demand for Electric Vehicles (EVs) and Hybrid Electric Vehicles (HEVs), prompting Original Equipment Manufacturers (OEMs) to undertake major investments to increase EV manufacturing capacity by 2030, most of which will be dedicated to the manufacture of new electric vehicle models. One of the major drivers of this growth is the projected fall in lithium-ion battery prices. By 2025, the price of lithium-ion batteries is projected to drop below \$100 per kilowatt-hour, spurred by improved manufacturing processes, increased economies of scale and stabilised raw material prices.⁴

Indian Automotive Industry⁵

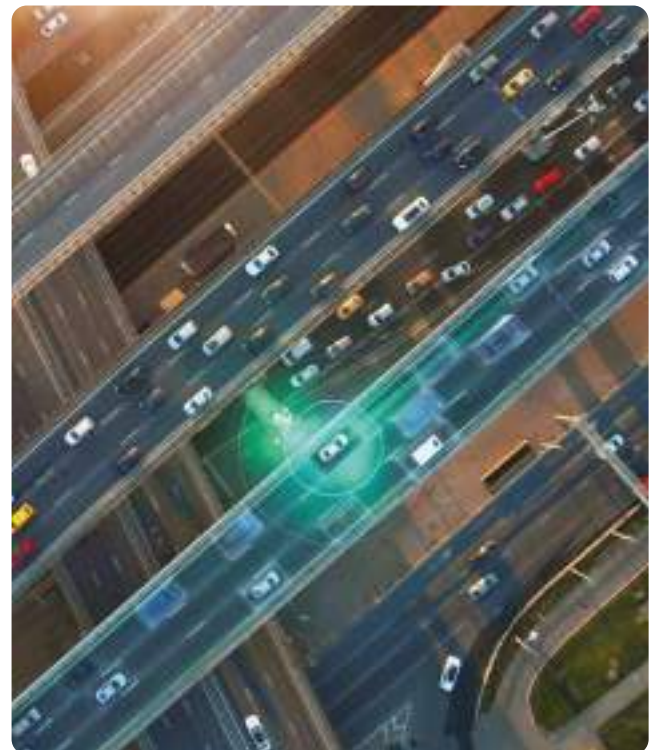
India is the world's third-largest passenger vehicle market, following China and the US, with a third position in light vehicle sales and fourth position in light vehicle manufacturing. During FY2024-25, the Indian automotive sector grew by 7.3% in domestic sales while exports accelerated 19.2%, marking strong global demand and increasing competitiveness in India. Sales of passenger vehicles increased to an unprecedented high of 4.3 million units, although witnessing only a modest increase of 2% due to high base effect of the previous year. The growth was led by utility vehicles that now comprise 65% of PV sales. Passenger vehicle exports also recorded an all-time high figure of 0.77 million units, increasing 14.6%, driven by demand from Latin America and African region.

Two-wheeler sales rose by 9.1% to 19.6 million units, driven by strong rural demand and launch of new models, with electric two-wheelers now accounting for more than 6% of sales. Two-wheeler exports surged by 21.4% reaching 4.2 million units. Three-wheeler sales reached an all-time high of 741,420 units, growing 6.7% y-o-y, driven by growth in

passenger sub-segments and increasing demand for last-mile mobility, while exports increased 2.3%.

The adoption of electric mobility across both categories continues to accelerate, with electric two-wheelers gaining traction in urban and semi-urban markets due to affordability, incentives and improved charging infrastructure. Electric three-wheelers witnessed strong growth, transforming the shared mobility landscape in many cities. OEM-led innovations, supportive government policies and increasing consumer awareness are collectively driving a shift towards cleaner and more efficient transport solutions

Commercial vehicles sales saw a marginal decline of 1.2%. However, bus sales received a boost from infrastructure projects and exports grew by 23%. Combined EV registrations totalled 1.97 million units (16.9% increase), driven by high growth in electric two and three wheelers with the help of government programmes such as PM E-DRIVE and PM e-Sewa. Overall, the industry's momentum is driven by robust demand, investment in infrastructure, facilitating policies and a transition toward green mobility.



⁴<https://www.spglobal.com/automotive-insights/en/blogs/2025/01/where-are-ev-battery-prices-headed-in-2025-and-beyond>

⁵<https://www.siam.in/pressrelease-details.aspx?mpgid=48&pgidtrail=50&pid=579>

Outlook

The automotive sector enters FY 2026 with guarded optimism. Two-wheeler demand is likely to gain from increased Minimum Support Prices (MSP), driving rural consumption. However, persistent financing issues may temper growth. The rise in the adoption of electric vehicles is expected to impact the market share of low-end two-wheelers, as consumers move towards eco-friendly mobility solutions.

Commercial vehicle sales are expected to experience moderate growth, depending on the tempo of infrastructure activity and the ease of credit availability. In passenger vehicles, new model launches, festive and wedding season demand and aggressive discount campaigns are expected to drive sales. Auto dealers are optimistic that consistent product supply, targeted advertising and continuing government incentives will contribute to industry momentum.

With just 38 vehicles per 1,000 people, the penetration rate is low, but its growth prospects are high, drawing global automotive manufacturers to the sector. The light vehicle production capacity in the country is anticipated to grow to 10 million by 2031, indicating the long-term growth potential of the industry.⁶

Global Auto-Components Industry⁷

Global auto-components industry is valued at over \$2.1 trillion in 2024.⁸ The market is witnessing transformative growth driven by new technologies and alternative powertrains. The enhanced demand for Advanced Driver Assistance Systems (ADAS), infotainment and connectivity solutions across vehicle categories is projected to drive the automotive electronics market to grow to ~\$500 Bn by FY2030.

Besides electronification, the industry is also experiencing elevated demand for electrification. In 2025, BEVs, HEVs and PHEVs collectively form ~36% of the new light vehicle sales- a share projected to surge to ~79% by 2035.

Evolving geopolitics is shifting the existing global supply chains and forging new trade partnerships. The impact of tariffs is expected to put pressure on exporters like China which will look toward opportunities for reshoring.

India Auto-Components Industry⁹

India's auto components industry has served as a backbone in fuelling the growth of the country's manufacturing, delivering a Compound Annual Growth Rate (CAGR) of approximately 8% from FY14 to a market size of about \$75 billion in the year 2024. The sector provides employment opportunities for more than 5 million individuals each year and contributes significantly to India's manufacturing GDP.¹⁰

A key enabler of this long-term growth has been the industry's shift toward localisation, with domestic suppliers now meeting 70% of the domestic automobile industry's needs. Over the past decade, the industry has evolved its export profile, from basic commodity components to complex, technology intensive parts. This has helped to boost India's international competitiveness, with international OEMs and Tier-1 vendors sourcing more from Indian suppliers. Exports have recorded strong growth as a result of the concerted industry efforts, friendly government policies and a focused thrust on export competitiveness.

Despite these achievements, India's contribution to the world's auto component trade is still at around 2%, underlining a massive untapped opportunity. By taking advantage of structural shifts like higher electronification, vehicle electrification and supply chain diversification, India has the potential to emerge as a top global supplier. With the right strategy and support, the sector aims to achieve \$100 billion in exports, cementing India's status as a leading global supplier.



⁶<https://www.spglobal.com/mobility/en/research-analysis/india-automotive-sector-defies-global-disruptions.html>

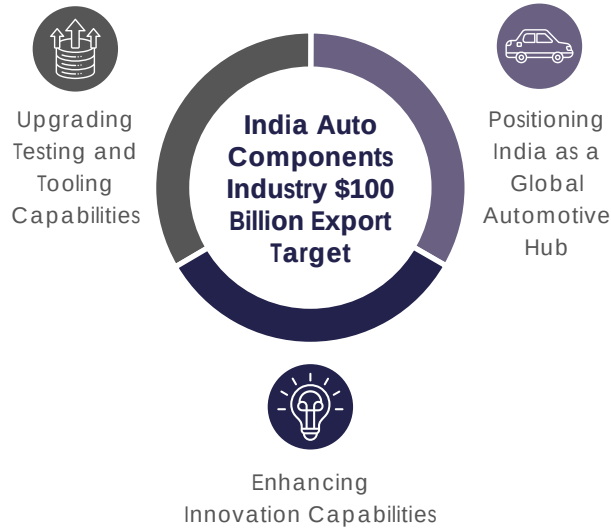
⁷<https://web-assets.bcg.com/93/0a/ef9ee48740e79bd86aa00e37d2dc/revving-up-exports-the-next-phase-of-export-growth-for-the-auto-component-industry-2.pdf>

⁸https://www.acma.in/uploads/publication/64-annual-session/ACMA_Fostering_self_reliance_Report_v3_Print.pdf

⁹<https://web-assets.bcg.com/93/0a/ef9ee48740e79bd86aa00e37d2dc/revving-up-exports-the-next-phase-of-export-growth-for-the-auto-component-industry-2.pdf>

¹⁰https://www.acma.in/uploads/publication/64-annual-session/ACMA_Fostering_self_reliance_Report_v3_Print.pdf

India's Auto-Components Growth Aspirations



Key Growth Drivers



Demand for Connectivity and Safety Features

Demand for connectivity features including IoT and cloud connected vehicles and advanced safety features have grown in recent years.



Rise in Discretionary Income

Recent policy measures in India and rapid technological advancement worldwide have contributed to a noticeable rise in discretionary spending, driven by factors like rising disposable incomes, increasing influence of younger demographics and expanding credit access.



Localisation

OEMs are focusing on localising production, developing cost efficiencies and forming partnerships to accelerate innovation.



New Product Offerings

The auto-components industry has continually expanded its product offerings on the back of strong innovation leading to demand expansion.



Rising Exports

India has focused on driving export growth through targeted policy initiatives promoting local manufacturing and simplifying business environment.



Demand for Sustainable Solutions

Circular economy initiatives are gaining ground in the automotive sector, as manufacturers ramp up the use of recycled plastics and bio-based composites in vehicle manufacturing sector.

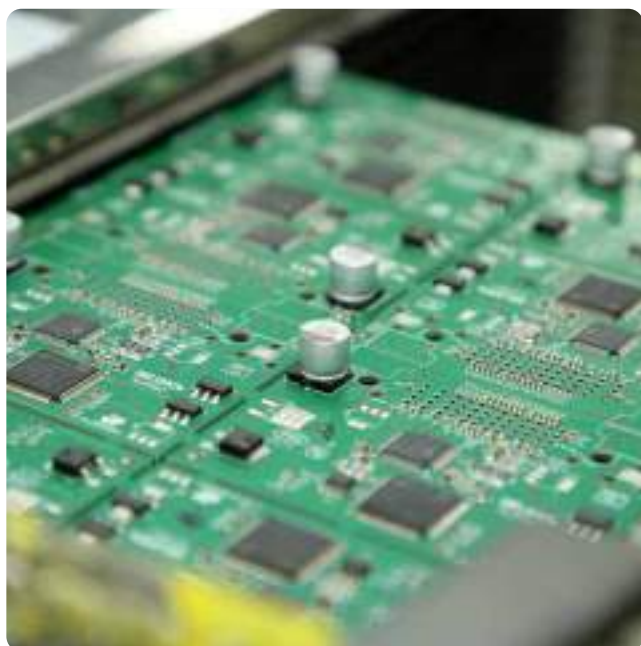
Company Overview

Varroc Engineering Ltd is a global tier-1 automotive component group. It was incorporated in 1988. The group manufactures and supplies E-mobility solutions, Body systems solutions, Lighting solutions, HMI solutions, ICE powertrain and Advanced electronics to leading OEMs with end-to-end capabilities across design, development and manufacturing for two-wheeler, three-wheeler, passenger vehicles, commercial vehicle, and off-highway vehicle worldwide. Its strong aftermarket division serves customers in over 27 countries.

With robust R&D capabilities and global technological collaborations, Varroc develops products that drive major trends in automotive mobility- making it safer, smarter, more sustainable and increasingly connected. Based in Aurangabad, India, Varroc has 37 manufacturing plants, 7 R&D labs and more than 6,100 employees. With more than three decades of dedication to excellence, Varroc is a preferred partner for global automotive OEM leaders. The Company has filled more than 125 patents. The Company is a listed entity with the BSE and NSE in India.

Technology

The automotive sector is swiftly transitioning towards electrification, with electric and hybrid vehicles gaining popularity worldwide. Vehicles are becoming increasingly software-defined, enabling over-the-air updates, personalised features and seamless integration with connected ecosystems. Adoption of ADAS, AI-powered safety features and autonomous driving technologies are



making vehicles safer and smarter. Connectivity through 5G and vehicle-to-everything (V2X) communication is transforming automobiles into interactive, data-driven platforms.

Technology for Two-Wheelers

The two-wheeler segment is rapidly evolving with advanced safety systems such as ABS, traction control and rider assistance, becoming standard. Electric two-wheelers are witnessing a surge, driven by improvements in battery technologies such as solid-state and lithium-sulphur types that offer longer range, faster charging and enhanced safety. Connectivity is a major trend, with IoT-enabled dashboards, GPS, real-time diagnostics and mobile app integration becoming standard. Safety is enhanced through advanced ABS, traction control and collision detection systems. Artificial intelligence is enhancing riding experience and predictive maintenance, while design innovations focus on both aesthetics and sustainability.

Technology for Four-Wheelers

Four-wheelers are advancing with high-performance electric vehicles offering extended range and ultra-fast charging capabilities. Software-defined vehicles support continuous updates and feature enhancements, while semi-autonomous driving features such as adaptive cruise control, lane-keeping assistance and automated emergency braking systems are becoming mainstream. Enhanced connectivity enables real-time navigation, predictive maintenance and seamless integration with smart city infrastructure, thereby enriching driving experiences.

Product Portfolio Expansion

The Company is expanding its product portfolio by developing innovative, cost-effective proprietary solutions, investing in R&D, moulding strategic technology partnerships. By leveraging accredited research facilities, it focuses on next-generation automotive technologies aimed at improving overall safety, connectivity and efficiency. During the fiscal year, the Company's overseas business added two new products, the interior ambient lighting and front & rear drive inverters for EVs. In India, company also added technological advanced products both in ICE and EV vehicle with products like Integrated Starter Generator (ISG) and Battery Management System (BMS) respectively.

Business Review

The company operates through two distinct business , Business I and Business II, each offering a wide range of

products and services tailored to evolving market needs. Business I focuses on

1. **E-Mobility Solutions:-** Varroc is driving the future of electric mobility with high-performance, energy-efficient solutions for 2W and 3W EVs. With expertise in traction motors, controllers, and DC-DC converters, we optimize battery efficiency for greater range
2. **ICE Powertrain:-** Our portfolio includes transmission gears, crankshafts, camshafts, connecting rods, generators, and motors, catering to two-wheelers, commercial vehicles, and off-highway applications.
3. **Body System Solutions:-** We provide painted parts, molded components, and functional polymers for 2W, 3W, 4W, and commercial vehicles. We have 13 locations in India, 2 R&D center and 1 tool room.
4. **Lighting solutions:-** Our expertise spans LED, Matrix, and Xenon technologies, focusing on lightweight, energy-efficient designs that enhance safety and aesthetics for both 2 Wheeler and 4 Wheeler
5. **HMI Solutions:-** Our customizable TFT displays, smart TCU for real-time tracking and remote diagnostics, iTPMS for optimal tire pressure, and high-precision sensors and switches ensure a seamless, responsive, and intelligent riding experience.
6. **Aftermarket Division:-** State of the art 160,000 sq ft warehouse with over 8000 SKUs, 40 Product lines, 700+ distributors across 30 counties. In aftermarket we supply Electrical, Electronics, Lighting, Metallic, Polymer parts, Engine Parts, Lubricants, Consumables and Accessories.

The manufacturing of Business-I is mainly concentrated in India across 8 states with 27 locations.

Business II is focused mainly into Electronics and Lighting systems serving global OEMs with a strong presence in Europe and Asia.

1. **Electronics solutions:-** Manufacturing Facility in Romania, China, India & Vietnam with R&D Centres in Poland, Germany, China & India. Its focus area is on ADAS, Driver Monitoring Systems, Surround View Systems, Telematics, Advanced Infotainment systems & other 4W electronics product lines. These can be further categorised in various electronics product group i.e.

a. EMS:- EMS includes:-

- i. High Voltage Electronics PCBA
- ii. Low Voltage Electronics PCBA

b. ADAS:- Level 0 to level 2 that can be achieved by using 1 Video 1 Radar & 1 Video 3 Radar fusion

c. Fleet Management Solutions:- Fleet Management solutions enabled through regular & video telematics

d. Advanced Infotainment system:- Entertainment, communication, and navigation features in a vehicle along with

- i. Surround View System
- ii. Cabin Monitoring System
- iii. Telematic Control Unit

2. **Global Lighting Solutions:-** Three manufacturing facilities located in Italy, Romania and Vietnam

- R&D Centers in Poland, Italy, China and Vietnam
- Global supplier of exterior lighting systems for 2W and 4W PV OEMs



SWOT Analysis

S



Strengths

The Company enjoys cost-competitive manufacturing in India underpinned by vertical integration of electrical production and DSIR-accredited R&D facilities. Its overseas presence in Europe and Asia for market access amplifies its strength, while the IoT-enabled testing infrastructure enhances quality and efficiency. Dominant capabilities for EV components like traction motors and battery management systems complement global electrification trends. Strategic alliances with OEMs and Tier-1 suppliers strengthens its position in high-growth markets like two-wheelers and sustainable mobility.

W



Weaknesses

Reversibility to cyclical automotive demand makes it vulnerable to market fluctuations and excessive debt tightens financial flexibility. Inadequate localisation of key EV components, like battery cells enhances import dependence. Difficulty in operations in Europe, with increased labour costs and regulatory complexities, squeezes margins. Local distributor and counterfeit competition in international markets reduce brand equity.

O



Opportunities

The growing adoption of EVs across Europe and India present opportunities in traction motors, controllers and telematics solutions. India's Product Linked Incentives (PLI) scheme is encouraging domestic manufacturing of high-tech components, strengthening the supply chain and reducing import dependence. Aligning with global OEM needs, a shift toward premium and connected vehicle segments offer further growth potential. Innovation in sustainable materials and circular economy operations can lower both production costs and environmental footprints. Strategic partnerships with European automakers would help improve export competitiveness in high-value markets.

T



Threats

Geopolitical tensions and trade restrictions upset supply chains, as evident in Red Sea routing delays and tariff wars. Tougher emission regulations in Europe require expensive technology upgrades. Uncertainties in commodity prices and currency fluctuations can undermine margin stability. Fierce competition from Chinese suppliers, who account for 12% of the world's auto component trade, undermines market share. Economic slowdowns in major markets such as the EU and the US can suppress the demand for OEM components.

Outlook

Our future growth is being shaped by four transformative trends: electric vehicle (EV) adoption, premiumization, increasing electronics integration, and advanced automotive lighting. As EVs gain momentum, we are adapting our product portfolio to support EV-specific components. The rising demand for premium features is driving greater content per vehicle, boosting our value-added offerings. Vehicles are evolving into intelligent systems with embedded electronics, and we are enhancing our capabilities to align with this shift. Lighting, now a key differentiator in both safety and styling, presents another area of growth where we are well-positioned to lead.

The Indian auto ancillary sector is on the brink of a multi-decade growth cycle. Companies focused on innovation, scale, and global integration—like Varroc Engineering—are poised to lead this transformation. Looking ahead, we

remain optimistic yet disciplined, with continued investments in automation, product innovation, and strategic global partnerships. We are ready to seize opportunities in emerging areas such as electric mobility, connected vehicles, and ADAS technologies.

Our commitment remains firm: to deliver long-term, sustainable value to all our stakeholders—customers, employees, partners, and you, our shareholders.

Financial Overview

Abridged Consolidated Profit and Loss (Continuing Operations)

₹ in Million

Particulars	FY 2025	FY 2024	YoY	FY 2023	YoY
Revenue from Operations	81,541	75,519	8.0%	68,912	9.6%
Raw Material Cost including change in Inventories	52,092	47,333	10.1%	44,305	6.8%
Employee Cost	8,877	8,092	9.7%	7,173	12.8%
Other Expenses	12,804	12,504	2.4%	11,685	7.0%
Finance Cost	1,702	1,939	-12.2%	1,903	1.9%
Depreciation & Amortisation (D&A) expense	3,233	3,368	-4.0%	3,367	0.0%
Exceptional item	1,473	-	-	-	-
Share of Profit/(Loss) from the Joint Ventures	37	444	-91.7%	53	737.7%
Profit (loss) before Tax	1,693	3,149	-46.2%	829	279.9%
Profit after Tax	697	5,530	-87.4%	388	1,325.3%

Key financial ratios (consolidated continuing operations)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023
Debtors Turnover Ratio	13.92	13.87	12.36
Inventory Turnover Ratio	7.40	7.04	6.89
Interest Service Coverage Ratio	4.76	4.36	3.21
Current Ratio	0.77	0.79	0.62
Gross Debt Equity Ratio	0.59	0.79	1.63
Return on Capital Employed	20.8%	20.3%	11.9%
Operating Margin	5.6%	5.8%	3.5%
Net Profit Margin	0.9%	7.3%	0.6%
Return on Net Worth	4.4%	36.2%	3.9%

Revenue from operations

The Company's consolidated revenue from operations changed to ₹ 81,541 million in FY 2025 up by 8.0% from ₹ 75,519 million in FY 2024.

Raw material

Raw material cost (cost of material consumed+changes in stock of finished goods and work-in-progress) for operations has changed by 10.1% to ₹ 52,092 million in FY 2025 as compared to ₹ 47,333 million in FY 2024.

Employee cost

In FY 2025, the employee benefit expenses were at ₹ 8,877 million as compared to ₹ 8,092 million in FY 2024 recording a change of 9.7%.

Finance Cost

Finance Cost has reduced by 12.2% to ₹ 1,702 million in FY 2025 as compared to ₹ 1,939 million in FY 2024.

Depreciation and Amortisation (D&A) expense

Depreciation and amortisation reduced by 4.0% from FY 2024 to FY 2025. The absolute depreciation and amortisation expense stood at ₹ 3,233 million for FY 2025 as compared to ₹ 3,368 million in FY 2024.

Other expenses

The other expenses have changed from ₹ 12,504 million in FY 2024 to ₹ 12,804 million in FY 2025.

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

The PBT in FY 2025 was ₹ 1,693 million as compared to ₹ 3,149 million in FY 2024.

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

In FY 2025, the group reported profit after tax of ₹ 697 million as compare to profit reported in FY 2024 of ₹ 5,530 million which were supported favourably by deferred tax credit.

Net Debt

Net debt for FY 2025 was ₹ 7,480 million as compared to ₹ 9,828 million in FY 2024.

Net worth

Net worth of the Group in FY 2025 was ₹ 15,979 million as compare to ₹ 15,262 million in FY 2024.

Research and Development

The Company considers innovation as critical to sustaining the competitive advantage. It lays strong emphasis on research and development to expand its product portfolio and drive innovation. Utilising seven technical centres in India, China, Italy, Romania, and Poland, the Group has established strong in-house R&D capabilities. Having filled more than 120+ patents globally, it continuously explores new avenues to innovate mobility solutions.

Expecting significant growth in the automotive industry-driven by changing consumer tastes, technological innovation and increasing government investment-the Group is enhancing its engineering and software development capabilities. Its aim is to provide cost-efficient products designed for major markets. Leveraging its core competencies, the Group hopes to address changing end-user requirements and become the first choice partner for domestic and international OEMs. Being an early development partner, it offers integrated, end-to-end solutions to ensure smooth implementation and delivery.

7

 **Technical Centres**

120+

 **Patents Filled**

Human Resource

The Company deployed Microsoft HoloLens 2 devices to technical teams, enabling interactive 3D visualization of complex assemblies, and pilot productions reduced assembly-line training times for new employees by 40%.



Internal Control Systems and their Adequacy

The Company has developed robust internal controls and systems, sized to its size and complexity, to facilitate seamless operations. Its Internal Audit department takes a proactive approach, identifying key areas for review to enhance efficiency and maximise resource utilisation. Audit procedures test compliance with all relevant laws and regulations and the Audit Committee approves flexible audit plans to enable timely management assistance. Each function and plant is covered thoroughly with audit, observations carefully monitored and status reports communicated promptly to management. Significant findings and remedial action are then laid out to the Audit Committee, along with action on their closure.

Cautionary Statement

The content within this document pertains to forecasts regarding future events and financial outcomes for Varroc Engineering Limited and should be viewed as forward looking. Given the nature of such statements, they are based on certain assumptions and are subject to inherent risks and uncertainties. There is a notable risk that these assumptions and predictions may not prove accurate. Readers are advised against placing excessive reliance on forward-looking statements as various factors could lead to differences between the assumed and actual future results and events. Therefore, this document is subject to a disclaimer and is qualified in its entirety by the assumptions, qualifications and risk factors outlined in Varroc Engineering Limited's Annual Report for FY 2025.

Board's Report

Dear Shareholders,

The Directors of your Company take pleasure in presenting the 37th Annual Report on the business and operations of Varroc Engineering Ltd. ("the Company") together with the summary of standalone and consolidated financial statements for the year ended March 31, 2025.

The Audited Financial Statements of your Company as on March 31, 2025, are prepared in accordance with the relevant applicable Indian Accounting Standards ("Ind AS") and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the provisions of the Companies Act, 2013 ("Act"). The summarised financial highlight is depicted below:

OVERVIEW OF FINANCIAL PERFORMANCE

Key highlights of consolidated and standalone financial performance for the year ended March 31, 2025 and March 31, 2024 are summarised as under:

(₹ in Million)

Particulars	STANDALONE		CONSOLIDATED	
	Financial Year 2024-25	Financial Year 2023-24 Re-stated	Financial Year 2024-25	Financial Year 2023-24
Continuing Operations				
Revenue from operations	73,685.82	66,760.16	81,540.84	75,519.37
Other Income	276.24	288.69	176.82	275.76
Earnings before Finance Cost, tax, depreciation and amortisation expenses	7,946.50	7,267.13	8,064.37	8,011.38
Less: Finance cost	1,622.26	1,843.05	1,702.29	1,938.56
Less: Depreciation and amortization expenses	2,517.36	2,664.39	3,233.21	3,368.18
Add/(Loss): Share of Net Profit/(Loss) of Investment accounted for using the equity Method	-	-	37.09	443.96
Less: Exceptional item	208.12	45.00	1,473.37	-
Profit/(loss) before tax from continuing operations	3,598.76	2,714.69	1,692.59	3,148.60
Less: Current tax expense	-	38.01	151.13	177.65
Less: Short/(excess) provision for tax in respect of previous years	(5.32)	199.79	8.02	215.84
Less: Deferred tax	845.58	(2,772.23)	836.68	(2,774.84)
Net profit/(loss) for the year from continuing operations	2,758.50	5,249.12	696.76	5,529.95
Discontinued Operations				
Profit/(Loss) before tax from discontinued operations	-	-	-	(209.20)
Tax expense	-	-	-	-
Profit/(loss) for the year from the discontinued operations	-	-	-	(209.20)
Other comprehensive income from continuing operations	3.66	(14.70)	67.81	(52.72)
Other comprehensive income from discontinued operations	-	-	-	-
Total Other comprehensive income/(loss), net of tax from continuing and discontinued operations	3.66	(14.70)	67.81	(52.72)
Total comprehensive income/(Loss) for the year attributable to:	2,762.16	5,234.42	764.57	5,268.03
Shareholders of the company			680.27	5,208.38
Non-controlling interest			84.30	59.65
Profit/(Loss) for the year attributable to Shareholders of the Company	2,758.50	5,249.12	612.30	5,260.24
Add : Profit/(Loss) brought forward from previous periods	(1,294.98)	(6,529.40)	(8,229.62)	(13,594.09)
Add/(Less): Other comprehensive income/(expense)	3.66	(14.70)	(23.08)	104.23
Balance carried forward in Balance Sheet	1,467.18	(1,294.98)	(7,640.40)	(8,229.62)

The detailed State of Company's Affairs have been outlined in Management Discussion and Analysis Report, which forms part of this Annual Report.

JOINT VENTURE IN CHINA

We are pleased to report the successful resolution of a long-standing joint venture dispute involving our wholly owned subsidiary, VarrocCorp Holding B.V. ("VCHBV"), and its joint venture partner, BESTE Motor Co. Ltd. ("TYC").

Following breaches by TYC of the shareholders' agreement and related governance documents, VCHBV initiated arbitration proceedings through the International Chamber of Commerce, Singapore. The tribunal issued an award on December 11, 2024 requiring VCHBV to transfer its 50% shareholding in Varroc TYC Corporation, British Virgin Islands (and consequently, its interest in the JV subsidiaries) to Beste Motors Co. Ltd., British Virgin Islands, for a consideration of RMB 310.50 million less applicable withholding tax, within 45 days of the date of Award.

To enforce this award, VCHBV initiated proceedings in the British Virgin Islands (BVI), where the joint venture holding company is based. On April 17, 2025, the BVI Court upheld the arbitration award, directing TYC to acquire VCHBV's 50% stake in the joint venture holding company, Varroc TYC Corporation, for RMB 310.50 million (subject to applicable withholding tax), and to reimburse VCHBV's legal costs.

On May 07, 2025, VCHBV received the consideration amount and completed the transfer of its stake in Varroc TYC Corporation, thereby exiting the joint venture, including its interests in the underlying Chinese operating companies.

This outcome represents a positive development for the Company, unlocking value from its asset and reinforcing our focus on streamlining operations and strengthening our core businesses.

SCHEME OF AMALGAMATION

We are pleased to inform shareholders that the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, vide its Order dated January 10, 2025, has approved the Scheme of Amalgamation for the merger of Varroc Polymers Ltd. ("VPL"), a wholly owned subsidiary, with the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Following this approval, the certified copy of the NCLT Order was filed by VPL and the Company with the Registrar of Companies, Mumbai, on January 31, 2025, and February 1, 2025, respectively, thereby making the Scheme effective. As per the terms of the Scheme, all assets, liabilities, and obligations of VPL have been transferred to and now form part of the Company with effect from the Appointed Date, i.e., April 1, 2024.

This strategic amalgamation is expected to enhance operational efficiencies, streamline the corporate structure, and contribute to improved synergies across our business operations. The merger has been accounted as business combination of entities under common control as per Appendix C to Ind AS 103 - Business Combinations. Accordingly, the comparative period for the year ended March 31, 2024 presented in the financial statements has been restated to include the effects of this merger.

CREDIT RATING

The Credit rating of the Company is managed by India Ratings and Research Limited ['Ind-Ra']. During the year under review, Your Company's rating has been upgraded i.e. long-term loans rating including NCD was at 'IND AA-/Stable'. The rating on the Company's short-term bank facilities and commercial paper programme has also been upgraded at 'IND A1+'. This indicates the Company's good financial health and its ability to meet financial obligations.

DIVIDEND AND RESERVES

DIVIDEND

The Board of Directors is pleased to recommend a dividend of ₹ 1/- per share (100%) for the year ended March 31, 2025. The dividend is subject to approval of shareholders at the ensuing Annual General Meeting (AGM) and shall be subject to deduction of tax at source. The dividend, if approved by the shareholders, would involve a cash outflow of ₹ 152.79 million.

DIVIDEND DISTRIBUTION POLICY

The dividend recommended is in accordance with your Company's Dividend Distribution Policy. The Dividend Distribution Policy, is available on the Company's website URL: https://www.varroc.com/upload/financial_results/1706864856652337785.pdf

UNCLAIMED DIVIDENDS

Details of outstanding and unclaimed dividends previously declared and paid by the Company are given under the Corporate Governance Report which forms part of this Annual Report.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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

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

b) TRANSFER OF SHARES TO IEPF

As required under Section 124 of the Act, no equity shares, in respect of which dividends have not been claimed by the members for seven consecutive years or more, have been transferred by the Company to the Investor Education and Protection Fund Authority (IEPF) during the Financial Year 2024-25.

TRANSFER TO RESERVES

As permitted under the Act, the Board does not propose to transfer any amount to General Reserves. The closing balance of the retained earnings of your Company for FY 2024-25, after all appropriations and adjustments, was ₹ 1,467.18 million.

CHANGE IN THE NATURE OF BUSINESS

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

SHIFTING OF REGISTERED OFFICE

During the year under review, there has been no change in the registered office of the Company.

SHARES AND SHARE CAPITAL

INCREASE IN THE AUTHORISED SHARE CAPITAL

In accordance with the Scheme of Amalgamation of Varroc Polymers Limited ("VPL") with Varroc Engineering Limited and their respective Shareholders, upon the Scheme becoming effective from February 01, 2025, the Authorised Share Capital of the Company stands increased from ₹ 50,45,00,000 to ₹ 55,94,00,000 and accordingly, the Clause V(1)(a) of the Memorandum of Association has been substituted as under:

The Authorised Share Capital of the Company is:-

₹ 55,94,00,000/- (Rupees Fifty-Five Crores Ninety Four Lakhs only) comprising of:

- ₹ 25,45,00,000 (Rupees Twenty-Five Crore Forty Five Lakhs only) divided into 25,45,00,000 Equity Shares of ₹ 1/- each;
- ₹ 5,49,00,000 (Rupees Five Crore Forty Nine Lakhs only) divided into 54,90,000 Equity Shares of ₹ 10/- each; and
- ₹ 25,00,00,000 (Rupees Twenty-Five Crores only) divided into 25,00,00,000 Preference Shares of ₹ 1/- each

Further, the Board of Directors at their meeting held on May 29, 2025 approved and has resolved to seek approval from the shareholders at the ensuing Annual General Meeting, for re-classification of Authorised Share Capital of ₹ 5,49,00,000/- divided into 54,90,000 equity shares having face value of ₹ 10/- each into 5,49,00,000 equity shares having face value of ₹ 1/- each and consequent amendment to Memorandum of Association of the Company.

During the year under review, there was no change in the paid-up share capital of the Company. The paid-up equity share capital of the Company as on 31st March 2025 is ₹ 15,27,86,400 comprising of 15,27,86,400 equity shares of ₹ 1/- each. During the year, the Company has not issued any shares or convertible securities. Presently, the Company does not have any scheme for the issue of shares, including sweat equity to the Employees or Directors of the Company.

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

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

During the Financial Year 2023-24, the Company had issued 25,000 Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each aggregating to ₹ 2,500 million bearing coupon rate of 8.60% on September 7, 2023 (Date of Allotment), which will be due for redemption on September 7, 2028, with the tenure of 5 years from the date of Allotment with equal quarterly amortization starting from end of 15 months from the date of Allotment and coupon payments to be made on quarterly basis. During the year under review, the Company has not issued any Debentures.

ALTERATION OF OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

Pursuant to the provisions of the Companies Act, 2013, approval of the members is sought at the ensuing annual general meeting for alteration of Object clause of Memorandum of Association of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

There have been no material changes or commitments that have affected the financial position of the Company between the close of FY 2024-25 and the date of this report.

PUBLIC DEPOSITS

There were no outstanding deposits within the meaning of Section 73 and 74 of the Act read with rules made thereunder at the end of FY 25 or the previous financial years. Your Company did not accept any deposit during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

A list of subsidiaries/joint ventures of your Company is provided as part of the notes to the consolidated financial statements. During the year under review, the Company has incorporated the following entity as second level step down subsidiary:

- Varrec (Thailand) Co., Ltd.

Pursuant to the provisions of Section 129, 134 and 136 of the Act read with rules made thereunder and Regulation 33 of the SEBI Listing Regulations, your Company has prepared consolidated financial statements of the Company and a separate statement containing the salient features of financial statement of subsidiaries, joint ventures and associates in Form AOC-1, which forms part of this Annual Report.

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

MATERIAL SUBSIDIARIES

The Company has formulated a policy for determining Material Subsidiaries. The policy is available on your Company's website and link for the same is https://www.varroc.com/upload/financial_results/1738746014363053111.pdf.

During the year under review, Varroc Polymers Limited ceases to be a material subsidiary of the Company pursuant to its amalgamation with the Company. Pursuant to the Section 134 of the Act read with rules made thereunder, the details of developments at the level of subsidiaries and joint ventures of your Company are covered in the Management Discussion and Analysis Report, which forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As of March 31, 2025, your Company's Board had nine members comprising of one Non-Executive Non-Independent Director related to Promoter, Three Executive Directors and Five Non-Executive Independent Directors including Two Woman Directors. The details of Board and Committee composition, tenure of directors, and other details are available in the Corporate Governance Report, which forms part of this Annual Report. In terms of the requirement of the Listing Regulations, the Board has identified core skills, expertise, and competencies of the Directors in the context of the Company's business for effective functioning. The key skills, expertise and core competencies of the Board of Directors are detailed in the Corporate Governance Report, which forms part of this Annual Report

APPOINTMENT/CESSATION/CHANGE IN DESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Cessation of Director

Mr. Tarun Tyagi (DIN 10204986), Wholtime Director and Occupier of the plants of the Company resigned from directorship of the Company with effect from November 13, 2024. The Board had expressed its sincere gratitude and placed on record its appreciation of their significant contribution during his tenure as Director of the Company.

Appointment of Director retire by rotation

- The shareholders at their 36th Annual General Meeting held on September 12, 2024 re-appointed Mr. Arjun Jain (DIN: 07228175) and Mr. Dhruv Jain (DIN: 09710448), who were retiring by rotation.
- The Board of Directors based on the recommendation of the Nomination and Remuneration Committee and in terms of Article 23 (I) of the Articles of Association of the Company and Section 161(1) of the Act in its meeting held on November 13, 2024 appointed Mr. Vidyadhar Limaye (DIN 06720053) as an Additional Director of the Company, in the category of Executive/Non-Independent Director. Further, the shareholders through special resolution passed by way of postal ballot on December 18, 2024, appointed him as a wholtime Director, liable to retire by rotation, for a period of (3) three years commencing from November 13, 2024 to November 12, 2027.
- The Board of Directors based on the recommendation of the Nomination and Remuneration Committee and in terms of Article 23 (I) of the Articles of Association of the Company and Section 161(1) of the Act in its meeting held on March 27, 2025 appointed Mrs. Liselott Kilaas (DIN - 10953529) as an Additional Director of the Company, in the category of Independent Director. Further, the shareholders through special resolution passed by way of postal ballot appointed her as an Independent Director, not liable to retire by rotation, for a period of 5 (Five) years commencing from March 27, 2025 to March 26, 2030.
- The Board of Directors based on the recommendation of the Nomination and Remuneration Committee and in terms of Article 23 (I) of the Articles of Association of the Company and Section 161(1) of the Act in its meeting held on 29.05.2025 appointed Mr. Akshaykumar Chudasama (DIN 00010630) as an Additional Director of the Company, in the category of Independent Director. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have recommended to the members of the Company the appointment of Mr.

Akshaykumar Chudasama as an Independent Director for a period of 5 (Five) years, as mentioned in the notice convening the 37th AGM of the Company, through special resolution.

- The Board of Directors based on the recommendation of the Nomination and Remuneration Committee and in terms of Article 23 (l) of the Articles of Association of the Company and Section 161(1) of the Act in its meeting held on 29.05.2025 appointed Mr. Dhruv Jain (DIN: 09710448) as Wholetime Director of the Company. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have recommended to the members of the Company the appointment of Mr. Dhruv Jain as Wholetime Director for a period of 3 (Three) years, as mentioned in the notice convening the 37th AGM of the Company, through special resolution.

Retirement of director by rotation

In accordance with the provisions of Section 152 of the Act, read with rules made thereunder and Articles of Association of your Company, Mr. Tarang Jain (DIN 00027505) and Mr. Dhruv Jain (DIN: 09710448) liable to retire by rotation at the ensuing AGM and being eligible, offers themselves for reappointment. The Board recommends the re-appointment of Mr. Tarang Jain and Mr. Dhruv Jain as Director for your approval. Brief details as required under Secretarial Standard-2 and Regulation 36 of SEBI Listing Regulations, are provided in the Notice of AGM.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI Listing Regulations and there has been no change in the circumstances which may affect their status as an Independent Director. The Independent Directors have also given declaration of compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to their name appearing in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

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

KEY MANAGERIAL PERSONNEL

In terms of the provisions of Section 203 of the Act, as on March 31, 2025, the Company has the following Key Managerial Personnel:

- (a) Mr. Tarang Jain, Chairman & Managing Director
- (b) Mr. Arjun Jain, Whole-time Director
- (c) Mr. Vidyadhar Limaye, Whole-time Director
- (d) Mr. K. Mahendra Kumar, Group Chief Financial Officer
- (e) Mr. Ajay Sharma, Group General Counsel and Company Secretary

COMMITTEES OF BOARD

Your Company has duly constituted the Committees required under the Companies Act, 2013 read with applicable Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Details of all the committees such as terms of reference, composition, and meetings held during the year under review are disclosed in the Corporate Governance Report, which forms part of this Annual Report.

The Board of Directors at their meeting held on May 29, 2025, re-constituted the following committees:

- Audit Committee

- Nomination & Remuneration Committee
- Stakeholder Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility
- Environment, Social and Governance (ESG) Steering Committee

The details of the above said committees are available on the website of the Company and link for the same is <https://www.varroc.com/investors/board-of-directors-committees>.

NUMBER OF MEETINGS OF THE BOARD

The Board met 5 (Five) times during the year under review. The intervening gap between the meetings did not exceed 120 days, as prescribed under the Act and SEBI Listing Regulations. The details of board meetings and the attendance of the Directors are provided in the Corporate Governance Report, which forms part of this Annual Report.

AUDIT COMMITTEE

As on March 31, 2025, the Committee comprises of four directors viz:

- 1) Mr. Gautam Khandelwal, Chairman
- 2) Mr. Tarang Jain
- 3) Mrs. Vijaya Sampath
- 4) Dr. Vinish Kathuria

The Board of Directors at their meeting held on May 29, 2025, re-constituted the Committee and the details of the same are as under:

- 1) Dr. Vinish Kathuria, Chairman
- 2) Mrs. Liselott Kilaas
- 3) Mr. Akshaykumar Chudasama
- 4) Mr. Tarang Jain

All the Members of the Committee possess strong accounting and financial management knowledge. All the recommendations of the Audit Committee were accepted by the Board during the financial year under review.

FORMAL ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The performance of the Board was evaluated by the Board Members after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the Committee(s) was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India. In a separate meeting of Independent Directors held on May 17, 2024, the performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution, inputs in meetings, etc.

In the Board meeting that followed the meeting of the Independent Directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees and Individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated. The suggestions were considered by the Board to optimise the effectiveness and functioning of the Board and its committees.

BOARD FAMILIARISATION

The Board is regularly updated on changes in statutory provisions, as applicable to the Company. The Board is also updated on the operations, key trends and risk universe applicable to the Company's business. These updates help the Directors to keep abreast of key changes and their impact on the Company.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Pursuant to Section 178(3) of the Act, the Company has framed a policy on Directors' appointment and remuneration and other matters ("Remuneration Policy") which is available on the website of the Company and link for the same is https://www.varroc.com/upload/financial_results/17068646041473196366.pdf

The Remuneration Policy for selection of Directors and determining Directors' independence sets out the guiding principles for the NRC for identifying the persons who are qualified to become the Directors. Your Company's Remuneration Policy is directed towards rewarding performance based on review of achievements. The Remuneration Policy is in consonance with existing industry practice. We affirm that the remuneration paid to the Directors is as per the terms laid out in the Remuneration Policy.

BOARD DIVERSITY

Your Company recognises and embraces the importance of a diverse board in its success. The Board has adopted the Board Diversity Policy which sets out the approach to the diversity of the Board of Directors. The said Policy is available on your Company's website and link for the same is https://www.varroc.com/upload/financial_results/17068646041473196366.pdf.

SUCCESSION PLAN

Your Company has an effective mechanism for succession planning which focuses on orderly succession of Directors, Key Management Personnel, Senior Management and other employees. The said Policy is available on your Company's website and link for the same is https://www.varroc.com/upload/financial_results/17371208591189311422.pdf.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board, to the best of their knowledge and based on the information and explanations received from the management of your Company, confirm that:

- a. in the preparation of the Annual Financial Statements, the applicable accounting standards have been followed and there are no material departures;
- b. they have selected such accounting policies and applied them consistently and judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual financial statements have been prepared on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The details with respect to internal financial controls and their adequacy are included in the Management Discussion and Analysis Report, which forms part of this Annual Report.

RISK MANAGEMENT

Risk Management Framework which provides a process of identifying, assessing, monitoring, reporting, and mitigating various risks at all levels at periodic intervals. Under the framework, the Company has constituted a Risk Management Committee to continuously monitor, report and mitigate various risks faced. The outcome of this process is reported to the Audit Committee and the Board of Directors at regular intervals.

The Risk Management Policy is available on your Company's website and link for the same is https://www.varroc.com/upload/financial_results/1706864725414838139.pdf

BOARD POLICIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review, as stipulated under the SEBI Listing Regulations, is presented in a section forming part of this Annual Report.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under the Listing Regulations. A separate section on Corporate Governance, forming a part of this Report, and the requisite certificate from M/s Uma Lodha & Co., Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance, is attached to the report on Corporate Governance.

The Chairman and Managing Director and Group Chief Financial Officer have certified to the Board with regard to Financial Statements and other matters as required under Regulation 17(8) read with Schedule II to the Listing Regulations.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR)

In accordance with the SEBI Listing Regulations, the BRSR for the FY 2024-25, describing the initiatives taken by your Company from an environment, social and governance (ESG) perspective, forms part of this Annual Report. In addition to BRSR, the Annual Report of the Company provides an insight on various ESG initiatives adopted by the Company.

ANNUAL RETURN

As required under Sections 92(3) and 134(3)(a) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), Annual Return in Form MGT - 7 is available on Company's website at the link https://www.varroc.com/upload/financial_results/17361695421890254112.pdf.

RELATED PARTY TRANSACTIONS

All transactions with related parties are placed before the Audit Committee for its approval. An omnibus approval from Audit Committee is obtained for the related party transactions which are repetitive in nature. All transactions with related parties entered into during the year under review were at arm's length basis and in the ordinary course of business and in accordance with the provisions of the Act and the rules made thereunder, the SEBI Listing Regulations and your Company's Policy on Related Party Transactions. The Audit Committee comprise of the Independent Directors and Executive Director of your Company. The members of the Audit Committee abstained from discussing and voting in the transaction(s) in which they were interested. During the year, your company has not entered into any transactions with related parties which could be considered material in terms of Section 188 of the Act. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act, in Form AOC 2, is not applicable.

Your Company did not enter any related party transactions during the year under review, which could be prejudicial to the interest of minority shareholders. The Policy on Related Party Transactions is available on your Company's website and can be accessed using the link https://www.varroc.com/upload/financial_results/1743067406881274532.pdf.

Pursuant to the provisions of Regulation 23 of the SEBI Listing Regulations, your Company has filed half yearly reports to the stock exchanges, for the related party transactions.

AUDITORS & AUDITORS REPORT

a. STATUTORY AUDITOR

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

The Auditor's report for FY 2024-25 on the consolidated financial statements of the Company contains the following qualifications:

- As disclosed in note 50 to the consolidated financial statements, the financial results and other financial information for the year ended March 31, 2025 in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, is unaudited. Hence, we are unable to determine the impact of Group's share of profit/loss from China JV and of the impairment loss recognised for China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the year ended March 31, 2025 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2025, had the financial results/ other financial information of China JV been audited.

Management Response:

- The Group's share of net profits of VTYC of ₹ 27.85 million (approx. 1.65% of Profit/(loss) before tax) which is included in the Group's consolidated profits is based on management certified accounts and was not subjected

to audit. Due to the ongoing arbitration as explained below, the Group was unable to get the financial and other information of VTYC audited from auditors.

On December 11, 2024, the Group received an order from the International Chamber of Commerce, Singapore ('ICC') in respect of the ongoing arbitration between VarrocCorp 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 has been directed to transfer its 50% shareholding in VTYC to TYC BVI Entity for a consideration of RMB 310.50 million.

Subsequent to the year end, the Group has received above consideration on May 07, 2025 and transferred its investments in China JV.

Apart from the above, there are no further qualifications, reservations, or adverse remarks on the financial statements for the year ended March 31, 2025. The notes on the financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditor's Report is enclosed with the financial statements.

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

		(₹ in Million)
		For the year ended March 31, 2025
Particular		
Statutory Audit Fees (including limited review)		15.00
Tax Audit Fees		-
Others (including certifications fees, Net of re-imbursements)		6.27
Reimbursement of expenses		0.19
Total		21.46

b. COST AUDITOR

The Board had appointed M/s S. R. Bhargave & Co., Cost Accountants, Pune (Firm Registration No. M – 000218), as Cost Auditor for conducting the audit of Cost Records of the Company for Financial year ended 31st March, 2025.

In accordance with Section 148 of the Companies Act, 2013, based on the recommendation of the Audit Committee, the Board of Directors of the Company, at their meeting held on May 29, 2025, re-appointed M/s S. R. Bhargave & Co., Cost Accountants, Pune (Firm Registration No. M – 000218), as the Cost Auditors of the Company to conduct the Audit of the Cost Accounting Records maintained by the Company for the Financial Year ending 31st March, 2026. M/s S. R. Bhargave & Co., have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) read with Section 148(5) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to M/s S. R. Bhargave & Co., Cost Auditors is included in the Notice convening the 37th Annual General Meeting.

The Cost Audit Report for the Financial Year 2024-25 will be filed within the stipulated period.

C. SECRETARIAL AUDITOR

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Uma Lodha & Co. (C.P. No.2593 & Peer review Certificate No. 6629/2025) Company Secretaries in Practice, Mumbai, as the Secretarial Auditor to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2025.

The Secretarial Audit Report for the Financial Year ended 31st March, 2025 is annexed herewith and forms an integral part of this report. The report does not contain any qualification, reservation, or adverse remark or disclaimer. Further,

the Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India ('ICSI').

Further, the Board of Directors, based on recommendation of Audit Committee, at their meeting held on May 29, 2025, re-appointed M/s. Uma Lodha & Co. (C.P. No.2593 & Peer review Certificate No. 6629/2025) Company Secretaries in Practice, Mumbai, as the Secretarial Auditor to audit the Secretarial Records of the Company for the first term of five consecutive years effective from the Financial Year 2025-26. M/s Uma Lodha & Co. have confirmed that their appointment is within the provisions of Section 204 read with Rule 9 of Chapter XIII (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the proposed re-appointment is required to be placed before the Members in a General Meeting for their approval. Accordingly, a resolution seeking Members' approval for the said re-appointment of M/s. Uma Lodha & Co. Secretarial Auditor is included in the Notice convening the 37th Annual General Meeting.

ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the Financial Year ended 31st March, 2025 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by M/s Uma Lodha & Co. (C.P. No.2593 & Peer review Certificate No. 6629/2025), Company Secretaries in Practice, Mumbai has been submitted to the Stock Exchanges within the prescribed timelines. The said report contains qualified matters for which the responses have been incorporated in the said report.

INTERNAL AUDITOR

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

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditor of your Company have not reported any instances of fraud committed in your Company by Company's officers or employees, to the Audit Committee, as required under Section 143(12) of the Act.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE & OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act read with rule 8 of the Companies (Accounts) Rules, 2014, as amended is provided as **Annexure – I** of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The details of the CSR Committee are provided in the Corporate Governance Report, which forms part of this Annual Report. The CSR policy is available on the website of your Company and the link for the same is [https://www.varroc.com/upload/ financial results/ 17068631711735884362.pdf](https://www.varroc.com/upload/financial%20results/17068631711735884362.pdf)

During the year under review the Company was required to spend ₹ 29.56 million towards CSR activities against which, the Company has spent ₹ 36.81 million.

The Annual Report on CSR activities as required to be given under Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided in an **Annexure – III** of this Report.

PARTICULARS OF EMPLOYEES

Your Company had 5,323 employees as on March 31, 2025. The information required under Section 197 of the Act, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to percentage increase in remuneration, ratio of remuneration of each Director and Key Managerial Personnel (KMP) to the median of employees' remuneration are provided in **Annexure – II** of this report.

The statement containing particulars of employees, as required under Section 197 of the Act, read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. However, in terms of Section 136 of the Act, the Annual Report is being sent to the shareholders and others entitled thereto, excluding the said annexure, which is available for inspection by the shareholders at the Registered Office of your Company during business hours on working days of your Company. If any shareholder is interested in obtaining a copy thereof, such shareholder may write to the Company Secretary in this regard.

The said statement is also available on your Company's website, the weblink to which is <https://www.varroc.com/investors/annual-report>

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

PREVENTION ON SEXUAL HARASSMENT AT WORKPLACE

Your Company is committed towards providing a healthy working environment to all its employees and thus does not tolerate any discrimination and/or harassment in any form. The Company has in place a robust Policy on Prevention of Sexual Harassment at Workplace, which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) along with consultants are covered under this Policy. The Policy is gender neutral.

The employees are sensitised from time to time on matters relating to prevention of sexual harassment. Awareness programmes are conducted at unit levels to sensitise the employees to uphold the dignity of their colleagues at workplace. Further, the Company has constituted an Internal Complaints Committee to, inter-alia, prevent sexual harassment at the workplace and redress the complaints received in this regard.

During the year under review, your Company has received 4 complaints pertaining to sexual harassment. All complaints have been resolved successfully. There were no complaints pending as on March 31, 2025.

All new employees go through a detailed orientation on anti-sexual harassment policy adopted by your Company.

VIGIL MECHANISM

Your Company has adopted a whistle blower policy and has established the necessary vigil mechanism for directors and employees in confirmation with Section 177 of the Act and Regulation 22 of SEBI Listing Regulations, to facilitate reporting of the genuine concerns about unethical or improper activity, without fear of retaliation. The vigil mechanism of your Company provides for adequate safeguards against victimisation of whistle blowers who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. No person has been denied access to the Chairman of the Audit Committee. The said policy is uploaded on the website of your Company and the link for the same is https://www.varroc.com/upload/financial_results/170686363170852865.pdf

CYBER SECURITY

In view of increased cyber-attack scenarios, the cyber security is reviewed periodically and the processes, technology controls are being enhanced in-line with the threat scenarios. Your Company's technology environment is enabled with

real time security monitoring with requisite controls at various layers starting from end user machines to network, servers, application and the data.

CODE FOR PREVENTION OF INSIDER TRADING

Your Company has adopted a Code of Conduct (“Code”) to regulate, monitor and report trading in Company’s shares by Company’s designated persons and their immediate relatives as per the requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Code, inter alia, lays down the procedures to be followed by designated persons while trading/ dealing in Company’s shares and sharing Unpublished Price Sensitive Information (“UPSI”). The Code covers Company’s obligation to maintain a digital database, mechanism for prevention of insider trading and handling of UPSI, and the process to familiarise with the sensitivity of UPSI. Further, it also includes code for practices and procedures for fair disclosure of unpublished price sensitive information which has been made available on the Company’s website and link for the same is https://www.varroc.com/upload/financial_results/1743067285168558948.pdf. The employees are required to undergo a mandatory training on this Code to sensitise themselves and strengthen their awareness.

GENERAL DISCLOSURES

Neither the Chairman nor the WTD of your Company received any remuneration or commission from any of the subsidiary of your Company. Your directors state that no disclosure or reporting is required in respect of the following items, as there were no transactions/events of these nature during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of your Company under any scheme.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company’s operation in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by your Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Act).
5. The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.
6. There was no fraud reported by the Statutory Auditors and the Secretarial Auditors of the Company under Section 143(12) of the Act to the Audit Committee.
7. Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 – Nil
8. One time settlement of loan obtained from the Banks or Financial Institutions – Nil
9. There were no instance of revision of financial statements and Board’s Report of your Company.
10. The Company has complied with the applicable provisions of Maternity Benefit Act, 1961.
11. The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
12. The Company uses SAP ECC R6 as the accounting software. SAP ensures an audit trail, providing standard functionality and logging in all changed data in the system. This functionality and audit trail feature in SAP has been

operational throughout the year for all relevant transactions recorded through the application in the Company. Further, there were no instances of the audit trail feature being tampered with in respect of the accounting software during the year.

Normal / regular users are not granted nor have direct SAP back-end database (DB) or super user level access which would allow them to make any changes to financial documents directly which have already been posted through the application. However, changes to the database by a super user specifically does not carry the feature of a concurrent real time audit trail.

Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective year.

The Company has used an accounting software which is operated by a third-party software service provider, for maintaining its payroll records. In the absence of necessary evidence regarding audit trail in the Service Organisation Controls report received by us, management is unable to comment whether the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the payroll processing software or whether there were any instances of the audit trail feature being tampered with. Additionally, management is also unable to comment whether the audit trail has been preserved by the Company as per the statutory requirements for record retention.

13. The Certificate duly signed by the Chairman & Managing Director and Group Chief Financial Officer on the Financial Statements of the Company for the year ended March 31, 2025, as submitted to the Board of Directors at its meeting held on May 29, 2025, is annexed to this report.
14. The declaration by the Chairman & Managing Director regarding compliance by the Board members and senior management personnel with the Company's Code of Conduct is annexed to this report.
15. The details of the difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking a loan from the Banks or Financial Institutions along with the reasons thereof: Nil

GREEN INITIATIVES

As a responsible corporate entity, the Company wholeheartedly endorses and supports the 'Green Initiative' launched by the Ministry of Corporate Affairs, Government of India. This initiative facilitates electronic delivery of documents, including the Annual Report, quarterly and half-yearly results, and other such documents, to shareholders' registered e-mail addresses with their DPs or with the Company or its RTA. An electronic copy of the Notice of the 37th Annual General Meeting of the Company shall be sent to all Members whose email addresses are registered with the Company/ Depository Participant(s).

ACKNOWLEDGEMENTS

The Directors acknowledge their deep appreciation to employees at all levels for their total dedication, hard work, commitment and collective teamwork, which has enabled the Company to remain at the forefront of the industry despite increased competition and challenges. Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from its customers, your Directors also extend their appreciation to Bankers and various departments of Central and State Government(s). Your directors would also like to thank all the shareholders for their continued support and co-operation.

For and on behalf of the Board of Directors
Varroc Engineering Limited

Tarang Jain

Chairman and Managing Director
(DIN 00027505)

Date: May 29, 2025
Place: Pune

Annexure - I

INFORMATION AS PER SECTION 134 (3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2025

A) CONSERVATION OF ENERGY

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

During the year under review, the windmills installed by the Company at Satara and Supa in Maharashtra State generated 53,30,583 units of electricity. The Company earned an income of ₹ 45.24 million (including captive consumption of ₹ 45.24 million) from the generation of wind power.

Further, the solar plant installed by the Company at Shivaji Nagar, Dist. Dhule, Maharashtra State, generated 51,07,263 units of electricity. The said units were captively consumed by the Company. The total amount of captive consumption is ₹ 39.08 million.

Further, the Roof Top Solar installed by the Company at various manufacturing locations, generated 75,56,642 units of electricity.

Apart from above, during the year under review, the Company had consumed the power under Open Access thru Solar from third party (AMPIN Energy) to the tune of 3,40,60,132 units.

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

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

During FY 2024-25, your Company remained committed to reducing energy consumption and enhancing energy efficiency across operations. Energy conservation is a core component of our environmental strategy. Various manufacturing units have implemented energy-efficient systems, contributing to sustained reductions in energy usage. The Company also continues to adopt renewable energy solutions and natural resource utilization wherever feasible.

Optimal measures have been implemented to reduce energy consumption as part of our ongoing sustainable development efforts. Looking ahead, the Company aims to further lower emissions and operational costs by exploring solar energy and other green technologies, reinforcing its commitment to sustainable growth.

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

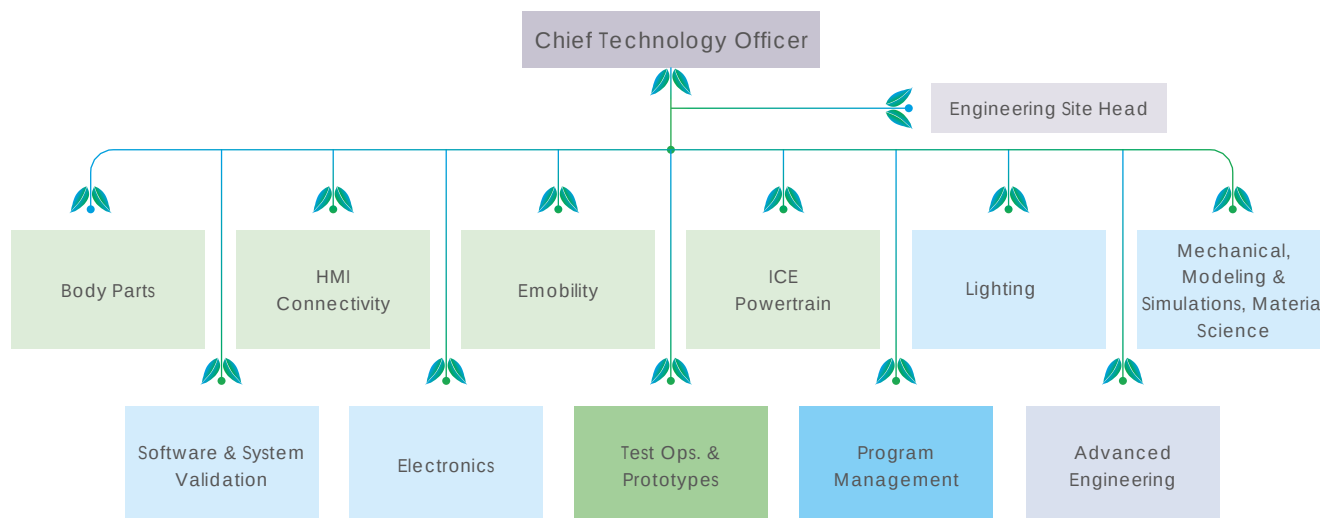
B) TECHNOLOGY ABSORPTION

(i) Research & Development

Research & Development plays a pivotal role in delivering innovative products, new technologies, and in supporting operational improvements to increase productivity. Varroc Business 1 R&D works closely with customers to capture the voice of customers to enable first time right design and to achieve highest level of customer satisfaction.

Varroc Business 1 R&D mainly focuses on scanning the market, developing new products and efficient processes, innovating to disrupt the existing market, or finding new markets and maintaining the current market by improving products and reducing cost.

The trend of more technology in all kind of automotive products has given guideline to restructure Varroc Business 1 R&D as one organization including Program Management also:



Aligning with the major mega trends in automotive, the focus areas are according to above new structure aligning in 5 product groups:

- Body Parts
- E-mobility
- HMI and Connectivity
- IC Powertrain
- Lighting (Two-wheeler, PV and CV)

These product groups are supported by the center of competences (COCs), wherein the major parts are:

- Electronic Hardware
- Software
- Mechanical Modelling and Simulation

The R&D technology and product road maps of these areas for next five years are centered around these focus areas.

Efforts made towards technology absorption:

1. Body Parts

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

Various projects like Change Management, VAVE Framework, Team Columbus, Team Spartens, have been implemented to substantively improve on product design & the process front.

The Company has achieved key milestones in last few years by successfully delivering FSS capabilities in the 4W passenger car segment, working with global OEMs. R&D has worked closely with multiple global 4W OEMs

in design and developing new products and systems. Taking up the responsibility to deliver products like Door Trims, Consoles, Cladding, Glove boxes, and Instrument Panel has been successfully designed and developed internally. Many of these vehicles are now launched and successfully running at the customer's end.

The Company is working with global 2W manufacturers to develop world-class quality products in mirrors, body parts, air filters and seats. 14 patents filled, 6 Granted, 25 research papers were published. In the 2W Indian market, we focus on new innovations and patents to give value add to our customers, keeping in mind the stringent cost targets. Various VAVE and benchmarking initiatives help R&D come up with ready-to-launch products that are highly appreciated by our customers.

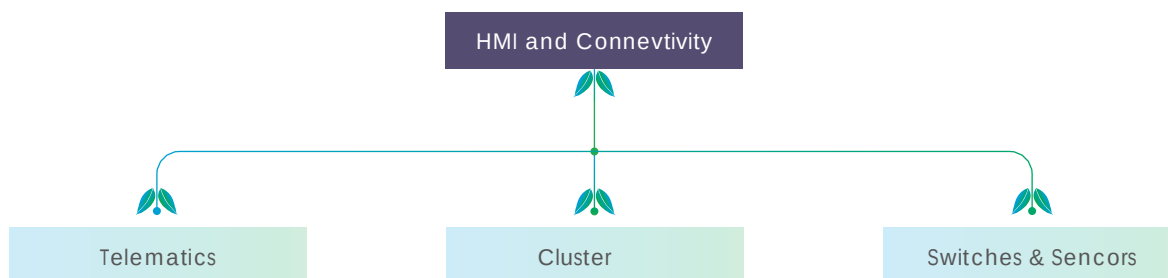
In FY 2023-24, Body Parts started production of 4 paper filter element businesses, 3 for motorcycles and 1 for Export 4W market. In FY 2024-25 few other technologies were introduced like 2W/3W- Multilayer Seat ,Logo Hot Embossing for 3W, 4W - MIC with metallic pigment...etc

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

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

2. HMI and connectivity

The **HMI and Connectivity** team plays a pivotal role in shaping the rider experience, safety, and digital integration of modern two-wheelers. The team is organized into three focused groups: **Telematics**, **Cluster**, and **Switches and Sensors**, each driving innovation and value in their respective domains. Also, it focuses on scanning the market, developing new products and efficient processes, innovating to disrupt the existing market, or finding new markets and maintaining the current market by improving products and reducing cost. In parallel, the team has embedded **Global Homologation** practices to ensure readiness for international markets and compliance with evolving regulatory standards.



1. Telematics

The Telematics group has absorbed and implemented advanced wireless communication technologies to enhance vehicle intelligence and user engagement. Key capabilities include:

- **Vehicle Tracking & Geo-Fencing:** Integrated GNSS modules with real-time data upload via 5G/4G LTE/2G networks to enable location-based services.
- **Over-the-Air (OTA) Updates:** Secure FOTA/SOTA architecture developed using industry-standard protocols like LwM2M, ensuring modular and reliable software updates.

- **Bluetooth & App Connectivity:** BLE-based smartphone pairing for rider information, navigation, and diagnostics, aligned with Android and iOS platforms.
- **Cloud Integration:** Developed in-house backend frameworks for data logging, health monitoring, and predictive maintenance using MQTT and RESTful APIs.

2. Cluster

The Cluster group focuses on creating intuitive and safe visual interfaces for riders, aligning with both commuter and premium two-wheeler segments. Key technical absorptions include:

- **TFT & LCD Cluster Platforms:** Shifted from analog/digital hybrids to fully digital clusters, with custom UI/UX tailored for different OEM requirements.
- **CAN & LIN Integration:** Developed scalable ECU communication frameworks supporting diagnostics, alerts, and vehicle parameter visualization.
- **Turn-by-Turn Navigation:** Embedded smartphone-based navigation using proprietary BLE protocols, eliminating the need for GPS hardware in entry-segment vehicles.
- **Night/Day Modes & Auto-Brightness:** Sensor-driven UI adjustments to improve visibility under varying ambient light conditions.
- **Developed integrated cluster,** which contains telematics platform and make the product cost effective.
- Screen mirroring enabled clusters to help users with map navigation.

3. Switches and Sensors

This group has focused on making the interface between the rider and machine more seamless, robust, and intelligent. Major areas of technical absorption include:

- **Modular Switch Bank Designs:** Developed scalable PCBA layouts and mechanical platforms for both basic and premium models, enabling reuse across platforms.
- **IP67 Compliance:** Achieved ingress protection for switches and sensors using advanced sealing materials and PCB conformal coating.
- **Hall Effect Sensors & LIN-Based Smart Sensors:** Integrated digital sensors for position sensing, gear detection, and brake switches, improving reliability and accuracy over mechanical systems.
- **Haptic Feedback & Backlighting:** Enhanced rider interface through illuminated and tactile feedback-enabled switches for critical functions.
- Advance TPS and integrated TPS with modular building blocks.

Global Homologation

In addition to product innovation, the HMI and Connectivity team has institutionalized homologation expertise to ensure:

- **Regulatory Compliance Across Markets:** Deep understanding and adherence to homologation requirements across India, Europe, Southeast Asia, and Latin America.
- **Cross-Domain Certification Processes:** Coordinated homologation strategies across Telematics (AIS-140, RED/FCC), Clusters (ECE R10, R121), and Switches/Sensors (IP ratings, functional safety).
- **Documentation & Testing Support:** Developed a robust internal framework for homologation documentation, type approvals, EMC/EMI testing, and audit readiness.
- **Localization vs. Globalization Balance:** Modular platforms designed to be adaptable to regional specs without complete redesigns, speeding up time-to-market globally.

3. Emobility



E-Mobility Group Formation and Strategic Focus

In alignment with Varroc BD1's commitment to future-ready mobility, the E-Mobility Group has been established as a cross-functional product vertical. It integrates expertise across electric powertrain systems, embedded electronics, charging infrastructure, and energy management to deliver scalable, high-efficiency solutions for two- and three-wheeler electric vehicles.

The group is structured into focused sub-teams for:

- **Traction Motors & Controllers**
- **DC-DC Converters**
- **Onboard & Offboard Chargers**
- **Battery Management Systems (BMS)**

Each sub-team is responsible for scanning the market, developing new products and efficient processes, innovating to disrupt the existing market, and maintaining the current market by improving products and reducing cost



System Development Focus

The E-Mobility Group has developed a comprehensive five-year technology roadmap that emphasizes modularity, scalability, and compliance.

Key developments include:

- **Traction Motors (TM):** Voltage platforms from 48V to 400V, power ratings from 2.5 kW to 70 kW, supporting PMSM and SyRM (Rare earth Magnet Free) topologies. Cooling options include natural air and liquid-cooled systems. Efficiency peaks at 96%.
- **Traction Motor Controllers (TMCU):** Designed for operational voltages from 36V to 420V, supporting Field-Oriented Control (FOC), IP67 ingress protection, and EMI/EMC compliance (AIS 004, CISPR 25).
- **DC-DC Converters:** Non-isolated and isolated variants for 48V and 96V systems, supporting output currents up to 30A, with peak efficiencies >95%. EMI/EMC compliance and IP67/IP68 protection are standard.
- **Onboard and Offboard Chargers:** Ranging from 455W to 7.4kW, supporting IEC 61851 and IS17017 standards, CAN communication, and IP42 to IP67 protection. Combo units integrate OBC + DCDC for high-power applications.
- **Battery Management Systems (BMS):** Featuring passive cell balancing, SOC/SOH estimation, fault monitoring, onboard MOSFET-based cutoffs, and isolated CAN communication.

4. IC Powertrain

Internal Combustion Engine (ICE) Powertrain Group Formation and Advancements

In alignment with our strategic commitment to future-ready mobility solutions, we successfully established the ICE Powertrain Group this year. This integrated team combines expertise across Starter Motors, ISG (Integrated Starter Generator), ACG (Alternating Current Generator), Valves, Transmissions, and Electronics, ensuring streamlined development and execution of all ICE Powertrain projects.

System Development Focus

The group developed a comprehensive three-year technology roadmap that emphasizes system-level innovation and integration. Notable developments include:

- **Actuator Motors** for multifunctional automotive applications such as gear shifter, footrest deployment, seat adjustment, and window operations.
- **Gear Reduction Starter Motors** designed for improved torque and energy efficiency.
- **Advanced ISG Technology:**
 - Sensor-based and sensorless ISG controller configurations
 - ISG controllers and integrated with EFI
- **Precision Forged Machine Parts** for non-automotive applications including medical implants and titanium-alloy components
- Engineering components that remain essential in **Electric Vehicles (EVs):**
 - Planetary Gear Trains
 - Driveline Components
 - Steering Components
 - Differential Gears, an integral part of drivetrain systems

Productization and Commercialization of ICE Technologies

Key developments from roadmap concepts to production-ready solutions include:

- Integrated Starter Generator (ISG)
- **Wave Winding Starter Motor:** Improved efficiency and reduced copper usage
- **CNG Bike ISG:**
- **Three-Wheeler ISG:** Enhanced torque and reliability for urban mobility
- **ECULite** added to our portfolio—a cost-effective, compact engine control unit catering to lean applications requiring precise but minimalistic control logic.
- **BLDC Fan motor and controller** for Automotive and Non-Automotive applications (DVP is on progress)
- **Started below SOP in transmission**
- **Twin Camshaft Program**
- **Crank Pin Project**
- **Crank Pin Manufacturing**
- Successfully launched Danfoss Coupling product line for international markets

These accomplishments highlight our ability to not only innovate but also industrialize and scale emerging technologies.

Operational Excellence: Driving Quality, Integration, and Lifecycle Innovation

This year marked a significant leap in optimizing how we build, manage, and evolve our technologies. We reinforced our commitment to operational excellence through structured improvements across Product Lifecycle Management, Quality Systems, and Engineering methodology.

PLM Transformation with Windchill

- Advanced our Product Lifecycle Management (PLM) capabilities using the Windchill platform, introducing process efficiencies and enhanced data governance.
- Enabled robust change management, digital bill-of-material tracking, and cross-departmental transparency to reduce development time and improve design traceability.

QMS Process - ASPICE Level 2 Certification Achievement

- In this year, our team successfully achieved Automotive SPICE® (ASPICE) Level 2 certification for the software development processes associated with our off-board battery charger systems. This certification reflects our commitment to delivering high-quality, reliable, and process-driven solutions for electric vehicle charging infrastructure.

Cybersecurity Readiness: CSMS & ISO 21434 Adoption

- Initiated the Cybersecurity Management System (CSMS) aligned with ISO 21434, the industry standard for automotive cybersecurity.
- This process underpins our compliance journey toward UN Regulation R155 homologation, ensuring secure-by-design principles are embedded into all vehicle systems.
- Sets the stage for future-proofing development practices against evolving cyber threats in mobility platforms.

5. Lighting

Our lighting engineering team has been reorganized by integrating both two-wheeler (2W) and four-wheeler (4W) lighting solutions into a single unified group. This streamlined R&D structure enhances cross-functional collaboration, accelerates innovation, and reduces time to market. As automotive technology undergoes rapid evolution, lighting remains a cornerstone of vehicle design—impacting safety, aesthetics, user experience, and energy efficiency. Its significance continues to grow, making it one of the most dynamic aspects of vehicle development.

5.1: 2W Lighting Solutions

The 2W lighting market is transforming rapidly with widespread adoption of LED technologies, intelligent safety enhancements, and sustainability-focused design. Today's lighting systems must deliver visual appeal, energy savings, and superior rider visibility. Increasing consumer interest in personalization and connectivity, especially among electric two-wheelers, is shaping the next generation of lighting solutions.

5.2: 2W Lightings - Industry trends

- LEDs as the industry standard
- Integration of Daytime Running Lights (DRLs) and visibility enhancers
- Customizable aesthetic options
- Intelligent, adaptive lighting systems
- Road projection technologies to boost safety
- Displays integrated with EV charging

5.3: 2W Lightings – PoCs

In response to evolving market needs, our lighting engineering team has planned to develop 10 PoCs for the year. These include innovative solutions such as connected tail lamps, surface-LEDs, OLED displays, advanced road projectors, and Matrix Pixel headlamps—each aimed at demonstrating product readiness for upcoming vehicle programs.

5.4: 4W Lighting solutions

The Global Four-Wheeler lighting industry is evolving rapidly towards intelligent, efficient, and Aesthetic solutions. Key trends include the widespread adoption of LED and Laser Lighting, the growth of adaptive and digital headlamps, and connected lighting systems that enhance safety, sustainability and brand identity. The lighting system is no longer just functional, it is now a strategic interface for safety, communication and styling differentiation.

5.5: 4W Lighting Industry Trends

- Full LED shift
- Adaptive Driving Beam (ADB) & Matrix Lighting
- Dynamic and communicative lightings
- Logos & Road Projectors
- Styling and Brand Identity
- Sustainability focus

5.6: 4W Lighting PoCs

In response to evolving market needs, our lighting engineering team has planned to develop 13 PoCs for the year. These include innovative solutions such as slim projector Modules, surface-LEDs, advanced road projectors, and Matrix Pixel headlamps—each aimed at demonstrating product readiness for upcoming vehicle programs.

In addition, recognizing the significant growth of interior lighting across both global and Indian automotive markets, we're expanding our scope to include a dedicated portfolio of interior lighting PoCs—marking a strategic step forward in this rapidly emerging domain.

5.7: System Engineering adaptation for First Time Right Delivery

To reduce rework, streamline development, and achieve high-quality results on the first attempt, our system engineering framework has been carefully evolved to align with the First Time Right (FTR) philosophy. This approach combines technical rigor with proactive planning to ensure robust concept validation and seamless integration from day one.

This First Time Right process adaptation not only improves cost-efficiency and development timelines but also elevates product confidence and quality assurance across lighting platforms.

Centre of Competences (CoCs)

a. Mechanical, Modelling and Simulation

Mechanical roadmap is focused on developing capability to achieve First Time Right (FTR) through standardization of design processes across product groups, sharing learnings across product groups, and Technology Proof of Concept development (POCs). We are also focused on advanced and sustainable material Technologies for varroc products.

Modeling and Simulation roadmap focusses on developing newer simulation capabilities required for Varroc Products while optimizing the speed and accuracy of existing simulation capabilities through test Correlations, AI tools and robust simulation processes.

b. Software and System Validation

The Software and System Validation Centers of Competence (CoCs) continue to act as strategic enablers for delivering high-quality, scalable, and future-ready embedded software and system solutions.

b.1 Software

The Software Center of Competence (CoC) play a pivotal role in driving technological excellence and software maturity across product lines. The focus has been on:

1. Modular Platform Based Approach: For all Product Lines in Application and BSW (Base Software) modules to ensure standardization, scalability, reusability and accelerate time to market delivery.
2. New Technology POC (Proof of Concepts) ready: Inhouse developed modular CAN, UDS, Bootloader stacks; Communication Protocols CANFD, WiFi, BLE, Ethernet, J1939; Operating Systems : RTOS (Real Time OS), Android & Linux; Adapting MATLAB based development.

Future plans are to enable the above-mentioned protocols for Cybersecurity and Functional Safety, AUTOSAR readiness, Software Defined Vehicle (SDV) concept feasibility.

3. Efficiency Improvement Programs by automating Stack generation, configurable Software modules, CI/CD Pipeline (Continuous Integration/ Continuous Development).
4. Process Adherence: ASPICE L2 or IATF based on customer needs.

b.2 System Validation

The System Validation CoC is responsible for defining and deploying validation strategies that ensure product integrity, compliance, and functional performance. Our Roadmap focuses on:

1. Zero Customer Defect / Leakage: First time Right Approach in Development Life Cycle
2. Hardware in Loop (HiL) adaptability for all Software driven Products
3. Adapting Automation Strategies like Image Processing and Video Processing.
4. Real time Simulation Testing adapting Digital Twin.
5. Cybersecurity relevant penetration testing.
6. AI based defect Prediction and Software Reliability.

c. Electronics

The Electronics Hardware Center of Competence (COC) has been restructured in alignment with the newly established organizational framework under the Chief Technology Officer (CTO). This reorganization aims to enhance operational efficiency, foster innovation, and ensure strategic alignment with the broader technological objectives of the CTO organization.

The team is structured into several specialized sub-teams, each formed not only on the basis of technical expertise in electronics but also on domain-specific knowledge that is critical for addressing the unique requirements of individual product groups. This approach ensures that each sub-team is equipped to deliver targeted solutions and contribute effectively to the development and optimization of products within their respective domains.

The strategic roadmap for the Electronics Center of Competence (COC) is designed to build advanced capabilities and facilitate the absorption of emerging technologies, thereby enabling the COC to effectively support the technological roadmaps of various product groups. This roadmap not only aligns with Varroc's core automotive product segments but also extends to Varroc's strategic expansion into non-automotive domains, e.g. LED driver technology for commercial and industrial lighting applications.

Furthermore, the roadmap incorporates a series of internal initiatives aimed at achieving operational excellence. These initiatives focus on enhancing the quality of design and ensuring first-time-right deliverables, minimizing design turnaround time, and consistently meeting increasingly stringent cost targets in a highly competitive market environment. Through these efforts, the Electronics COC seeks to drive innovation, improve efficiency, and help the organization maintain a strong competitive edge across all relevant product groups.

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

The outcomes of these initiatives include enhanced customer satisfaction, successful introduction of new product lines, adherence to quality standards, compliance with quality standards, and reduced expenses. Additionally, these efforts have strengthened market competitiveness, improved brand reputation, and supported sustainable manufacturing practices.

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

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

- (iv) Expenditure on R & D:

		(₹ in Million)
Particular		FY 2024-25
Capital		96.69
Recurring		1,533.25
Total		1,629.94
Total R&D expenditure as a Percentage of total turnover		2.21%

C) FOREIGN EXCHANGE EARNINGS & OUTGO

Actual Foreign Exchange used and earned:

		(₹ in Million)
Sl. No	Item	Amount
A	Used for:	
1	Capital Goods	552.18
2	Raw Materials	3,968.05
3	Components, Stores & Spares	17.74
4	Foreign Travels	9.77
5	Consultancy Charges	243.32
6	Interest on term loan	4.21
7	Royalty	79.29
8	Others	185.21
	Total	5,059.77
B	Earned:	
1	Exports	2,617.49
2	Others	336.12
	Total	2,953.61

Annexure - II

DISCLOSURE OF REMUNERATION AND OTHER DETAILS AS REQUIRED UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for FY 2024-25 as well as the percentage increase in remuneration of each Director, Chief Financial officer, Company Secretary is as under:

Name of the Director/ KMP	Designation	Ratio to Median Remuneration	% change in Remuneration over previous year
Mr. Tarang Jain	Chairman and Managing Director	12792%	Nil
Mr. Arjun Jain	Whole Time Director	3035%	8.17%
Mr. Gautam Khandelwal	Independent Director	N.A.	Nil
Mr. Marc Szulewicz	Independent Director	N.A.	Nil
Mrs. Vijaya Sampath	Independent Director	N.A.	Nil
Dr. Vinish Kathuria	Independent Director	N.A.	Nil
Mr. Tarun Tyagi [®]	Whole Time Director	N.A.	N.A.
Mr. Vidyadhar Limaye [#]	Whole Time Director	N.A.	N.A.
Mr. Dhruv Jain [§]	Non-executive Non-Independent Director	N.A.	N.A.
Mr. K. Mahendra Kumar	Group Chief Financial Officer	3327%	9.00%
Mr. Ajay Sharma	Group General Counsel & Company Secretary	1833%	6.86%

[®] Mr. Tarun Tyagi resigned as Whole-time Director of the Company during FY 2024-25. Hence the % change remuneration over previous year is not applicable.

[#] Mr. Vidyadhar Limaye appointed as Whole-time Director of the Company during FY 2024-25. Hence the % change remuneration over previous year is not applicable.

[§] Mr. Dhruv Jain did not receive any remuneration from the Company.

Notes:

- Remuneration to Independent Directors includes the sitting fee paid to them for attending Board and/or Committee meetings. The commission paid to Independent Directors is paid as per the statutory provisions and within the limit approved by the shareholders. The Non-Executive Director did not receive any remuneration from the Company.
- In the Financial Year 2024-25, there was an increase of 13.05 % in the median remuneration of the employees.
- There were 5,323 permanent employees on the payroll of the Company as on March 31, 2025.
- For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2024-25, the average increase in remuneration was 12.15%. The average increase in remuneration for Managerial Personnel in the Financial Year 2024-25 was 11.54 %.

B. Affirmation:

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

C. Justification for Average increase in Salary

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

Annexure - III

CSR REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2024-25

1. Brief outline on CSR Policy of the Company

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

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

2. Composition of CSR Committee:

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

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

Composition of CSR Committee	https://www.varroc.com/investors/board-of-directors-committees
CSR Policy	https://www.varroc.com/investors/corporate-governance
CSR projects	https://www.varroc.com/investors/corporate-governance

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

5. Net profit calculation:

(₹ in Million)

Sr. No.	Particulars	Amount
(a)	Average net profit of the Company as per sub-section (5) of Section 135	1478.12
(b)	Two percent of average net profit of the Company as per sub-section (5) of Section 135	29.56
(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	Nil
(d)	Amount required to be set-off for the financial year, if any	-
(e)	Total CSR obligation for the financial year [(b)+(c) -(d)]	29.56

6. Details of CSR spent:

(₹ in Million)

Sr. No.	Particulars	Amount
(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)*	36.81
(b)	Amount spent in Administrative Overheads	Nil
(c)	Amount spent on Impact Assessment, if applicable	Nil
(d)	Total amount spent for the Financial Year [(a)+(b) +(c)]	36.81

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

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

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

(₹ in Million)

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the Company as per sub-section 5 of section 135	29.56
(ii)	Total amount spent for the Financial Year	36.81
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	7.25
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years. (available till 31st March 2026)	4.42
(vi)	Amount available for set off in succeeding Financial Years. (available till 31st March 2027)	7.84
(vii)	Amount available for set off in succeeding Financial Years. (available till 31st March 2028)	7.25

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

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

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

Nil

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

Nil

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

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

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

Date: May 26, 2025
Place: Pune

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

Form MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2025

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

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

Based on our verification of the **M/S. Varroc Engineering Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2025 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, Minutes' books, Forms and Returns filed and other records maintained by **M/S Varroc Engineering Limited** for the financial year ended 31st March 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations any Byelaws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018.
 - (d) The Securities and Exchange Board of India (Registrars to issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
- (vi) I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:
 - Motor Vehicles Act, 1988 and the Rules made thereunder.
 - The Explosive Act, 1884 and Gas Cylinders Rules, 2016
 - The Petroleum Act, 1934 and the Rules made thereunder.
 - The Environment (Protection) Act, 1986 read with Bio-Medical Waste Management Rules, 2016
 - The Water (Prevention and Control of Pollution) Act, 1974

- The Water (Prevention and Control of Pollution) Cess Act, 1977 and rules made thereunder.
- The Air (Prevention and Control of Pollution) Act, 1981
- The Batteries (Management and Handling) Rules, 2016.
- The Public Liability Insurance Act, 1991 and rules made thereunder.
- The Competition Law
- The legal metrology Act, 2009 and the rules made thereunder.

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

- Secretarial Standards issued by the Institute of Company Secretaries of India.
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

We further report that:

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

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

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

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

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

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

Place: Mumbai
Date: 29/05/2025

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363G000437377
Peer Review Certificate No. 6629/2025

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

ANNEXURE A

To
The Members
M/S. VARROC ENGINEERING LIMITED

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

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

Place: Mumbai
Date: 29/05/2025

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363G000437377
Peer Review Certificate No. 6629/2025

Form MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE PERIOD 1st APRIL 2024 till 1st FEBRUARY 2025*

*(This report would form part of the report of Varroc Engineering Limited pursuant to scheme of Amalgamation between **VARROC POLYMERS LIMITED with VARROC ENGINEERING LIMITED**

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

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

Based on our verification of the **M/S. VARROC POLYMERS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year from 1st April 2024 till 1st February 2025,* complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes’ books, forms and returns filed and other records maintained by **M/S. VARROC POLYMERS LIMITED** for the financial year from 1st April 2024 till 1st February 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under.
- (ii) The Securities Contracts (regulation) Act, 1956 (SCRA) and the Rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations any Byelaws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:
 - Motor Vehicles Act, 1988 and the Rules made thereunder;
 - The Petroleum Act, 1934 and the Rules made thereunder;
 - The Environment (Protection) Act, 1986
 - The Water (Prevention and Control of Pollution) Cess Act, 1977 and rules made thereunder.
 - The Public Liability Insurance Act, 1991 and rules made thereunder.
 - The legal metrology Act, 2009 and the rules made thereunder.

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

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

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

We further report that:

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

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

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

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

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

As per Section 149 of the Companies Act, 2013, Company could not appoint Woman Director on its Board till the date of its Amalgamation with Varroc Engineering Limited.

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

Place: Mumbai
Date: 29/05/2025

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593
UDIN: F005363G000437621
Peer Review Certificate No. 6629/2025

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

ANNEXURE A

To

The Members

M/S. VARROC ENGINEERING LIMITED

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

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

Place: Mumbai

Date: 29/05/2025

For Uma Lodha & Co.

Practicing Company Secretaries

Uma Lodha

(Proprietor)

FCS No.: 5363

C.P. No.2593

UDIN: F005363G000437621

Peer Review Certificate No. 6629/2025

Corporate Governance Report

This Corporate Governance Report relating to the Financial Year ended on March 31, 2025, has been issued in compliance with the requirements of Regulation 34(3) read with Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and forms a part of the Report of the Directors to the Members of the Company..

1. Company Philosophy:

Corporate Governance encompasses the framework of principles, values, and processes that steer the conduct of the Company's management and Board. It plays a pivotal role in ensuring transparency, accountability, and integrity in decision-making, thereby fostering sustainable long-term growth. Sound corporate governance, underpinned by strong and ethical leadership, forms the cornerstone of a successful and resilient enterprise.

At Varroc Engineering Limited, we take pride in being an integral part of the Varroc Group, founded by renowned Indian industrialist Mr. Tarang Jain. The Company continues to uphold the values and principles envisioned by our Founder. Our approach to corporate governance is deeply rooted in a legacy of fairness, integrity, and transparency. Many of these governance practices were voluntarily adopted well before they became regulatory requirements, reflecting our unwavering commitment to our core values — embodied in the acronym 'SHIPS', as detailed below:

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

The Company upholds a strong legacy of governance built on the pillars of fairness, transparency, and ethical conduct.

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

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

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

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

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

2. Board of Directors

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

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

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

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

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

2.1 Composition

As on March 31, 2025, the Board of Directors of the Company consists of Nine (9) Directors of whom, Three (3) are 'Executive' Directors, One (1) Non-Executive and Non-Independent Director and Five (5) are Independent Directors including Two (2) Woman Independent Directors.

Mr. Tarang Jain is the Chairman and Managing Director, Mr. Arjun Jain, Whole Time Director, Mr. Tarun Tyagi, Whole Time Director (resigned w.e.f. 13.11.2024) and Mr. Vidyadhar Limaye (appointed w.e.f. 13.11.2024) are the Executive Directors.

The details of the Board of Directors as on March 31, 2025, are as follows:

Name of the Director	Category of Director	Particulars
Mr. Tarang Jain (DIN 00027505)	Chairman & Managing Director, Executive / Non-Independent	Re-appointed as the Chairman and Managing Director for the next term of three (3) years from June 1, 2025, to May 31, 2028
Mr. Arjun Jain (DIN 07228175)	Whole Time Director Executive / Non-Independent	Re-appointed as Whole-time Director for the next term of three (3) years from August 7, 2025, to August 6, 2028
Mr. Dhruv Jain (DIN 09710448)*	Non Executive / Non-Independent	Appointed as Whole Time Director Executive / Non Independent for three (3) years from June 1, 2025, to May 31, 2028
Mr. Tarun Tyagi (DIN 10204986)**	Whole Time Director Executive/Non-Independent	Resigned from the position of Whole Time Director of the Company from November 13, 2024

Name of the Director	Category of Director	Particulars
Mr. Vidyadhar Limaye (DIN 06720053)***	Whole Time Director Executive/ Non-Independent	Appointed as Whole Time Director for three (3) years effective from November 13, 2024. Resigned effective from June 30, 2025
Mr. Gautam Khandelwal (DIN 00270717)	Non -Executive/ Independent	Re-appointed as an Independent Director for a second term of five (5) years from July 20, 2020, to July 19 ,2025
Mrs. Vijaya Sampath (DIN 00641110)	Non-Executive / Independent	Re-appointed as an Independent Director for a second term of five (5) years from July 20, 2020, to July 19 ,2025
Mr. Marc Szulewicz (DIN 01911768)	Non-Executive/ Independent	Re-appointed as an Independent Director for a second term of five (5) years from July 20, 2020, to July 19 ,2025
Mrs. Liselott Kilaas**** (DIN 10953529)	Non -Executive/ Independent	Appointed as a Non-Executive/ Independent Director for a first term of 5 years from March 27, 2025, to March 26, 2030.

* Mr. Dhruv Jain has been appointed as a Whole Time Director w.e.f. June 1, 2025

** Mr. Tarun Tyagi ceased to be Whole Time Director of the Company w.e.f. November 13, 2024.

*** Mr. Vidyadhar Limaye was appointed as Whole Time Director of the Company w.e.f. November 13, 2024, and ceased to be Whole Time Director w.e.f. June 30, 2025.

****Mrs. Liselott Kilaas was appointed as an Independent Director of the Company w.e.f. March 27, 2025.

BOARD MEETING AND PROCEDURES

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

During the year under review, five meetings of the Board of Directors were held on May 17, 2024, August 7, 2024, November 13, 2024, February 10, 2025 and March 27, 2025. The maximum gap between any two meetings was not more than one hundred and twenty days. As mandated by proviso under Regulation 17A (1) of the Listing Regulations as of March 31, 2025, none of the Independent Directors of the Company served as an Independent Director in more than seven listed entities and as per Regulation 26 of Listing Regulations none of Directors is a member of more than ten Committees or acting as Chairperson of more than five Committees, across all the Indian public limited companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors. The names and categories of Directors, their attendance at Board Meetings held during the Financial Year and at the last Annual General Meeting (AGM), number of Memberships/ Chairmanships of Directors in other Boards and Committees of Board, Category of directorship and names of listed entities where person is a director are as follows:

Name of the Director and Category of Directorship	No. of Board Meetings attended during the F.Y. 2024-25	Whether attended the last AGM held on September 12, 2024	No. of Directorships Held in Public Companies*	No. of Committees of which Chair-man@	No. of Committees of which Member@	Category of directorship and Names of other listed entities where person is a director.
Mr. Tarang Jain, Executive / Non-Independent	5	Yes	2	0	4	1. Varroc Engineering Limited, Chairman and Managing Director 2. TCPL Packaging Limited, Mumbai, Independent Director

Name of the Director and Category of Directorship	No. of Board Meetings attended during the F.Y. 2024-25	Whether attended the last AGM held on September 12, 2024	No. of Directorships Held in Public Companies*	No. of Committees of which Chairman@	No. of Committees of which Member@	Category of directorship and Names of other listed entities where person is a director.
Mr. Arjun Jain Executive / Non-Independent	5	Yes	1	-	1	1. Varroc Engineering Limited, Whole-time Director
Mr. Gautam Khandelwal Non-Executive / Independent	5	Yes	3	3	4	1. Varroc Engineering Limited, Independent Director 2. Nagpur Power and Industries Limited, Executive Director 3. Informed Technologies India Limited, Executive Director
Mrs. Vijaya Sampath Non-Executive / Independent	4	Yes	7	1	7	1. Varroc Engineering Limited, Independent Director 2. Ingersoll Rand Limited, Independent Director 3. Safari Industries (India) Limited, Independent Director 4. Intellect Design Arena Limited, Independent Director 5. Va Tech Wabag Limited, Independent Director 6. Craftsman Automation Limited-Independent Director 7. Mankind Pharma Limited, Independent Director
Mr. Marc Szulewicz Non -Executive/ Independent	5	Yes	1	-	-	1. Varroc Engineering Limited, Independent Director
Dr. Vinish Kathuria Non -Executive/ Independent	5	Yes	1	-	-	1. Varroc Engineering Limited, Independent Director
Mr. Dhruv Jain Non-Executive / Non-Independent	5	Yes	1	-	-	1. Varroc Engineering Limited, Non- Executive Director
Mr. Tarun Tyagi Executive / Non-Independent (resigned w.e.f.13.11.2024)	3	Yes	1	-	-	1. Varroc Engineering Limited, Whole Time Director
Mr. Vidyadhar M. Limaye Executive / Non-Independent (Appointed w.e.f.13.11.2024)	3	No	1	-	-	1. Varroc Engineering Limited, Whole Time Director
Mrs. Liselott Kilaas Non-Executive/ Independent	1	No	1	-	-	1. Varroc Engineering Limited, Independent Director

Note:

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

@ This relates to membership of Committees referred to in Regulation 26(1) of the Listing Regulations, viz. Audit Committee and Stakeholders Relationship Committee of all public limited companies including deemed Public Company, whether

listed or not and excludes private limited companies, foreign companies and companies licensed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956.

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

During the Financial Year ended on March 31, 2025, five (5) Board meetings were held on May 17, 2024, August 7, 2024, November 13, 2024, February 10, 2025, and March 27, 2025. The Annual General Meeting was held on September 12, 2024. The Attendance of the Directors at the Board meetings and the Annual General Meeting during the year is as under:

Name of the Director	No. of Board Meetings			Attendance at the AGM held on September 12, 2024
	Held	Eligible to attend	Attended	
Mr. Tarang Jain	5	5	5	Y
Mr. Arjun Jain	5	5	5	Y
Mr. Gautam Khandelwal	5	5	5	Y
Mrs. Vijaya Sampath	5	5	4	Y
Mr. Marc Szulewicz	5	5	5	Y
Dr. Vinish Kathuria	5	5	5	Y
*Mr. Dhruv Jain	5	5	5	Y
**Mr. Tarun Tyagi	3	3	3	Y
***Mr. Vidyadhar M. Limaye	3	3	3	NA
****Mrs. Liselott Kilaas	1	1	1	NA

* Mr. Dhruv Jain has been appointed as a Whole Time Director w.e.f. June 1, 2025

** Mr. Tarun Tyagi ceased to be Whole Time Director of the Company w.e.f. November 13, 2024.

*** Mr. Vidyadhar Limaye was appointed as Whole Time Director of the Company w.e.f. November 13, 2024, and ceased to be Whole Time Director w.e.f. June 30, 2025.

****Mrs. Liselott Kilaas was appointed as an Independent Director of the Company w.e.f. March 27, 2025.

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

2.3 Directorships and Committee membership

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

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

Directorships (including names of Listed Companies) and membership in Committees held by Directors as on March 31, 2025, are given below:

Name of the Director and Category of Directorship	No. of Board Meetings attended during the F.Y. 2024-25	No. of Directorships Held in Public Companies*	No. of Committees of which Chairman®	No. of Committees of which Member®	Category of directorship and Names of other listed entities where person is a director.
Mr. Tarang Jain, Executive/ Non-Independent	5	2	0	4	1. Varroc Engineering Limited, Chairman and Managing Director 2. TCPL Packaging Limited, Mumbai, Independent Director
Mr. Arjun Jain, Executive / Non-Independent	5	1	-	1	1. Varroc Engineering Limited, Whole-time Director

Name of the Director and Category of Directorship	No. of Board Meetings attended during the F.Y. 2024-25	No. of Directorships Held in Public Companies*	No. of Committees of which Chairman®	No. of Committees of which Member®	Category of directorship and Names of other listed entities where person is a director.
Mr. Gautam Khandelwal Non-Executive / Independent	5	3	3	4	1. Varroc Engineering Limited, Independent Director 2. Nagpur Power and Industries Limited, Executive Director 3. Informed Technologies India Limited, Executive Director
Mrs. Vijaya Sampath Non-Executive / Independent	4	7	1	7	1. Varroc Engineering Limited, Independent Director 2. Ingersoll Rand Limited, Independent Director 3. Safari Industries (India) Limited, Independent Director 4. Intellect Design Arena Limited, Independent Director 5. Va Tech Wabag Limited, Independent Director 6. Craftsman Automation Limited-Independent Director 7. Mankind Pharma Limited, Independent Director
Mr. Marc Szulewicz Non-Executive/ Independent	5	1	-	-	1. Varroc Engineering Limited, Independent Director
Dr. Vinish Kathuria Non-Executive/ Independent	5	1	-	4	1. Varroc Engineering Limited, Independent Director
Mr. Tarun Tyagi Executive/ Non Independent (resigned w.e.f.13.11.2024)	3	1	-	-	1. Varroc Engineering Limited, Whole Time Director
Mr. Vidyadhar M. Limaye Executive / Non-Independent (Appointed w.e.f.13.11.2024)	3	1	-	-	1. Varroc Engineering Limited, Whole Time Director
Mrs. Liselott Kilaas Non-Executive/ Independent	1	1	-	-	1. Varroc Engineering Limited, Independent Director

Note:

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

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

2.4 Inter-se relationships among Directors

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

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

2.5 Shareholding of Directors and Key Managerial Personnel

Details of the shareholding of Directors and Key Managerial Personnel in the Company as on March 31, 2025, are as under:

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

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

* Mr. Dhruv Jain has been appointed as a Whole Time Director w.e.f. June 1, 2025

** Mr. Tarun Tyagi ceased to be Whole Time Director of the Company w.e.f. November 13, 2024.

*** Mr. Vidyadhar Limaye was appointed as Whole Time Director of the Company w.e.f. November 13, 2024, and ceased to be Whole Time Director w.e.f. June 30, 2025.

****Mrs. Liselott Kilaas was appointed as an Independent Director of the Company w.e.f. March 27, 2025. During the Financial Year 2023-24, the Company has issued 25,000 Rated, listed, senior, Secured, redeemable, taxable, transferable, Non-Convertible Debentures of ₹ 1 Lakh each aggregating to ₹ 2,500 Million bearing coupon rate of 8.60% on September 7, 2023, which will be due for redemption on September 7, 2028. During the year under review, the Company has not issued any Debentures.

The Directors and Key Managerial Personnel of the Company do not hold any Debentures in the Company. Further, during the Financial Year 2024-25, the Company has not issued any other Securities.

2.6 Familiarization Programme for Independent Directors

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

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

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

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

The framework together with the details of the Familiarization Programme conducted has been uploaded on the website of the Company. The web-link to this is

https://www.varroc.com/upload/financial_results/17491023081781370789.pdf

2.7 Key Board qualification, expertise and attributes

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

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

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

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

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

* Mr. Dhruv Jain has been appointed as a Whole Time Director w.e.f. June 1, 2025

** Mr. Tarun Tyagi ceased to be Whole Time Director of the Company w.e.f. November 13, 2024.

*** Mr. Vidyadhar Limaye was appointed as Whole Time Director of the Company w.e.f. November 13, 2024, and ceased to be Whole Time Director w.e.f. June 30, 2025.

****Mrs. Liselott Kilaas was appointed as an Independent Director of the Company w.e.f. March 27, 2025.

2.8 Director(s) seeking Appointment/Re-appointment

In compliance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Tarang Jain (DIN:00027505) and Mr. Dhruv Jain (DIN: 09710448) will retire by rotation at the ensuing Annual General Meeting, and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their Meeting held on May 29, 2025 it is proposed to re-appoint them as a Directors of the Company.

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

2.9 Code of Conduct

The Code of Conduct adopted by the Board of Directors, is applicable to the Directors and all Senior Management Personnel of the Company. This Code of Conduct emphasizes the Company's commitment to compliance with the highest standards of legal and ethical behaviour. The Code of Conduct is available on the website of the Company at https://www.varroc.com/upload/financial_results/1706864942632690264.pdf under heading 'Policies'.

All Directors, Key Managerial Personnel and Senior Management Personnel have adhered to the Code of Conduct of the Company during the year and have signed declarations and given affirmation of compliance to the Code of Conduct. Further, the Senior Management of your Company have made disclosures to the Board confirming that

there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large. A certificate signed by Mr. Tarang Jain, Chairman and Managing Director on behalf of Board of Directors as required under Regulation 34 (3) of Listing Regulations affirming compliance of said code is given in this Annual Report.

2.10 Independent Directors

Independent Directors⁰ play a key role in the governance processes of the Board and in shaping various strategic initiatives of the Company. These Directors are professionals, with expertise and experience in general corporate management, business, finance and information technology. This wide knowledge of their respective fields of expertise and best-in-class boardroom practices helps foster varied, unbiased, independent and experienced perspective and also prevent possible conflicts of interest that may emerge in such decision making.

Your Company has several Subsidiaries, both in India and overseas. In order to leverage the experience of Independent Directors of the Company for the benefit of and for improved Corporate Governance and better reporting to the Board, some of the Independent Directors also serve on the Boards of material Subsidiary Companies.

All the Independent Directors of the Company have been appointed as per the provisions of the Act and the Listing Regulations. Formal letters of appointment are issued to the Independent Directors after their appointment by the Members. As required by Regulation 46 of the Listing Regulations, the terms and conditions of their appointment have been disclosed on the website of the Company weblink is as below https://www.varroc.com/upload/financial_results/17068646041473196366.pdf

An Independent Director is the Chairman of each of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee.

Further, the Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

During the year under review, none of the Independent Directors have resigned.

Criteria of making payments to Non-executive Independent Directors:

Non-executive Independent Directors are experts with broad industry experience and expert knowledge. They provide the Board with professional advice based on their knowledge on important issues that have been brought to their attention. By skilfully bringing neutrality to debates in Board and Committee meetings, they effectively carry out their responsibilities as Independent Directors.

The Board of Directors decides the basis for determining the compensation to the Non-Executive Directors, including Independent Directors. The Board of Directors while determining the compensation, takes into consideration various factors such as:

- a. Director's participation in Board and Committee meetings during the year,
- b. Other responsibilities undertaken, such as membership or Chairmanship of Committees,
- c. Time spent in carrying out their duties,
- d. The role and functions of the Independent Directors as envisaged in Schedule IV of the Act and Listing Regulations, as amended from time to time, and,
- e. Such other factors as the Board may considers fit.

The Board determines the compensation for Non-Executive Directors within the overall limits specified in the Shareholder Resolution.

Meeting of Independent Directors:

In compliance with Schedule IV to the Act and Regulation 25(3) of the Listing Regulations, for the Financial Year 2024-25, the Independent Directors held a separate meeting on May 17, 2024 without the attendance of Non-Independent Directors and the Management, to review the performance of Non-Independent Directors and the Board, as a whole; and to assess the quality, quantity, and timeliness of the flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.11 Confirmation as regards independence of Independent Directors

The Company has received a declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of the Listing Regulations.

In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board, the Independent Directors fulfil the conditions of independence specified in the Act and the Listing Regulations and are independent of the Management.

2.12 Pecuniary transactions with Non-Executive Directors/ Independent Directors

During the year under review, there were no pecuniary transactions with any of the Non-Executive Director / Independent Directors of the Company except payment of sitting fees, commission and professional fees as disclosed in this report.

The Register of Contracts is maintained by the Company under Section 189 of the Act and the same is placed before the Board for approval at the Board Meeting(s). The register so placed before the Board is signed by all the Directors present at such meetings.

2.13. Directors Remuneration

The Non-Executive & Independent Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. They are also entitled to commission not exceeding 1% of the Net Profits of the Company. The Chairman and Managing Director, Whole-time Directors and Non-Executive & Non -Independent Director do not receive sitting fees for attending the meetings of the Board or any Committee thereof nor do they receive any commission on net profits. None of the Directors had any material pecuniary relationship or transaction with the Company during the year.

The remuneration paid to the Chairman and Managing Director and the Whole-time Directors was duly approved by the Board of Directors and members.

The Company has obtained a Directors and Officers Liability Insurance Policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

(₹ in Million)

Name of Director	Category	Sitting Fees	Comm- ission	Salary as per section 17(1) of the Income-tax Act, 1961	Value of perquisites u/s 17(2) of the Income- tax Act, 1961	Others	Total
Mr. Tarang Jain	Chairman & Managing Director	-	-	122.23	-	-	122.23
Mr. Arjun Jain	Whole Time Director	-	-	27.46	-	-	27.46
Mr. Dhruv Jain*	Non -Executive Director	-	-	-	-	-	-
Mr. Tarun Tyagi**	Whole Time Director	-	-	8.87	-	-	8.87

(₹ in Million)

Name of Director	Category	Sitting Fees	Comm- ission	Salary as per section 17(1) of the Income-tax Act, 1961	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Others	Total
Mr. Vidyadhar Limaye***	Whole Time Director	-	-	4.85	-	-	4.85
Mrs. Vijaya Sampath	Independent Director	1.30	2.20	-	-	-	3.50
Mr. Marc Szulewicz	Independent Director	0.98	1.32	-	-	-	2.30
Mr. Gautam Khandelwal	Independent Director	1.96	1.54	-	-	-	3.50
Dr. Vinish Kathuria	Independent Director	1.54	1.96	-	-	-	3.50
Mrs. Liselott Kilaas****	Independent Director	-	-	-	-	-	-
Grand Total						-	-

* Mr. Dhruv Jain has been appointed as a Whole Time Director w.e.f. June 1, 2025

** Mr. Tarun Tyagi ceased to be Whole Time Director of the Company w.e.f. November 13, 2024.

*** Mr. Vidyadhar Limaye was appointed as Whole Time Director of the Company w.e.f. November 13, 2024, and ceased to be Whole Time Director w.e.f. June 30, 2025.

****Mrs. Liselott Kilaas was appointed as an Independent Director of the Company w.e.f. March 27, 2025.

Other than the above, no other payments are made to the Non-Executive & Independent Directors of the Company.

- (i) all elements of remuneration package of individual Directors summarized herein above covers all the major groups, such as salary, benefits, bonuses, stock options, pension etc as applicable. Stock Option and Bonuses are not applicable in the relevant Financial Year.
- (ii) *Salary included details of fixed component and performance linked incentives, basis their Key Responsibility Areas / performance criterias;
- (iii) service contracts, notice period, severance fees; Not Applicable
- (iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.: Not Applicable

3. Committees of the Board

The Board of Directors have constituted the following Committees:

- 3.1 Audit Committee
- 3.2 Nomination and Remuneration Committee
- 3.3 Stakeholders Relationship Committee
- 3.4 Corporate Social Responsibility Committee
- 3.5 Risk Management Committee
- 3.6 Finance Committee
- 3.7 Environmental, Social and Governance (ESG) Steering Committee

The composition, terms of reference, attendance and other details of these Committees are mentioned hereunder.

No voluntary recommendation(s) were made by the aforesaid Committees to the Board.

3.1 Audit Committee:

3.1.1 Constitution and Composition

The Audit Committee was constituted on February 6, 2018, in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(1) of Listing Regulations.

The constitution of the Audit Committee as on March 31, 2025, is as follows:

Name of Director	Position in the Committee	Category
Mr. Gautam Khandelwal	Chairman	Non – Executive, Independent Director
Mr. Tarang Jain	Member	Chairman and Managing Director, Executive, Non-Independent Director
Mrs. Vijaya Sampath	Member	Non – Executive, Independent Director
Dr. Vinish Kathuria	Member	Non – Executive, Independent Director

The Group Chief Financial Officer is a permanent invitee to all meetings of the Audit Committee. The Company Secretary is the Secretary of the Audit Committee. All the Directors are financially literate, and Mr. Gautam Khandelwal, Mr. Tarang Jain and Mrs. Vijaya Sampath have accounting and related financial management expertise.

The Statutory Auditors and Internal Auditors are invited to the meetings to discuss with the Directors the scope of the audit, their comments and recommendation on the accounts, records, risks, internal procedures and internal controls of the Company and to discuss the Internal Audit Reports. Minutes of the Audit Committee meetings are circulated to all the Directors and discussed at the Board meetings.

As per Regulation 18(1)(d) of the Listing Regulations, Mr. Gautam Khandelwal, Chairperson of the Audit Committee was present at the last Annual General Meeting to answer Shareholder queries.

3.1.2 Terms of reference

The terms of reference of the Audit Committee cover all the areas mentioned under Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the Listing Regulations. The broad terms of reference of the Audit Committee therefore include all Financial Results, Statements and Disclosures and recommend the same to the Board, review the Internal Audit Reports and discuss the same with the Internal Auditors, review Internal Control Systems and procedures, evaluation of Internal Financial Controls and Risk Management Systems and their effectiveness, to meet the Statutory Auditors and discuss their findings, their scope of Audit, Post-Audit discussion, Auditor's independence, adequacy of Internal Audit Functions, Audit Qualifications, if any, appointment / removal and remuneration of Auditors, changes in accounting policies and practices, if any, and disclosure of all Related Party Transactions and compliance with Company Law and other statutory provisions. Detailed terms of reference of the Committee are available on the Company's website <https://www.varroc.com/upload/committe/17488536161875215604.pdf>

3.1.3 Internal Audit

The Internal Audit Department of Varroc Engineering Limited conducts internal audit on a pan India basis and is also supported by external agency in some of the areas of internal audit. The Chief Internal Auditor presents his Report to the Audit Committee at periodic intervals.

3.1.4 Attendance

During the Financial Year ended on March 31, 2025, four (4) Audit Committee meetings were held on May 17, 2024; August 7, 2024; November 13, 2024, and February 10, 2025.

The Attendance of the Committee members at these Audit Committee meetings is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal	4	4	4
Mrs. Vijaya Sampath	4	4	3
Mr. Tarang Jain	4	4	4
Dr. Vinish Kathuria	4	4	4

It can be seen from the above table that the frequency of the Committee Meetings was in compliance with the limit prescribed under applicable regulatory requirements and the gap between two Committee Meetings was not more than 120 days.

The Minutes of the Meeting of the Audit Committee are discussed and noted by the Board of Directors at the subsequent Board Meeting.

The functional / Business Representatives also attend the Committee Meetings periodically and provide such information and clarifications as required by the Committee Members, which gives a deeper insight into the respective business and functional areas of operations. The Cost Auditors and the Statutory Auditors attend the Audit Committee Meetings for their respective agenda items relating to Cost Audit Report and Limited Review Report on Quarterly Financial Results. The Group Chief Financial Officer attended all the Audit Committee Meetings.

3.2. Nomination and Remuneration Committee

3.2.1 Constitution and Composition

The Nomination and Remuneration Committee was constituted on February 6, 2018, in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19(1) of Listing Regulations.

The constitution of the Nomination and Remuneration Committee as on March 31, 2025, is as follows:

Name of Director	Position in the Committee	Category
Mr. Gautam Khandelwal	Chairman	Non – Executive, Independent Director
Mrs. Vijaya Sampath	Member	Non – Executive, Independent Director
Mr. Marc Szulewicz	Member	Non – Executive, Independent Director

The Company Secretary is the Secretary to the Nomination and Remuneration Committee.

3.2.2. Terms of Reference

The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under Section 178 of the Companies Act, 2013 and Regulation 19 (4) of the Listing Regulations. The broad terms of reference of the Nomination and Remuneration Committee therefore include analysing, monitoring and reviewing various human resource and compensation matters; remuneration and employment terms of Whole-time Directors and Senior Management Personnel, adherence to and review of the Remuneration/Employment Policy as approved by the Board of Directors, formulating the criteria and identify persons who may be appointed as Directors or Senior Management of the Company, preliminary evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting non-compliances to the Board of Directors and any other matters which the Board of Directors may direct and/or are statutorily prescribed from time to time. Detailed terms of reference of the Committee are available on the Company's website <https://www.varroc.com/upload/committe/17491067691402201322.pdf>

3.2.3. Attendance

During the Financial Year ended on March 31, 2025, three (3) Nomination and Remuneration Committee meeting were held on May 16, 2024, November 13, 2024 and March 27, 2025. The Attendance of the Directors at this Committee meeting is given below:-

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal	3	3	3
Mrs. Vijaya Sampath	3	3	3
Mr. Marc Szulewicz	3	3	3

As per Regulation 19(3) of the Listing Regulations, Mr. Gautam Khandelwal, Chairperson of the Nomination and Remuneration Committee was present at the last Annual General Meeting to answer Shareholder queries.

3.2.4 Performance Evaluation of Directors

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees, Chairperson and Directors. The manner in which such formal annual evaluation was made by the Board during the year 2024-25 is given below:

- Performance evaluation criteria for the Board, Committees of the Board and Directors as approved by the Board at its meeting held on February 6, 2018 were revised on the recommendation of Independent Director, in line with SEBI's Guidance Note dated January 5, 2017 on Board Evaluation, by the Board at its meeting held on November 11, 2018 and the same were placed on the Company's website www.varroc.com.
- Based on the said revised criteria, rating sheets were filled up by each of the Directors towards the end of the year with regard to evaluation of the performance of the Board, its Committees, Chairperson and Directors (except for the director being evaluated) for the year under review.
- A consolidated summary of the ratings given by each of the Directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman and Managing Director/CHRO/ID in respect of the performance of the Board, its Committees, Chairperson and Directors during the year under review.
- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board at their meetings held on May 17, 2024.

The Directors have received briefings and updates on key financial, legal and governance matters. The Independent Directors have ensured governance and good conduct, adherence to laws, mitigating risks and growth. The evaluation covered the overall performance of the Board and its Committees, individual reviews of each Director and an analysis of the performance of the Chairman. The evaluation concluded that the Board remained of high calibre and was functioning well, with open and challenging debate and transparent information flow. An assessment of individual Directors concluded that they contributed effectively and proactively to debates at all meetings and devoted adequate time. The Committees have also operated effectively.

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, the performance of the Directors and the working of its committees, based on the evaluation criteria defined by the Nomination and Remuneration Committee (NRC) for the performance evaluation process of the Board, its Committees and Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of committees, effectiveness of Committee meetings, etc.

The performance assessment of Non-Independent Directors, Board as a whole and the Chairman were evaluated at separate meetings of Independent Directors. The same was also discussed in the meeting of the NRC and the Board. Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

3.3. Stakeholders Relationship Committee

3.3.1 Constitution and Composition

The Stakeholders Relationship Committee was constituted on February 6, 2018, in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The constitution of the Stakeholders Relationship Committee as on March 31, 2025, is as follows:

Name of Director	Position in the Committee	Category
Mr. Gautam Khandelwal	Chairman	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Whole Time Director, Executive, Non-Independent Director
Dr. Vinish Kathuria	Member	Non – Executive, Independent Director

The Company Secretary is the Secretary to the Stakeholders Relationship Committee.

As per Regulation 20(3) of the Listing Regulations, Mr. Gautam Khandelwal, Chairperson of the Stakeholders Relationship Committee was present at the last Annual General Meeting to answer Shareholder queries.

3.3.2. Terms of Reference

The terms of reference of the Stakeholders Relationship Committee cover all the areas mentioned under Section 177 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The broad terms of reference of the Stakeholders Relationship Committee therefore include redressal of grievances of Shareholders, Debenture Holders and other Security Holders, analysis of reports received periodically from the Registrar and the Share Transfer Agent ("RTA"), Allotment of Shares, approval of transfer or transmission of Shares, Debentures or any other securities and dividend related matters. Detailed terms of reference of the Committee are available on the Company's website at <https://www.varroc.com/upload/committe/17491068572003066685.pdf>

3.3.3. Attendance

During the Financial Year ended on March 31, 2025, one (1) meeting of the Stakeholders Relationship Committee was held on May 16, 2024. The Attendance of the Directors at this Committee meeting is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal	1	1	1
Mr. Arjun Jain	1	1	1
Mr. Vinish Kathuria	1	1	1

3.3.4 Compliance Officer

Mr. Ajay Sharma, Company Secretary is the Secretary of this Committee and the Compliance Officer, and his contact details are given below:

The Company Secretary

Varroc Engineering Limited

Registered Office: Plot No. L-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Erstwhile Aurangabad) – 431 136, Maharashtra State, India

Phone: (0240) 6653662

Email: investors@varroc.com

3.3.5 Pledge of shares

No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2025.

3.3.6 Details of Complaints from Security Holders

No. of complaints remaining unresolved as on 01.04.2024	0
No. of complaints received during the year	0
No. of complaints resolved during the year	0
No. of complaints unresolved as on 31.03.2025	0

The Company did not receive any complaints from the Security holders during the year.

The Registrar and Share Transfer Agents (RTA), MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited), attends to all grievances of shareholders received directly or through SEBI, Stock Exchanges or the Ministry of Corporate Affairs. Most of the grievances/ correspondences are attended within a period of 7 days from the date of receipt of such grievances.

The Company maintains continuous interaction with the RTA and takes proactive steps and actions for resolving Shareholder complaints/queries. Likewise, the Company also has regular interaction with the Debenture Trustees to ascertain the grievances, if any, of the Debenture holders.

3.4. Corporate Social Responsibility Committee

3.4.1 Constitution and Composition

The Corporate Social Responsibility Committee was constituted on April 7, 2014, in compliance with the provisions of Section 135 of the Companies Act, 2013.

The constitution of the Corporate Social Responsibility Committee as on March 31, 2025, is as follows:

Name of Director	Position in the Committee	Category
Mr. Tarang Jain	Member	Chairman and Managing Director
Mr. Gautam Khandelwal	Member	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Whole-time Director

The Company Secretary is the Secretary to the Corporate Social Responsibility Committee.

3.4.2. Terms of Reference

The terms of reference of this Committee are to comply with the requirements of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and all other relevant compliances. Detailed terms of reference of the Committee are available on the Company's website <https://www.varroc.com/upload/committe/1749106621905060185.pdf>

Further Corporate Social Responsibility Policy is available on the Company's website https://www.varroc.com/upload/financial_results/17068631711735884362.pdf

3.4.3. Attendance

During the Financial Year ended on March 31, 2025, 3 (three) meetings of the Corporate Social Responsibility Committee were held on May 16, 2024, February 10, 2025, and March 27, 2025. The Attendance of the Directors at these Committee meetings is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	3	3	3
Mr. Gautam Khandelwal	3	3	3
Mr. Arjun Jain	3	3	3

3.5. Risk Management Committee

3.5.1 Constitution and Composition

The Risk Management Committee was constituted on April 3, 2019, in compliance with the provisions of Regulation 21 of the Listing Regulations.

The constitution of the Risk Management Committee as on March 31, 2025, is as follows:

Name of Member	Position in the Committee	Category
Mrs. Vijaya Sampath	Chairperson	Non – Executive, Independent Director
Dr. Vinish Kathuria	Member	Non – Executive, Independent Director
Mr. Tarang Jain	Member	Chairman and Managing Director
Mr. Arjun Jain	Member	Whole Time Director
Mr. K. Mahendra Kumar	Member	Group Chief Financial Officer
Mr. Manoj Dhar	Member and Convener	Group Chief Internal Auditor & Chief Risk Officer

The Company Secretary is the Secretary to the Risk Management Committee.

3.5.2. Terms of Reference

The terms of reference of this Committee are to comply with the requirements of Regulation 21 of the Listing Regulations. The broad terms of reference of the Committee therefore include the ensuring adequacy of the Company's processes for managing risk; the policies and procedure that have been established and implemented to identify, assess, monitor and manage material business risks including cyber security; formulation of an action plan to address areas of identified risk and monitor implementation programs and any incident involving fraud or other break down of the Company's internal control; review and making recommendations on the strategic direction, objectives and effectiveness of the Company's risk management policies; review of Company's insurance program, having regard to the Company's Business and the insurable risks associated with its business; and perform such other functions as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such Committee. Detailed terms of reference of the Committee are available on the Company's Website <https://varroc.com/investors/board-of-directors-committees/>

3.5.3. Attendance

During the Financial Year ended on March 31, 2025, 2 (Two) meetings of the Risk Management Committee were held on May 16, 2024, and November 13, 2024. The Attendance of the Directors at the said Committee meeting is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mrs. Vijaya Sampath	2	2	2
Dr. Vinish Kathuria	2	2	2

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	2	2	2
Mr. Arjun Jain	2	2	2
Mr. K. Mahendra Kumar	2	2	2
Mr. Manoj Dhar	2	2	2

Other Committee(s)

3.6. Finance Committee

3.6.1 Constitution and Composition

The Finance Committee was constituted on February 6, 2018. The constitution of the Finance Committee as on March 31, 2025, is as follows:

Name of Director	Position in the Committee	Category
Mr. Tarang Jain	Chairman	Chairman and Managing Director
Mr. K. Mahendra Kumar	Member	Group Chief Financial Officer
Mr. Arjun Jain	Member	Whole Time Director

The Company Secretary is the Secretary to the Finance Committee.

3.6.2 Terms of Reference

The terms of reference of this Committee are to comply with the powers delegated by the Board of Directors under the provisions of Section 179 of the Companies Act, 2013 and subject to the Memorandum and Articles of Association other matters related to banking, security creation, legal matters – litigation and authorisation, forex and related risk cover etc. The Committee is required to oversee and approve matters pertaining to the finance and operations of the Company in the normal course of business.

3.6.3 Attendance

During the Financial Year ended on March 31, 2025, 5 (five) meetings of the Finance Committee were held on April 02, 2024, August 07, 2024, November 13, 2024, February 10, 2025 and March 27, 2025.

The Attendance of the members at the said Committee meetings is given below:

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	5	5	5
Mr. Arjun Jain	5	5	5
Mr. K. Mahendra Kumar	5	5	5

3.7. Environmental, Social and Governance (ESG) Steering Committee

3.7.1 Constitution and Composition

The Environmental, Social and Governance (ESG) Steering Committee has been constituted on May 23, 2023. The constitution of the Environmental, Social and Governance (ESG) Steering Committee is as follows:

Name of Director	Position in the Committee	Category
Mr. Tarang Jain	Chairman	Chairman and Managing Director
Mr. Gautam Khandelwal	Member	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Whole-time Director

The Group Chief Financial Officer, Chief Human Resource Officer and Head - Manufacturing Excellence of the Company shall be the permanent invitees of the Committee. The Company Secretary is the Secretary to the ESG Steering Committee.

3.7.2 Terms of Reference

The terms of reference of this Committee are to comply with the powers delegated by the Board of Directors time to time and subject to the Memorandum and Articles of Association. The said Committee shall oversee and provide direction for establishing ESG strategy, goals and commitments. It shall monitor and review the performance against strategic ESG goals and commitments and report the same to the Board. The Committee shall also fulfil the requirements of statutory and regulatory requirements under national and international governing laws in terms of reporting disclosures.

Detailed terms of reference of the Committee are available on the Company's Website <https://www.varroc.com/upload/committe/1748523341674617737.pdf>

3.7.3 Attendance

During the Financial Year ended on March 31, 2025, one (1) meeting of the Environmental, Social & Governance Steering Committee was held on May 16, 2025.

Name of the Director	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	1	1	1
Mr. Arjun Jain	1	1	1
Mr. Gautam Khandelwal	1	1	1

4. General Body Meetings

4.1 Annual General Meetings

During the preceding three years, the Annual General Meetings (AGMs) of the Company were held at its Registered Office at Plot No L-4, MIDC Industrial Area, Waluj, Aurangabad – 431 136, Maharashtra through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM").

The details AGMs for preceding three years are tabulated below:

AGM	Date and time of AGM	Details of Special Resolution(s) passed at the AGMs
34 th	September 29, 2022, 11:00 A.M.	- Approval for payment of remuneration to Mr. Rohit Prakash, Whole Time Director of the Company. - Approval for re-appointment and remuneration of Mr. Tarang Jain as Chairman and Managing Director of the Company. - Approval for re-appointment and remuneration of Mr. Arjun Jain as Whole Time Director of the Company. - Approval for re-appointment of Dr. Vinish Kathuria as Independent Director of the Company. - Payment of remuneration to Non-Executive Directors (including independent directors but excluding Nominee Directors) of the Company. - Issue of Non-Convertible Debentures on Private Placement Basis. - Appointment of Mr. Dhruv Jain as Non-Executive Director of the Company.

AGM	Date and time of AGM	Details of Special Resolution(s) passed at the AGMs
35 th	September 13, 2023, 11:00 A.M.	1. To Issue of Non – Convertible Debentures on Private Placement Basis. 2. Appointment of Mr. Tarun Tyagi as Whole Time Director of the Company. 3. To Consider and Approve the amendment in Articles of Association of the Company.
36 th	September 12, 2024, 11:00 A.M.	1. To Issue of Non – Convertible Debentures on Private Placement Basis.

4.2 Extra-ordinary General Meetings (“EGMs”) held during the preceding three years:

No Extraordinary General Meeting was held during the three years preceding the Financial Year 2024-25.

4.3 At the ensuing 37th Annual General Meeting to be held on Thursday, August 21, 2025, through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”), Eight (8) Resolutions are proposed to be passed as a Special Resolution.

4.4 Postal Ballot

The Company during the Financial Year 2024-25 had twice sought the approval of the shareholders by way of Special Resolution through the Postal Ballot Notice dated November 13, 2024, and March 27, 2025, respectively in respect of the following matters:

- Appointment of Mr. Vidyadhar Madhukar Limaye (DIN - 06720053) as a Director / Whole Time Director of the Company vide Postal Ballot Notice dated November 13, 2024.

-Appointment of Mrs. Liselott Kilaas (DIN - 10953529) as an Independent Director of the Company vide Postal Ballot Notice dated March 27, 2025.

Pursuant Sections 108, 110 and other applicable provisions, if any, of the Companies Act, 2013, (the ‘Act’) including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, (‘the Rules’) as amended from time to time, Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (“SS-2”), each as amended, General Circular No. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 22/2020 dated June 15, 2020, No. 33/2020 dated September 28, 2020, No. 39/2020 dated December 31, 2020, No. 10/2021 dated June 23, 2021, No. 20/2021 dated December 8, 2021, No. 3/2022 dated May 5, 2022, No. 11/2022 dated December 28, 2022, No. 9/2023 dated September 25, 2023, No. 9/2024 dated September 19, 2024 issued by the Ministry of Corporate Affairs for holding General Meetings / conducting the postal ballot process through e-voting (the ‘MCA Circulars’), and relevant circulars issued by the Securities Exchange Board of India (“SEBI”) including Circular No. dated October 3, 2024 SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘Listing Regulations’), and any other applicable law, Rules and Regulations (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and other applicable laws, rules and regulations, the Company provided only the remote e-voting facility to its Members to enable them to cast their votes electronically.

The Company engaged the services of National Securities Depository Limited (NSDL) for facilitating remote e-Voting to enable the Members to cast their votes electronically. In terms of the MCA and SEBI Circulars, the Company sent the said Postal Ballot Notices in electronic form only to its registered Shareholders whose e-mail IDs were registered / available with the Depository Participants (DPs)/Registrars and Share Transfer Agents (RTA) as on a cut-off date.

Mrs. Uma Lodha of M/s. Uma Lodha & Co., Practicing Company Secretaries (Membership No. FCS: 5363), was appointed as the Scrutiniser to scrutinise both the Postal Ballot process only by voting through electronic means (remote e-voting) in a fair and transparent manner.

The Scrutiniser, after the completion of scrutiny, submitted her report to Mr. Ajay Sharma, Group General Counsel and Company Secretary who was authorised to accept, acknowledge and countersign the Scrutiniser's Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and the Secretarial Standard 2 on General Meetings. The Consolidated results of the voting by Postal Ballot and e-Voting were then announced by Mr. Ajay Sharma.

4.4.1 Appointment of Mr. Vidyadhar Madhukar Limaye (DIN - 06720053) as a Director / Whole Time Director of the Company.

Voting rights for the said Postal Ballot process were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date i.e., Wednesday, November 13, 2024. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-Voting. The Remote e-voting period commenced on Tuesday, November 19, 2024, at 9.00 a.m. (IST) and ended on Wednesday, December 18, 2024, at 5.00 p.m. (IST)

The Resolution was passed with overwhelming majority on the last date of e-voting i.e. on Wednesday, December 18, 2024, and the results of which were announced on ., Wednesday, December 18, 2024. The results were also displayed at the Registered Office of the Company and on the Company's website https://www.varroc.com/upload/financial_results/bsk-pdf-manager/2024/12/Postal_Ballot_Result_Scrutiniser_Report.pdf besides being communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

Details of Voting:

(i) Voted in favour of the resolution:

Mode of Voting	Number of members voted	Number of votes cast	% of total number of Valid votes Cast
Voted through Remote e-voting	371	136216955	99.03%
Total	371	136216955	99.03%

(ii) Voted against the resolution:

Mode of Voting	Number of Members whose votes were invalid	Number of shares held by them
Voted through Remote e-voting	--	--
Total	--	--

*Total number of Valid votes cast =13,75,45,069

4.4.2 Appointment of Mrs. Liselott Kilaas (DIN - 10953529) as an Independent Director of the Company.

Voting rights for the said Postal Ballot process were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date i.e., Tuesday, March 25, 2025. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-Voting. The Remote e-voting period commenced on Friday, March 28, 2025, at 9.00 a.m. (IST) and ended on Saturday, April 26, 2025, at 5.00 p.m. (IST)

The Resolution was passed with overwhelming majority on the last date of e-voting i.e. on Saturday, April 26, 2025, and the results of which were announced on Monday, April 28, 2025. The results were also displayed at the Registered Office of the Company and on the Company's website https://www.varroc.com/upload/financial_results/174592683510772302.pdf besides being communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

Details of Voting:

(i) Voted in favour of the resolution:

Mode of Voting	Number of members voted	Number of votes cast	% of total number of Valid votes Cast
Voted through Remote e-voting	319	137451026	99.99%
Total	319	137451026	99.99%

(ii) Voted against the resolution:

Mode of Voting	Number of members voted	Number of votes cast	% of total number of Valid votes Cast
Voted through Remote e-voting	18	17937	0.01%
Total	18	17937	0.01%

(iii) Invalid Votes:

Mode of Voting	Number of Members whose votes were invalid	Number of shares held by them
Voted through Remote e-voting	--	--
Total	--	--

*Total number of Valid votes cast= 13,74,68,963

No Special Resolution is currently proposed to be conducted through Postal Ballot.

5. Means of Communication

The Company got listed on Stock Exchanges i.e., the National Stock Exchange and the BSE Limited on July 6, 2018. The Company recognizes the importance of two-way communication with shareholders and of giving a balanced reporting of results and progress and responds to questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting.

Some of the modes of communication are mentioned below:

A. Quarterly Results and Newspapers wherein Results are normally published

The approved Financial Results are forthwith sent to the Stock Exchanges where the shares are listed and are displayed on the Company's website www.varroc.com and are generally published in the Business Standard (all editions) (English) and Loksatta (Marathi), within forty-eight hours of approval thereof.

Post results, an Investor Conference call is held where members of the financial community are invited to participate in the Q&A session with the Company's management. The key highlights are discussed, and investor/analyst queries are resolved in this forum. The Quarterly, Half-Yearly and Annual Financial Results are also uploaded on the Company's website.

B. Presentations made to Institutional Investors or to the Analysts

Presentations made to the Institutional Investors/Analysts are intimated to the Stock Exchanges within the prescribed time period under the Listing Regulations and are simultaneously hosted on the website.

C. Website [Official News Releases]

Comprehensive information about the Company, its business and operations, Press Releases for Results and various other official News Releases, if any, made by the Company and Investor information can be viewed at

the Company's website www.varroc.com. The website contains a separate dedicated section for Investors, the link to which is <https://www.varroc.com/investors/corporate-governance> which serves to inform the investors by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, presentations made to Analysts, Press Release(s) for official news releases etc. and relevant policies as required under applicable Regulatory Requirements.

D. Annual Report

The Annual Report containing inter-alia the Auditors' Report, Audited Standalone and Consolidated Financial Statements, Board's Report, Management Discussion and Analysis Report, Corporate Governance Report and other important information is circulated to Members and others entitled thereto. The Annual Report is also posted on the Website of the Company in a user-friendly downloadable form.

E. NSE Electronic Application Processing System (NEAPS) and BSE Online Portal:

NSE has provided an online platform NEAPS wherein the Company submits all the compliances/ disclosures to the Stock Exchanges in the SEBI prescribed format. Similar filings are made with BSE on their online Portal viz. BSE Corporate Compliance & Listing Centre.

F. eXtensible Business Reporting Language (XBRL):

XBRL is a standardized and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) that uniquely represent the contents of each piece of Financial Statements or other kinds of compliance and business reports. BSE and NSE provide XBRL based compliance reporting featuring identical and homogeneous compliance data structures between Stock Exchanges and MCA. XBRL filings are done on the NEAPS portal as well as the BSE online portal.

G. Designated Exclusive Email ID

The Company has designated the Email ID investors@varroc.com exclusively for investor servicing. This Email ID has been displayed on the Company's website www.varroc.com

6. General Shareholder Information

6.1 Date, time & venue of the Annual General Meeting:

The Date, Time and Venue of the 37th Annual General Meeting of the Company is as under:

Date:	Thursday, August 21, 2025
Time:	11:00 A.M.
Venue:	Through Video Conferencing / Other Audio-Visual Means as set out in the Notice convening the Annual General Meeting
Cut-off date for e-voting	Thursday, August 14, 2025
Record Date for Final Dividend	Friday, August 8, 2025

6.2 Financial year

The Financial Year of the Company starts on April 1 and ends on March 31 of next year.

6.3. Cut Off Date:

6.3.1. Cut Off Date for determining shareholders who will be entitled to vote electronically on the resolutions mentioned in the Notice convening the Annual General Meeting by remote e-Voting and also during the meeting is Thursday, August 14, 2025.

6.3.2. Dividend: The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has fixed Friday, August 8, 2025, as the 'Record Date' for determining entitlement of Members to final dividend for the financial year ended March 31, 2025, if approved at the AGM.

6.4. Electronic Voting

6.4.1. Pursuant to Section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 37th Annual General Meeting will be made through electronic voting. The electronic voting ("E-Voting") period will be from 9:00 a.m. on Monday, August 18, 2025, to 5:00 p.m. and end on Wednesday, August 20, 2025, both days inclusive.

6.4.2. The following Special Resolutions are proposed to be passed through electronic voting for:

1. Approval for the appointment of Mr. Akshaykumar Chudasama (DIN:00010630) as an Independent Director of the Company
2. Approval for the appointment of Mr. Padmanabh Sinha (DIN:00101379) as an Independent Director of the Company
3. Issue of Non-Convertible Debentures on Private Placement Basis
4. Approval for the amendment in main object clause of the Memorandum of Association of the Company
5. Approval for transactions under Section 185 and 186 of the Companies act, 2013
6. Approval for the re-appointment to Mr. Tarang Jain (DIN: 00027505), as Chairman and Managing Director of the Company and payment of remuneration
7. Approval for the re-appointment of Mr. Arjun Jain (DIN:07228175) as Whole Time Director of the Company and payment of remuneration
8. Approval for the appointment of Mr. Dhruv Jain (DIN:09710448) as Whole Time Director of the Company and payment of remuneration

6.4.3. Scrutiniser for electronic voting:

Mrs. Uma Lodha, Proprietor of Uma Lodha & Co, Practicing Company Secretaries (Membership No. 5363 and C.P. No. 2593) of Suite No. 507, 5th Floor, Highway Commercial Centre, I.B Patel Road, Goregaon East, Mumbai – 400 063 [Phone: 022-4013 1001/ 4013 1002 Email : uma@umalodha.com] been appointed as the Scrutiniser to scrutinise the remote electronic voting process and the e-voting at the Annual General Meeting in a fair and transparent manner and to give her report to the Chairman.

6.5. Listing on Stock Exchanges:

The Company has listed its Equity shares at the following Stock Exchanges on July 6, 2018, with the ISIN **INE665L01035**:

Sr. No.	Name	Address	Stock Code
1	BSE Limited (BSE)	1 st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	541578
2	National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051	VARROC

During the Financial Year 2023-24, the Company had issued 25,000 Rated, listed, senior, Secured, redeemable, taxable, transferable, Non-Convertible Debentures of ₹ 1 Lakh each aggregating to ₹ 2500 million bearing coupon rate of 8.60% on September 7, 2023, which will be due for redemption on September 7, 2028. During the year under review, the Company has not issued any Debentures.

The Company has listed its NCDs on BSE Limited, details thereof are as below:

Sr. No.	Instrument	Redemption date	₹ in Million	Stock Code
NCDs issued in previous FY 2023-24				
1	Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each	September 7, 2028	2500	975062
Total			2500	

6.6 Listing and Custodial Fees:

The Company has paid the requisite Annual Listing and Custodial Fees to the Stock Exchanges and Depositories viz. Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL), respectively for the Financial Years 2024-25 and 2025-26. Further, all requirements of the Stock Exchanges where the Shares of the Company are listed, including submission of Quarterly Reports and Certificates, were complied with.

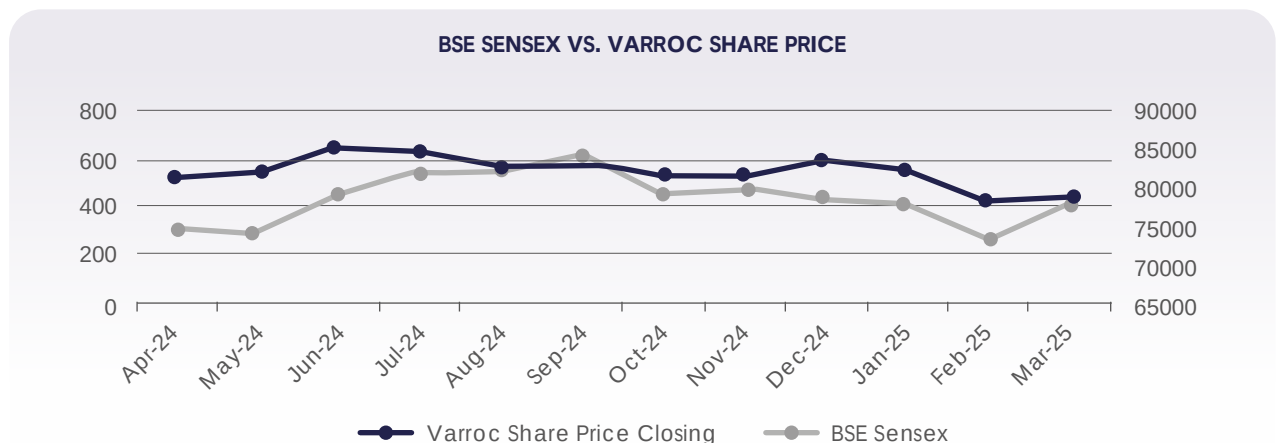
6.7 Market Price Data:

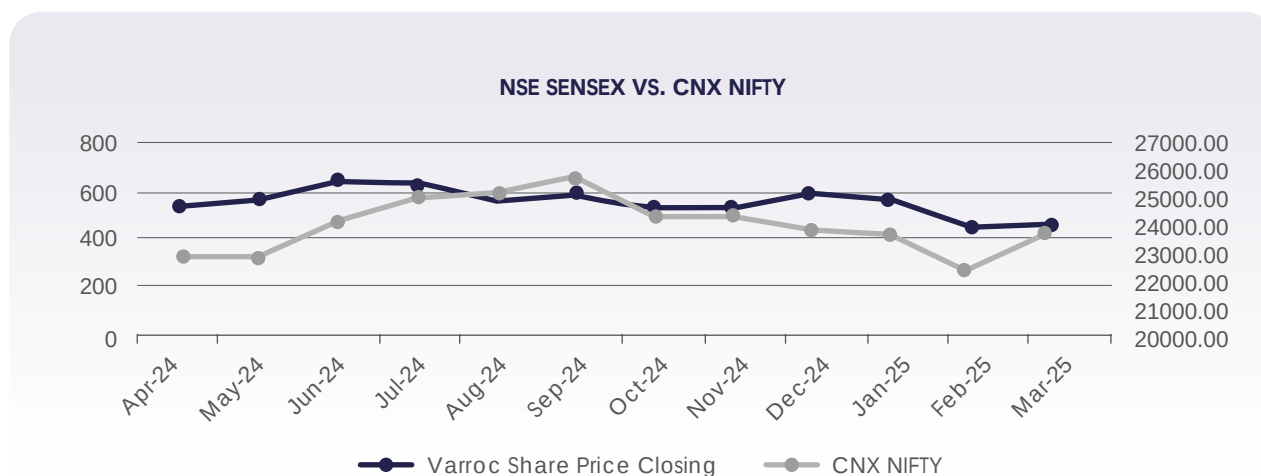
The Company got listed on Stock Exchanges i.e., the National Stock Exchange and BSE Limited w.e.f. 06th July 2018. High and Low price of the Company's Equity Shares during each month of the last Financial Year 2024-25 at BSE and NSE are given below:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2024	535.10	521.00	536.00	521.00
May, 2024	563.50	537.65	563.90	537.25
June, 2024	657.80	640.00	658.00	640.15
July, 2024	655.00	630.15	655.90	630.05
August, 2024	573.50	551.95	574.40	550.50
September, 2024	587.40	567.65	588.40	567.55
October, 2024	524.95	511.95	525.25	511.00
November, 2024	526.95	516.45	522.05	515.80
December, 2024	591.00	573.35	591.20	573.00
January, 2025	564.05	550.05	564.00	550.10
February, 2025	435.30	418.10	444.05	429.00
March, 2025	450.65	427.55	451.00	427.30

Stock Performance vs BSE Sensex and NIFTY 50

Performance of the Company's Equity Shares on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") relative to the BSE Sensex and NIFTY 50 respectively are graphically represented in the charts below:





The Shares of the Company are actively traded on BSE and NSE ensuring good liquidity for the investors.

6.8 Registrar to Issue and Share Transfer Agent

The Company vide Agreement dated March 9, 2018, has appointed the following agency to act as its Registrar and Share Transfer Agent ("RTA"). The RTA is, inter alia, responsible for processing of requests pertaining to share transfers/ transmission/ dematerialisation/ rematerialisation and other activities related thereto for both electronic and physical shareholdings. Further, RTA also handles corporate actions such as data requirements for the conduct of AGMs, dividends etc. The RTA corresponds with the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in this regard.

MUFG Intime India Private Limited

(Erstwhile known as Link Intime India Private Limited)

Unit: Varroc Engineering Limited

C-101, 1st Floor, 247 Park, LBS Marg

Vikhroli West, Mumbai – 400 083 (M.S.)

Tel:- 022-4918 6000/ 6270

Fax: - 022 4918 6060

Email: rnt.helpdesk@in.mpms.mufg.com

For any queries: - https://web.in.mpms.mufg.com/helpdesk/Service_Request.html

SEBI Registration No.: INR000004058

Helpdesk Contact No.: - 022-4918 6270/ 4918 6000

6.9 Share Transfer System

The entire Share Capital of the Company is in dematerialised form. The shares can be transferred by shareholders through their Depository Participants.

6.10 Distribution of Shareholding as on March 31, 2025

The below two tables provide details about the pattern of shareholding among various categories and the number of shares held, as on March 31, 2025.

No. of Shares held	No. of shareholders	% to total no. of shareholders	No. of shares	% to total no. of shares
1 - 500	93863	96.9369	4588588	3.0033
501 - 1000	1530	1.5801	1152043	0.7540
1001 - 2000	696	0.7188	1014820	0.6642
2001 - 3000	234	0.2417	589330	0.3857
3001 - 4000	108	0.1115	384637	0.2517

No. of Shares held	No. of shareholders	% to total no. of shareholders	No. of shares	% to total no. of shares
4001 - 5000	79	0.0816	373474	0.2444
5001 - 10000	147	0.1518	1102755	0.7218
Above 10001	172	0.1776	143580753	93.9748
Total	87,919	100	152786400	100.00

Equity Shares

Category	Category of Shareholder	No. of fully paid-up Equity Shares held	%
(A)	Promoter & Promoter Group	11,45,89,800	75.00
(B)	Public	3,81,96,600	25.00
	Institutions:		
	Mutual Funds	1,68,07,614	11.00
	Alternate Investment Funds III	5,96,891	0.39
	Foreign Portfolio Investors Category I	57,57,902	3.77
	Foreign Portfolio Investors Category II	2,32,784	0.15
	Insurance Companies	21,44,983	1.40
	Non-Institutions:		
	Individuals	1,03,67,490	6.79
	Others:		
	Trust	1,264	0.00
	LLP	96,155	0.06
	HUF	6,12,992	0.40
	NRIs	5,27,345	0.35
	Clearing Members	2,520	0.00
	Bodies Corporate	10,40,157	0.68
	KMP	8,503	0.01
(C)	Non-Promoter – Non-Public		
(C1)	Shares Underlying DRs	0	0.00
(C2)	Shares Held by Employee Trust	0	0.00
	Total	152,786,400	100.00

6.11.1 Demat/Remat of shares

During the year, the RTA had received no requests for rematerialisation of Equity Share.

The Company's shares are compulsorily traded in dematerialised form. The Company has arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility.

As at March 31, 2025, 100% Shares of the Company are held in demat form.

Particulars	Position as on March 31, 2025	
	No. of shares	% to total shareholding
Physical	0	0%
Dematerialised		
NSDL	14,61,53,052	95.66
CDSL	66,33,348	4.34
Total	152,786,400	100.00

6.11.2 Convertible Instruments

During the Financial Year 2023-24, the Company has further issued 25,000 Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each aggregating to ₹ 2500 million bearing coupon rate of 8.60% on September 7, 2023 (Date of Allotment), which will be due for redemption on September 7, 2028, with the tenure of 5 years from the date of Allotment with equal quarterly amortization starting from end of 15 months from the date of Allotment and coupon payments to be made on quarterly basis.

During the year under review, the Company has not issued any Debentures.

The Company has listed its NCDs on BSE Limited, details thereof are as below:

Sr. No.	Instrument	Redemption date	₹ in Million	Stock Code
NCDs issued in previous FY 2023-24				
1	Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each	September 7, 2028	2500	975062
	Total		2500	

6.11.3 Foreign exchange risk and hedging activities

The Company is exposed to foreign exchange risk with respect to foreign currencies, denominated mainly in Euro and US dollars, on revenue and supplies. However, the risk is naturally hedged as the Company' is engaged both in imports and exports and is used to take future cover as the situation so warrants.

6.11.4 Plant Location

The details of manufacturing plants are provided separately in the Annual Report.

6.11.5 Address for correspondence

Investors and Shareholders can correspond with the RTA (for share transfer/ dematerialisation/ change of address etc) or at the Registered office (for general correspondence) at the following address:

MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)	Company
Unit: Varroc Engineering Limited C-101,1st Floor,247 Park, LBS Marg Vikhroli West, Mumbai – 400 083 (M.S.) Tel:- 022-4918 6000/ 6270 Fax: - 022 4918 6060 Email: rnt.helpdesk@in.mpms.mufig.com For any queries: - https://web.in.mpms.mufig.com/helpdesk/Service_Request.html SEBI Registration No.: INR000004058 Helpdesk Contact No.:- 022-4918 6270/ 4918 6000	Registered Office: Plot No L-4, MIDC Industrial Area, Waluj, Aurangabad –431 136, Maharashtra Contact person: Mr. Ajay Sharma, Group General Counsel and Company Secretary Telephone: +91 (240) 6653662 Fax: +91 (240) 2564540 E-mail: investors@varroc.com

6.12 Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

During the Financial Year 2023-24, the Company issued 25,000 Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures of ₹ 1 Lakh each aggregating to ₹ 2500 million bearing coupon rate of 8.60% on September 7, 2023 (Date of Allotment), which will be due for redemption on September 7, 2028, with the tenure of 5 years from the date of Allotment with equal quarterly amortization starting from end of 15 months from

the date of Allotment and coupon payments to be made on quarterly basis. The Proceeds from the issue had been utilised for the object stated in its offer document. During the year under review the Company has not issued any debentures.

The Company has issued raised funds by way of Commercial Papers as below:

₹ 50 Cr by way of Commercial Paper in Q2 FY 2024-25 (Date of Allotment August 22, 2024, and Date of Redemption November 19, 2024) and

₹ 50 Cr by way of Commercial Paper in Q3 FY 2024-25 (Date of Allotment November 27, 2024, and Date of Redemption February 25, 2025)

The issue proceeds of Commercial Paper have been fully utilized for the purpose stated its offer document/General Information Document.

6.13 List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.

The details of the Credit Rating of the Company are provided in the Directors' Report.

6.14 Transfers during the year to the Investor Education and Protection Fund (IEPF) and Unclaimed Dividend to be transferred to IEPF:

The Company does not have any amount of unclaimed dividend to be transferred to Investor Education and Protection Fund (IEPF).

6.15. Unclaimed Shares

As on March 31, 2025, there were no shares of any Shareholder lying unclaimed with the Company or lying in the suspense account. The disclosure required to be given under Regulation 34(3) read with Clause F of Schedule V of the Listing Regulations are therefore not applicable.

7. Other Disclosures

a) Related Party Transactions

During the year, as required under Section 177 of the Act and Regulation 23 of the Listing Regulations, all RPTs were placed before the Audit Committee for approval. A statement tabulating the value and nature of transactions with Related Parties as required under Accounting Standard 18 (Ind AS 24) is set out separately under Note No. 47 to the Financial Statements in this Annual Report.

During the year, there were no material transactions entered into with Related Parties, which may have had any potential conflict with the interests of the Company.

The Policy on determining materiality of and dealing with Related Party Transactions' and Policy on determining of Material Subsidiary is placed on Company's website at https://www.varroc.com/upload/financial_results/1743067406881274532.pdf

b) Details of Capital Market Non-Compliance, if any

The Company has listed its Equity Shares on July 6, 2018. There has been no non-compliance by the Company of any legal requirements; nor has there been any penalty/stricture imposed on the Company by any Stock Exchange, SEBI or any other Statutory Authority on any matter related to capital markets.

c) Whistle Blower Policy/Vigil mechanism

Pursuant to Section 177(9) of the Act, the Board at its meeting held on April 07, 2014, adopted the Whistle Blower Policy. The Whistle Blower Policy includes vigil mechanism as mandated under the Listing Regulations and provides a mechanism for director/employee to report violations, any unethical behaviour, suspected or actual fraud, violation of the Code of Conduct etc. which could be detrimental to the organisation's interest. The mechanism protects whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice.

The Whistle-blower Policy was amended in line with the amendments brought in through the SEBI (Prohibition of Insider Trading) (Amendments) Regulations, 2018, enabling employees to report insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information. The Company affirms that no employee has been denied access to the Audit Committee.

The said Policy is placed on the Company's website at <https://www.varroc.com/investors/corporate-governance>

d) Disclosure of material transactions

In terms of Regulation 26(5) of the Listing Regulations, Senior Management has made disclosure to the Board relating to all material financial and commercial transactions, if any, in which they had personal interest that might have been in potential conflict with the interest of the Company. Based on disclosures received, none of the officials in Senior Management team of the Company have personal interest in any financial or commercial transactions that may have potential conflict with the interest of the Company.

Particulars of Key Managerial Personnel and Senior Management Personnel of the Company as on the date pursuant to paragraph C (5B) of Schedule V are as below:

S.N.	Name	Designation
1	Mr. K. Mahendra Kumar	Group Chief Financial Officer
2	Mr. Vidyadhar Limaye	Chief Operating Officer
3	Mrs. Kavita Kulkarni	CHRO
4	Mr. Pawan Chandra	CSCO -SCM
5	Mr. Ajay Sharma	Group General Counsel & Company Secretary
6	Mr. Manoj Dhar	Chief Internal Officer & Risk Officer
7	Mr. Fritz Abraham	Chief Technology Officer – Business I
8	Mr. Hariprasad Rayapalyam*	Head - Legal (further designated as Group General Counsel)

* Appointed as a Head-Legal of the Company w.e.f. March 27, 2025, further designated as Group General Counsel.

e) Disclosures of the Compliance with Corporate Governance under Regulations 17 to 27 of the Listing Regulations except those which are already disclosed elsewhere in this report:

i. Orderly succession to Board and Senior Management:

The Board has satisfied itself that in the event of a requirement for addition/succession at the Board level or in the Senior Management, there is a process in place.

ii. Compliance Certificate:

The Chairman and Managing Director and Group Chief Financial Officer have certified to the Board with regard to the Financial Statements and other matters as required under Regulation 17(8), read with Part B of Schedule II to the Listing Regulations and the same is given in this Annual Report.

iii. Report on Corporate Governance:

This section, read together with the information given in the Board's Report, Management Discussion and Analysis section and General Shareholder Information, constitutes the compliance report on Corporate Governance during the year. The Company submits the quarterly compliance report on regular basis to the Stock Exchanges as required under Regulation 27 of the Listing Regulations.

iv. The Company has adopted following discretionary requirements specified in Part E of Schedule II of the Listing Regulations:

• Modified/unmodified opinion(s) in Audit Report:

The Statutory Auditors of the Company have issued Audit Report on Audited Standalone for year ended March 31, 2025, with unmodified opinion. The Company has submitted a Declaration pursuant to Regulation 33 (3) (d) of the Listing Regulations regarding Unmodified Opinion of the Statutory Auditors on the Audit Report (Standalone)

The Statutory Auditors of the Company have issued Audit Report on Audited Consolidated Financial Results for year ended March 31, 2025, with modified opinion. The Company has submitted a Statement on Impact of Audit Qualification (Qualified/modified opinion) with the Stock Exchanges.

- **Reporting of Internal Auditor:**

The Internal Auditors of the Company report directly to the Audit Committee.

Where the Board had not accepted any recommendation of any Committee of the Board, which is mandatorily required, in the relevant Financial Year, the same to be disclosed along with reasons thereof:

[Provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant Committee is required for undertaking any transaction under these Regulations.]

During the Financial Year under review, the Board of Director of the Company has considered and accepted all the recommendations made by the various Committees of the Board time to time.

v. Certificate from Practicing Company Secretary on compliance of Corporate Governance conditions

The Company has obtained the Certificate from a Practicing Company Secretary regarding compliance with the provisions relating to Corporate Governance laid down in Part E of Schedule V to the Listing Regulations along with Certificate to the effect that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Director of Companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any such other Statutory Authority.

These Certificate(s) are annexed to the Board's Report and will be sent to the Stock Exchanges, along with the Annual Report to be filed by the Company.

vi. Non-compliance of any requirement of Corporate Governance Report, with reasons thereof shall be disclosed.

Nil

f) Total fees for all services paid by the Listed entity and its Subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part.

(₹ in Million)

Particulars	For the year ended March 31, 2025
Statutory Audit fees (Including limited reviews)	15.00
Tax Audit Fee	-
Others (including certifications fees, Net of re-imbursement)	6.27
Re-imbursement of expenses	0.19
Total	21.46

g) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the Financial Year	0
b. Number of complaints disposed of during the Financial Year	4
c. Number of complaints pending as on end of the Financial Year.	0

h) Disclosure by listed entity and its Subsidiaries of Loans and advances in the nature of loans to firms/Companies in which Directors are interested by name and amount:

(₹ in Million)

S.NO.	Name of Subsidiary Company	Amount	Nature of transaction during the FY 2024-25
1	VarrocCorp Holding B.V., The Netherlands	44.45	Loans / Advance given by the Company
2	Varroc European Holding B.V.The Netherlands	94.90	Inter Corporate Deposit / Loan repaid by the Company
3	Varroc Connect Private Limited (Formerly known as CarlQ Technologies Private Limited)	55.00	Loans / Advance given by the Company

i) Adoption of Non-Mandatory Requirements as stipulated in Part E of Schedule II of SEBI LODR

The status/ extent of compliance with non-mandatory requirements are as follows:

S.N.	Non-Mandatory Provisions	Status
1	Maintenance of Non-Executive Chairman's Office	Not applicable as Chairman is Executive and also holding the position of Managing Director of the Company.
2	Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of shareholders.	The said information is available on Company's website.
3	Audit qualifications: The Company may move towards the regime of unqualified Financial Statements.	The Statutory Auditors of the Company have issued Audit Report on Audited Standalone for year ended March 31, 2025, with unmodified opinion. The Company has submitted a Declaration pursuant to Regulation 33 (3) (d) of the Listing Regulations regarding Unmodified Opinion of the Statutory Auditors on the Audit Report (Standalone) The Statutory Auditors of the Company have issued Audit Report on Audited Consolidated Financial Results for year ended March 31, 2025, with modified opinion. The Company has submitted a Statement on Impact of Audit Qualification (Qualified/modified opinion) with the Stock Exchanges.
4	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

j) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.

Entity	Varroc Polymers Limited (previously known as Varroc Polymers Pvt. Ltd.)*
Date of Incorporation	June 28, 1995
Place of Incorporation	Mumbai, Maharashtra
Name of Statutory Auditors	SRBC & Co., LLP, Chartered Accountants, Pune (Registration Number 324982E/E300003)
Date of Appointment of Statutory Auditors	Appointed in the Annual General Meeting of Varroc Polymers Ltd. held on September 13, 2023, for a period of Five consecutive years from the conclusion of Twenty Eighth Annual General Meeting till conclusion of Thirty Third Annual General Meeting

* Varroc Polymers Limited has been amalgamated with the Company effective from February 1, 2025

k) Disclosure of certain types of agreements binding listed entities Information disclosed under clause 5A of paragraph A of Part A of Schedule III of the Listing Regulations: NIL

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Varroc Engineering Limited

Plot No. L-4, MIDC, Waluj,
Aurangabad- 431136

We have examined the compliance of conditions of Corporate Governance by **M/S. VARROC ENGINEERING LIMITED (CIN: L28920MH1988PLC047335)** (the Company) for the year ended March 31, 2025 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015) as referred in Regulation 15(2) of the listing regulations for the period from 1st April, 2024 to 31st March, 2025.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
Proprietor
C.P. No. 2593
Membership No.5363
UDIN: F005363G000277459

Place: Mumbai
Date: 6th MAY 2025

Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from Directors of **Varroc Engineering Limited** having CIN No. **L28920MH1988PLC047335** and having registered office at Plot No. L-4, MIDC, Waluj, Aurangabad- 431136 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Tarang Jain	00027505	11/05/1988
2	Vidyadhar Limaye	06720053	13/11/2024
3	Gautam Khandelwal	00270717	24/03/2011
4	Vijaya Sampath	00641110	20/07/2017
5	Marc Szulewicz	01911768	20/07/2017
6	Vinish Kathuria	01951771	06/02/2018
7	Arjun Jain	07228175	07/08/2018
8	Liselott Kilaas	10953529	27/03/2025
9	Dhruv Jain	09710448	01/09/2022

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Uma Lodha & Co.
Practicing Company Secretaries

Uma Lodha
Proprietor
C.P. No. 2593
Membership No.5363
UDIN NO: F005363G000277316
PEER REVIEW CERTIFICATE NO. 950/2020

Place: Mumbai
Date: 6th MAY 2025

Declaration by Managing Director under Regulation 34(3) read with Part D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Date: April 1, 2025

The Members,

Varroc Engineering Limited

Plot No. L-4, MIDC, Industrial Area

Waluj, Aurangabad – 431 136

Sub: Declaration regarding compliance with the Company's Code of Conduct for Directors and Senior Management

I, **Tarang Jain, Chairman & Managing Director** of Varroc Engineering Limited, hereby declare that all the members of the Board of Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company for Financial Year 2024-25.

For Varroc Engineering Limited

Tarang Jain

(Chairman & Managing Director)

DIN: 00027505

Date : May 29, 2025

Place - Pune

The Members,

Varroc Engineering Limited

Plot No. L-4, MIDC, Industrial Area

Waluj, Aurangabad – 431 136

Sub: Compliance Certificate under Regulation 17(8) read with part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to certify that for the Financial Year ended March 31, 2025,

1. We have reviewed the Financial Results and Cash Flow Statement for the year as aforesaid and to the best of our knowledge and belief:
 - (1) These Financial Results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These results together present a true and fair view of the listed entity's affairs and are in compliance with Indian Accounting Standards (Ind AS), applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct for Directors and Employees.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems for financial reporting of the Company and there were no deficiencies in the design or operation of such internal controls, and
4. We have indicated to the Auditors and the Audit committee:
 - (1) that there were no significant changes in internal control over financial reporting during the year;
 - (2) all significant changes in the accounting policy during the year, if any, have been disclosed in the notes in respective place in the Financial Statements; and
 - (3) there were no instances of fraud of which we have become aware of.

For Varroc Engineering Limited

Tarang Jain

(Chairman & Managing Director)

DIN:00027505

Date : May 29, 2025

Place - Pune

For Varroc Engineering Limited

K. Mahendra Kumar

(Group Chief Financial Officer)

Date : May 29, 2025

Place - Pune

Business Responsibility & Sustainability Report



Section A

General Disclosure



Section B

Management and
Process Disclosures



Section C

Principle wise
Performance Disclosure



Principle 1

Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable



Principle 2

Businesses should provide goods and services in a manner that is sustainable and safe



Principle 3

Businesses should respect and promote the well-being of all employees, including those in their value chains



Principle 4

Businesses should respect the interests of and be responsive to all its stakeholders



Principle 5

Businesses should respect and promote human rights



Principle 6

Businesses should respect and make efforts to protect and restore the environment



Principle 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



Principle 8

Businesses should promote inclusive growth and equitable development



Principle 9

Businesses should engage with and provide value to their consumers in a responsible manner

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

Indicator No.	Description	Response
1	Corporate Identity Number (CIN) of the Listed Entity:	L28920MH1988PLC047335
2	Name of the Listed Entity:	Varroc Engineering Limited
3	Year of incorporation:	1988
4	Registered office address:	Plot No. L-4, MIDC, Waluj, Aurangabad (M.S.) - 431136
5	Corporate Address:	Plot No. L-4, MIDC, Waluj, Aurangabad (M.S.) - 431136
6	E-mail:	investors@varroc.com
7	Telephone:	+91(240) 6653662
8	Website:	www.varroc.com
9	Financial year for which the reporting is done:	FY 2024-25
10	Name of the Stock Exchange(s) where shares are listed:	1. NSE Limited, Mumbai 2. BSE Limited, Mumbai
11	Paid-up Capital:	₹ 152.79 million
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	Mr. Ajay Sharma Group General Counsel & Company Secretary Email: investors@varroc.com
13	Reporting boundary – Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together):	Standalone Basis
14	Name of assurance provider:	Not Applicable
15	Type of assurance obtained:	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacture and sale of automotive components	Varroc is a global automotive technology solution company that designs, develops, and manufactures electrical, electronics, lighting, polymer, metallic, and advanced safety solutions for OEMs worldwide in the two-wheeler, three-wheeler, passenger car, commercial vehicle, and off-highway vehicle ("OHV") segments. Additionally, Varroc has a strong aftermarket division serving over 27 countries across the world.	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Electrical & Lighting Auto Parts	2740	39.3%
2	Steel Forged Products	2410	8.0%
3	Polymer Auto parts	2220	35.7%
4	Engine Valves	2813	1.9%
5	After market Auto parts	-	10.5%
6	Toolings	-	2.3%
7	Job work	-	0.4%

III. Operations**18. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	26	3	29
International	0	0	0

19. Markets served by the entity:**a. Number of locations**

Locations	Number
National (No. of States)	8
International (No. of Countries)	30

b. What is the contribution of exports as a percentage of the total turnover of the entity? 4%**c. A brief on types of customers:**

Varroc's customer base comprises both domestic and international OEMs as well as aftermarket clients. We cater to a wide range of segments, including passenger cars, commercial vehicles, two-wheelers, three-wheelers, and off-highway vehicles. Our robust presence in both Indian and global markets enables us to effectively address the diverse needs and expectations of customers across geographies.

IV. Employees**20. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	3,333	3,118	94%	215	6%
2.	Other than Permanent (E)	25	18	72%	7	28%
3.	Total employees (D+ E)	3,358	3,136	93.4%	222	6.6%
WORKERS						
4.	Permanent (F)	2,373	2,294	96.67%	79	3.3%
5.	Other than Permanent (G)	21,872	17,612	80%	4,260	19.4%
6.	Total workers (F + G)	24,245	19,906	82.1%	4,339	17.8%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	-	0	-
2.	Other than Permanent (E)	0	0	-	0	-
3.	Total differently abled employees (D + E)	0	0	-	0	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	-	0	-
5.	Other than permanent (G)	0	0	-	0	-
6.	Total differently abled workers (F + G)	0	0	-	0	

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors - Varroc	9	2	22.22%
Key Management Personnel	2	0	0%

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

Particulars	FY 2025 (Turnover rate in current FY)			FY 2024 (Turnover rate in previous FY)			FY 2023 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	16.5%	18.4%	16.6%	14.7%	18.7%	15%	17.8%	24.9%	18.2%
Permanent Workers	6.3%	20.1%	6.8%	4%	9.5%	4.1%	7.2%	27%	7.7%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding /subsidiary / associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Durovalves India Private Limited	Subsidiary	72.78%	No
2.	Varroc Connect Private Limited (formerly known as CarlQ Technologies Private Limited)	Subsidiary	95%	No
3.	Varroc European Holding BV.	Subsidiary	100%	No
4.	VarrocCorp Holding BV	Subsidiary	100%	No
5.	Varroc Japan Co. Ltd.	Subsidiary	100%	No
6.	Industria Meccanica E Stampaggio S.p.A.	Subsidiary	100%	No
7.	Varroc Italy S.p.A.	Subsidiary	100%	No

S. No.	Name of the holding /subsidiary / associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
8.	Varroc Romania S.A.	Subsidiary	98.23%	No
9.	Varroc Vietnam Co. Ltd	Subsidiary	100%	No
10.	Varroc Electronics Romania SRL	Subsidiary	100%	No
11.	Varroc Germany GmbH	Subsidiary	100%	No
12.	Varroc Poland S.p.Z.oo	Subsidiary	100%	No
13.	Varroc Lighting Systems Bulgaria EOOD	Subsidiary	100%	No
14.	Varroc Czech Republic SRO	Subsidiary	100%	No
15.	Varroc Intelligent Driving R&D center (Changzhou)Co.Ltd.	Subsidiary	100%	No
16.	Varrec (Thailand) Co.Ltd.	Subsidiary	100%	No
17.	Varroc Dell'Orto Pvt Ltd	Joint Venture	50%	No
18.	Nuova CTS S.r.L., Italy	Joint Venture	50%	No
19.	Varroc TYC Corporation BVI	Joint Venture	50%	No
20.	Varroc TYC Auto Lamps Co.Limited, China.	Joint Venture	50%	No
21.	Chongqing Varroc TYC Auto Lamps Co. Limited, China.	Joint Venture	50%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover : ₹ 73,685.82 million

(iii) Net worth : ₹ 17,877.44 million

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY2025 Current Financial Year			FY2024 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, the Corporate Social Responsibility Committee https://www.varroc.com/upload/financial results / 17068631711735884362.pdf	0	0	NA	0	0	NA

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY2025 Current Financial Year			FY2024 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Investors (other than shareholders)	Yes, https://varroc.com/investors/compliance-officer/	0	0	NA	0	0	NA
Shareholders	Yes, The Stakeholder Relationship Committee https://varroc.com/investors/compliance-officer/	0	0	NA	0	0	NA
Employees and workers	Yes, Whistle blower policy can be referred to for raising any concerns https://www.varroc.com/upload/financial_results/170686363170852865.pdf	3	0	the complaint that was filed during the year has been resolved	1	0	the complaint that was filed during the year has been resolved
Customers	Yes, Whistle blower policy can be referred for raising any concerns https://www.varroc.com/upload/financial_results/170686363170852865.pdf	0	0	NA	0	0	NA
Value Chain Partners	Yes, Whistle blower policy can be refer for raising any concerns https://www.varroc.com/upload/financial_results/170686363170852865.pdf	0	0	NA	0	0	NA
Other (please specify)	NA	NA	NA	NA	NA	NA	NA

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy and GHG Emissions	Risk	GHG emissions from manufacturing significantly contribute to climate change and global warming. These processes typically demand considerable energy for machinery, heating, cooling, and lighting. Therefore, reducing emissions and improving energy efficiency not only support environmental stewardship but also enhance operational performance and overall corporate sustainability	Implementing strategic initiatives focused on energy conservation and the transition to renewable energy across all plants, wherever it is feasible.	Negative
2	Employee Health and Safety	Opportunity	Ensuring a safe and healthy workplace is essential for safeguarding the physical and mental well-being of employees. A secure work environment minimizes the risk of accidents and occupational hazards while also enhancing employee morale and productivity.	Implementation of a robust occupational health and safety management systems including ISO 14001 & ISO 45001.	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Labor Management and Human Rights	Opportunity	Labor management emphasizes fair and ethical treatment of workers, covering key areas such as fair wages, working hours, and employee engagement. Addressing human rights concerns, including the Prevention of Sexual Harassment (POSH) and discrimination, is vital to fostering a safe, inclusive, and respectful workplace for all employees and workers.	NA	Positive
4.	Sustainable Supply Chain	Opportunity	A sustainable supply chain improves operational efficiency, enhances transparency, and minimizes negative environmental impacts across the value chain. Through sustainable sourcing practices, the company also ensures strong partnerships with suppliers who are committed to uphold environmental and social responsibility standards.	NA	Positive
5.	Diversity, Equity & Inclusion	Opportunity	Diversity, Equity, and Inclusion (DEI) play a vital role in driving innovation and creativity by incorporating diverse perspectives into decision-making. DEI also strengthens employee engagement and retention by promoting an inclusive workplace, thereby contributing to a more dynamic and resilient business environment.	NA	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Regulatory Compliances	Risk & Opportunity	Maintaining high standards of regulatory compliance strengthens corporate reputation and fosters customer trust and loyalty. Conversely, non-compliance may result in fines, legal penalties, and litigation, adversely affecting both financial performance and brand reputation.	Evaluation of processes and assessment to ensure compliance with applicable laws and regulations.	Positive
7.	Business Ethics & Transparency	Risk & Opportunity	Ethical business practices and transparency foster trust among key stakeholders, promote ethical decision-making at all organizational levels, and ensure that business is conducted with the highest standards of integrity and accountability.	Established a robust corporate governance framework and mechanisms to ensure ethical, transparent, and sustainable business operations, while safeguarding the interests of all stakeholders	Positive

We have conducted a comprehensive materiality assessment during the financial year. The detailed methodology and results will be shared as part of our Sustainability Report.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	ESG Policy https://varroc.com/investors/corporate-governance/								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	IATF 16949 IS 14489 ISO 45001 ISO 14001 ISO 27001								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	The company is actively setting goals to optimize energy, water, and waste management, with a focus on maximizing the use of renewable energy and establishing clear targets for water and waste management. These initiatives aim to meet all environmental and safety compliance requirements set by government bodies and align with the expectations of external stakeholders, including investors and customers.								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The company is in the process of establishing a robust tracking mechanism to regularly review performance against defined sustainability goals, as part of its Business Process Re-engineering (BPR) initiative. This system will enable continuous monitoring, identify areas for improvement, and support data-driven decision-making to enhance operational efficiency and alignment with long-term strategic objectives.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9

Governance, leadership and oversight

7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Please refer to "Message from CMD" in the annual report							
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Tarang Jain, Chairman and Managing Director							
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The ESG Steering Committee is a three-member Committee chaired by Chairman and Managing Director and have two member Directors including one Independent Director. The committee is responsible for key decision making on sustainability related matters							

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against Above policies and follow up action								Director										Annually
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances								Director										Quarterly

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

	P1	P2	P3	P4	P5	P6	P7	P8	P9
No									

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Not Applicable -

At present, Varroc is voluntarily reporting under the BRSR framework and has initiated internal ESG assessments and audits, particularly focusing on our supply chain. As we progressively enhance ESG compliance coverage across a significant portion of our supply chain, we intend to undertake a formal independent or third-party evaluation of our policies in the future to strengthen transparency and governance.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1:

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

S. No.	Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
1	Board of Directors	13	During the year, the Board of Directors of the Company invested time on various key trainings & updates regarding Leadership-Offsite, POSH, Mindful Inclusion, LYD ESG ECHO Bites, E-Learning, topics, Inspirational Leaders' connect	95%

S. No.	Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
2	Key Management Personnel	13	During the year, the Key Managerial personnels of the Company invested time on various trainings & updates regarding Entrepreneurial Spirit, Leadership-Offsite, POSH, Mindful Inclusion, LYD ESG ECHO Bites, E-Learning, topics, Inspirational Leaders' connect	95%
3	Employees other than BODs and KMPs	40	Analytical Skills, LMS, Awareness session, Leaders as mentors, Creating a positive workplace, Behavioral event interviewing, Managerial effectiveness, POSH, E-Learning topics, time, Foster Synergy, Management, Time Management, First time Managers(FTM), Manager Effectiveness(ME) etc	86%
4	Workers	2373	Behavioral Safety, MOST, POSH Awareness, Positive Work Culture, SHIPS, Albus, Safety, Technical, Firefighting, Health, etc.	100%

2. Details of fines / penalties / punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	No	NA	NA	NA	NA
Settlement	No	NA	NA	NA	NA
Compounding fee	No	NA	NA	NA	NA

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	No	NA	NA	NA
Punishment	No	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

We have an Anti-Corruption and Anti-Bribery policy which has been approved by the board and uploaded on the Company's website. The Anti-Bribery and Anti-Corruption Policy is designed to enforce a strict zero-tolerance stance towards bribery and corruption. The policy is applicable to all employees and associated parties across global operations. It outlines specific protocols against engaging in bribery through third parties, prohibits inappropriate gifts and hospitality, and bans political and certain charitable contributions unless approved. Additionally, it also includes measures such as monitoring and reporting systems to maintain transparency and accountability.

https://www.varroc.com/upload/financial_results/17201785531209245516.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Category	FY2025	FY2024
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY2025		FY2024	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

No corrective action was required as the company had not received any complaints regarding the corruption and conflict of interests.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format.

	FY2025	FY2024
Number of days of accounts payables	94.42	92.21

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY2025	FY2024*
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	33%	39%
	b. Number of trading houses where purchases are made from	118	98
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	30%	36%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	10.5%	10.41%
	b. Number of dealers /distributors to whom sales are made	849	828
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers /distributors	15.4%	16.0%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0.3%	0.8%
	b. Sales (Sales to related parties / Total Sales)	0.4%	0.3%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	2.3%	2.9%
	d. Investments (Investments in related parties / Total Investments made)	98%	92%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in value chain covered by the awareness programmes
25	1. PPAP & I do I Check 2. FMEA 3. MSA 4. SPC 5. 5S 6. ISO 7. IATF Awareness 8. TPM Basics 9. 7 QC Tools 10. Root Cause Analysis 11. Poka-Yoka 12. Kaizen 13. 4M Change Management 14. OEE	65%

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If yes, provide details of the same.

Yes, as per the Code of Conduct for the Board of Directors and Senior Management, the Directors and Senior Management shall not engage in any business, relationship or activity, which may conflict with the interests of the Company. In case there is likely to be a conflict of interest, they are required to make full disclosure of all the facts and circumstances thereof to the Board of Directors and the approval of the Board is required to be obtained.

PRINCIPLE 2:

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY2025	FY2024	Details of improvements in environmental and social impacts
R&D	27.3%	0.0%	Capital and operational expenditure in R&D during the reporting year included investments specifically allocated towards Electric Vehicle (EV) technologies and Environment, Health & Safety (EHS) enhancement projects.
Capex	5.1%	0.6%	-

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, we have established a Supplier Code of Conduct that defines our expectations and standards to ensure that all business is conducted in a sustainable, transparent, and ethical manner. Suppliers are required to adhere to this Code and are encouraged to ensure that their subcontractors and partners uphold the same principles.

The key focus areas of our Supplier Code of Conduct encompass General Management, Child Labor and Employee Protection, Prevention of Sexual Harassment, Employee Rights and Participation, Working Hours and Overtime, Occupational Health and Safety, Environmental, Social & Governance (ESG) practices, Supply Chain Management, Anti-Bribery and Anti-Trust measures, and Grievance Redressal mechanisms.

As part of this Code, suppliers are expected to align their operations with ethical sourcing principles, including the responsible procurement of materials and goods.

b. If yes, what percentage of inputs were sourced sustainably?

100% as per above definition

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

(a) Plastics (including packaging):

Varroc ensures responsible end-of-life management of plastic packaging materials through the Extended Producer Responsibility (EPR) mechanism. We obtain EPR credits from our authorized packaging material vendors who are registered with the Central Pollution Control Board (CPCB). These EPR credits, along with relevant details, are disclosed and regularly updated on the CPCB EPR portal in compliance with the Plastic Waste Management Rules, 2016 (as amended). This approach ensures that plastic packaging waste is effectively collected, recycled, or co-processed in an environmentally sound manner.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Extended Producer Responsibility (EPR) certification has been obtained from CPCB-registered recyclers for most of Varroc's manufacturing plants. However, for the Varroc Polymer limited Binola and Varroc Polymer Limited Greater Noida plants, the registration process is currently underway, and the application has been duly submitted to the Central Pollution Control Board (CPCB).

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency	Results communicated in public domain (Yes/ No) If yes, provide the web-link

No Lifecycle Assessment was conducted in the reporting year

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/ Service	Description of risk and concern	Action taken
Not applicable		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY2025	FY2024
Not Applicable	Not Applicable	Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY2025			FY2024		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate Product Category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	

PRINCIPLE 3:

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent employees											
Male	3,118	3,118	100%	3,118	100%	NA	NA	3,118	100%	NA	NA
Female	215	215	100%	215	100%	215	100%	NA	NA	93	43%
Total	3,333	3,333	100%	3,333	100%	215	6.4%	3,118	93.5%	93	2.7%
Other than Permanent employees											
Male	18	18	100%	18	100%	NA	NA	18	100%	NA	NA
Female	7	7	100%	7	100%	7	100%	0	0%	3	43%
Total	25	25	100%	25	100%	7	28%	18	72%	3	12%

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent workers											
Male	2,294	2,294	100%	2,294	100%	NA	NA	2,294	100%	NA	NA
Female	79	79	100%	79	100%	79	100%	NA	NA	34	43%
Total	2,373	2,373	100%	2,373	100%	79	3.3%	2,294	96.7%	34	1.4%
Other than Permanent workers											
Male	17,612	17,612	100%	17,612	100%	0	0%	17,612	100%	NA	NA
Female	4,260	4,260	100%	4,260	100%	4,260	100%	NA	NA	1832	43%
Total	21,872	21,872	100%	21,872	100%	4,260	19.5%	17,612	80.5%	1832	8.3%

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY2025	FY2024
Cost incurred on well- being measures as a % of total revenue of the company	0.10%	0.10%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY2025			FY2024		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Others – please Specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, all the premises / offices of Varroc are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Separate toilets and ramps are available for differently abled employees and workers.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, we have a Diversity, Equity, and Inclusion Policy which establishes the company's commitment to maintaining a discrimination-free workplace and promoting a culture of inclusivity among its workforce and stakeholders. The policy can be accessed here. https://www.varroc.com/upload/financial_results/17201786461747451488.pdf. Key aspects of the Diversity, Equity, and Inclusion Policy include:

- **Proactive Measures:** Identifying, analyzing, and addressing diversity challenges within the company and its units.
- **Compliance:** Ensuring all business units adhere to legal and regulatory obligations, as well as Varroc's Code of Business Conduct and Values.
- **Eliminating Discrimination:** Actively working to eliminate discriminatory behavior at all levels of the company.
- **Harassment-Free Workplace:** Guaranteeing a workplace free from harassment for all employees and service providers.
- **Supportive Environment:** Creating a supportive workplace where all individuals feel welcome, respected, and able to achieve their full potential, regardless of their diverse backgrounds.
- **Adapting Processes:** Modifying internal processes and procedures to support diversity and inclusion.
- **Training and Awareness:** Providing training to promote an understanding of diversity and inclusion, which aims to reduce judgmental behavior and enhance the efficiency of multicultural teams.
- **Confidentiality in Complaints:** Maintaining confidentiality in the whistleblower process, with strict controls on the disclosure of information related to complaints.
- **Enforcement and Discipline:** Enforcing policy observance rigorously, with potential disciplinary actions for violations which are conducted through a fair, impartial, and transparent investigation process.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NA	NA
Female	100%	100%	NA	NA
Total	100%	100%	NA	NA

*No parental leaves were availed by the permanent workers

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes, the Internal Committee (IC) conducts quarterly meetings and maintains a register for all the meeting details and events. We receive grievances and a thorough process is in place to investigate the grievances. Monthly 'Vartalap' meetings are also conducted with an idea to: • Address group of workers & update them with business challenges and other key issues. • Townhall Meetings: Conducted by Plant head to share the last month results & current/upcoming months challenges with the team
Other than Permanent Workers	Yes, workers can raise complaints through Internal Committee (IC) quarterly meeting, monthly 'Vartalap', townhall meeting or to HR representative. We take necessary measures to investigate and address the grievances.
Permanent Employees	Yes, we have a Whistle Blower Policy in place that defines the mechanism to address all the grievances. For detailed mechanism, please visit our Whistle Blower Policy https://www.varroc.com/upload/financial_results/170686363170852865.pdf
Other than Permanent Employees	Yes, we have a Whistle Blower Policy in place that defines the mechanism to address all the grievances. For detailed mechanism, please visit our Whistle Blower Policy https://www.varroc.com/upload/financial_results/170686363170852865.pdf

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY2025			FY2024		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Permanent Employees						
Male	NA			NA		
Female						
Total						
Permanent Workers						
Male	2,294	2,294	100%	2,252	2,252	100%
Female	79	79	100%	65	65	100%
Total	2,373	2,373	100%	2,317	2,317	100%

8. Details of training given to employees and workers:

Category	FY 2025					FY 2024				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	3,118	900	29%	326	10.4%	3,621	3,621	100%	289	8%
Female	215	56	26%	28	13%	232	232	100%	16	7%
Total	3,333	956	29%	354	10.62%	3,853	3,853	100%	305	8%
Workers										
Male	2,294	1,193	52%	918	40%	2,252	1,081	48%	856	38%
Female	79	40	50%	25	32%	65	32	49%	19	29%
Total	2,373	1,233	51%	943	39%	2,317	1,113	48%	875	38%

9. Details of performance and career development reviews of employees and worker:

Category	FY2025			FY2024		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	3,118	2,806	90%	3,621	3,403	94%
Female	215	194	90%	232	225	97%
Total	3,333	3000	90%	3,853	3,628	94%
Workers						
Male	2,294	1,376	60%	2,252	901	40%
Female	79	44	56%	65	34	51%
Total	2,373	1,420	60%	2,317	935	40%

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, we have implemented a comprehensive Occupational Health & Safety (OHS) Management System across all our manufacturing plants, aligned with ISO 45001 standards. This system extends to all employees and workers, including those not directly employed by us but whose work or workplace is under our control. Our OHS framework includes a formal policy, detailed guidelines, regular training programs, strong governance practices, and a robust system for documentation and monitoring. Additionally, we have developed a digital portal to track and manage OHS risks, compliance requirements, and other critical aspects. This platform also facilitates reporting to senior management, enabling more effective oversight and resolution of health and safety concerns.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

We conduct hazard identification and risk assessment as per the ISO 45001:2018 Standard across our operations to assess all aspects of the work environment, processes, equipment, and the behavior of people for identifying any existing or potential sources of harm and key risks in our operations. Each plant has a dedicated EHS person who is responsible for health and safety related issues. We regularly undertake workplace inspections and audits to identify any potential safety hazards related to machinery, workflow, and employee behaviors. Furthermore, daily safety walks, monthly self-assessment, cross-plant audits mechanisms help in identifying any potential work-related hazards. We also engage with employees to gather firsthand information about perceived risks and potential hazards they encounter in their daily operations.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes, our workers can report health & safety-related concerns to their line supervisor & EHS Officer of the Plant. Further, worksite safety inspections and audits are conducted to ascertain work-related hazards. The process included multiple review meetings and surveys such as - Statutory Audits, Customer Audits, Layered Audit processes, evaluation and review mechanisms with respect to Management Review Meetings (MRM), monthly inspection meetings, transport committee reviews, safety committee meetings, plant stand down meeting etc. We have installed sign boards at all our plants mentioning the Emergency phone number to be reported in case of occurrence of any safety related incident.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, all employees and workers of Varroc have access to non-occupational medical and healthcare service, which includes annual medical check-up, ESIC, access to factory medical officer, and health center.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY2025	FY2024
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.031	0.185
Total recordable work-related injuries	Employees	0	0
	Workers	2	2
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We have a robust system in place for Safety management practices aligned to ISO-45001 standard. We conduct HIRA on scheduled intervals and have a process to improve the controls on a continuous basis. We strictly follow the basic hierarchy of safety controls i.e., Eliminate, Substitute, Administrative controls, Training, display of signboards and PPEs. The Company also has SOPs and work instructions defined for all processes. Further, we also plan an annual training calendar, promotional activities, visual display at our site to ensure a safe workplace.

Monitoring and reviewing EHS performance is a cornerstone of our health and safety management practices. The Plant Head and Plant Safety Officer convene daily to address ongoing safety issues and review current performance metrics. Our senior management is committed to ensuring a safe and healthy workplace. Monthly business review meetings, which include the Managing Director and CEO, prioritize safety discussions.

13. Number of Complaints on the following made by employees and workers:

	FY2025			FY2024		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	480	0	NA	521	21	NA
Health & Safety	38	0	NA	51	0	NA

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The company has taken corrective actions to address the significant risk. Hazard Identification and Risk Assessment (HIRA) is prepared, and SOPs is in place for addressing significant concerns. LPG leakage sensors are installed for alerts related to LPG leakages, fire alarm systems are provided for alert calling in case of any emergency, and manual call points are provided for emergency alerts.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

a. Employees (Yes/No)	Yes
b. Workers (Yes/No)	Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

All the suppliers are required to comply with applicable national laws and regulations as per our agreement. The following measures are taken by the company to ensure that the statutory dues are deducted and deposited by the value chain partners:

- Contractual obligations
- Regular Audits and Inspections
- Compliance Certifications
- Training and Awareness Programs
- Monitoring Systems
- Third-party Verification
- Documentation and Record-Keeping

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025	FY 2024	FY 2025	FY 2024
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

The supplier assessment involves a PQCDSDM monitoring system which covers Productivity, Quality, Cost, Delivery, Safety and Morale. This PQCDSDM monitoring system is in place for LTS suppliers. This assessment covers a total of 193 suppliers.

PRINCIPLE 4:**Businesses should respect the interests of and be responsive to all its stakeholders****Essential Indicators****1. Describe the processes for identifying key stakeholder groups of the entity.**

Our stakeholder-centric approach enables us to effectively identify and engage with key internal and external stakeholder groups. The company follows a structured methodology to map and categorize stakeholders who have a direct and significant influence on our operations and outcomes.

We assess each stakeholder group to understand their expectations and the extent of their impact on our performance. Engagement methods such as surveys, interviews, and focus group discussions are employed to gain deeper insights into their needs and perspectives.

This engagement framework allows us to identify and prioritize stakeholders based on their relevance to the organization's strategic objectives and operational performance. Our primary stakeholder groups include senior management, employees, customers, communities, and vendors.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

S. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Shareholders	No	Annual General Meeting, Emails, Newspaper, Website, Press Release	Annual, Periodic, Quaterly	Business Performance, Business Updates
2	Investors (other than shareholders)	No	Investor Calls, meets, emails	Annual, Periodic, Quaterly	Business Performance, Financial Performance
3	Customers	No	Emails, SMS, advertisements, website, social media	Monthly	Offers
4	Employees and Workers	No	Town halls, training sessions, emails, intranet	Monthly	Employee engagement, talent management
5	Distributor channel partner	No	Email, SMS, advertisement, meetings, website	Monthly	Business target, incentives, query resolution
6	Vendors	No	Email, vendor meetings	Monthly	Query and grievance redressal
7	Community	Yes	On site CSR work meetings	Quaterly	CSR Developmental Programmes

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The company has established multiple channels for stakeholder engagement on ESG matters, including designated internal ESG, EHS, and compliance officers. At the highest level, the ESG Steering Committee of the Board serves as the apex body responsible for reviewing and approving ESG policies, setting goals, and overseeing overall ESG performance. The implementation of ESG initiatives is carried out at the operational level by dedicated committees for environment, social, and governance, ensuring effective on-ground execution of the company's ESG strategy.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, stakeholder consultation plays a key role in identifying and managing ESG-related topics for the organization. As part of the materiality assessment conducted during the financial year, we engaged with key stakeholder groups to gain insights into their perspectives on material environmental, social, and governance issues relevant to the company. We are committed to maintaining ongoing communication with our stakeholders through various established engagement channels.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

The Company's CSR initiatives focus on various aspects of community engagement and social welfare. The Company has been able to generate a positive social impact through its CSR initiatives. The CSR strategy is approved and periodically reviewed by CSR Committee of the board and believes in Optimizing Impact on Communities and Beneficiaries. For more information, kindly refer to the Corporate Social Responsibility Report mentioned in the Annual Report for project details.

PRINCIPLE 5:

Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY2025			FY2024		
	Total (A)	No. of Employees / workers covered (B)	% (B/A)	Total (C)	No. of employee/ workers covered (D)	% (D/C)
Employees						
Permanent	3,333	502	15.1%	3,853	824	21.4%
Other than permanent	25	25	100%	9	9	100%
Total Employees	3,358	527	15.7%	3,862	833	21.6%
Workers						
Permanent	2,373	1,370	57.7%	2,317	2,317	100%
Other than permanent	21,872	7,500	34.3%	14,071	14,071	100%
Total Workers	24,245	8,870	36.58%	16,388	16,388	100%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2025					FY 2024				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	3,118	0	0%	3,118	100%	3,621	0	0%	3,621	100%
Female	215	0	0%	215	100%	232	0	0%	232	100%
Other than Permanent										
Male	18	0	0%	18	100%	9	0	0%	9	100%
Female	7	0	0%	7	100%	0	0	0%	0	0
Workers										
Permanent										
Male	2,294	0	0%	2,294	100%	2,252	0	0%	2,252	100%
Female	79	0	0%	79	100%	65	0	0%	65	100%
Other than Permanent										
Male	17,612	17,612	100%	0	0	5,755	5,755	100%	0	0%
Female	4,260	4,260	100%	0	0	1,519	1,519	100%	0	0%

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

Type of employee	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	9	NA	2	-
Key Management Personnel (KMP)	2	20,759,024	0	-
Employees other than BOD and KMP	3,113	787,484	215	980,821
Workers	2,294	553,086	45	549,323

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY2025	FY2024
Gross wages paid to females as % of total wages	7.00%	7.06%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, we have Human rights policy and a focal point to address any human rights issues that are reported wherever we do business. Our policy highlights our commitment to respecting the human rights of our workforce, communities and those affected by our operations wherever we do business. In addition to our policy framework, we have committees such as Health and Safety and POSH which are responsible for overseeing the human rights-related issues and concerns in our organization.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Yes, the following mechanisms provide the employees with secure and 24x7 access to raise their grievances and to report confidentially and anonymously without any fear of retaliation regarding any breach of policies and procedures in the company:

- a) Whistleblower Policy
- b) Policy on Prevention and Redressal of Sexual Harassment at Workplace
- c) Ethics Committee

6. Number of Complaints on the following made by employees and workers:

Category	FY2025			FY2024		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	3	0	The complaints that was filed during the year has been resolved	1	0	The complaint that was filed during the year has been resolved
Discrimination at workplace	0	0	-	0	-	-
Child Labor	0	0	-	0	-	-
Forced Labor/ Involuntary Labor	0	0	-	0	-	-
Wages	0	0	-	0	-	-
Other human rights related issues	0	0	-	0	-	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY2025	FY2024
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	3	1
Complaints on POSH as a % of female employees / workers	0.07%	0.06%
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Mechanisms to prevent adverse consequences to the complainant are covered under the POSH Policy. The POSH policy is disclosed on the website. https://www.varroc.com/upload/financial_results/17388250081416387886.pdf

9. Do human rights requirements form part of your business agreements and contracts?

(Yes/No)

Yes, Human rights-related issues are covered under the General Purchase Agreement as part of legal compliance.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100%
Forced/involuntary labor	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

To avoid the need for corrective actions, we have implemented processes and procedures in the initial stage of resourcing, hiring and deployment. In addition, recognizing the social consequences of discrimination, labor malpractices, harassment, we have regular training sessions arranged for all employees to foster a safe and respectful workplace. The POSH (Prevention of Sexual Harassment) committee notices are prominently displayed, shop floor meetings are conducted to raise awareness about non-discrimination at the workplace, promoting an inclusive and equitable environment for all.

Leadership Indicators**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

No business process was modified as a result of addressing any human rights-related grievances.

2. Details of the scope and coverage of any Human rights due diligence conducted.

Yes, we conduct human rights due diligence at all plants and offices to identify and address any potential human rights-related risks in our business operations. The focus areas of our human rights due diligence include minimum wages, POSH-related trainings and assessment, grievance related mechanisms, and workplace safety.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, all the offices are accessible to differently abled employees, workers, and visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Within our premises, separate toilets and ramps are available to ensure accessibility to the differently abled.

4. Details on assessment of value chain partners:

	% of your value chain partners that were assessed (by entity or statutory authorities or third parties)
Sexual harassment	Not Available
Discrimination at workplace	Not Available
Child labor	Not Available
Forced/involuntary labor	Not Available
Wages	Not Available
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6:

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

- Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY2025	FY2024
From renewable sources		
Total electricity consumption (A) - GJ	172,731.82	71,120.14
Total fuel consumption (B) – GJ	0	0
Energy consumption through other sources (C) – GJ	0	0
Total energy consumed from renewable sources (A+B+C) - GJ	172,731.82	71,120.14
From non-renewable sources		
Total electricity consumption (D) – GJ	450,284.38	643,553.95
Total fuel consumption (E) – GJ	9,652	11,419.53
Energy consumption through other sources (F) – GJ	0	0
Total energy consumed from non-renewable sources (D+E+F) – GJ	459,936.38	654,973.48
Total energy consumed (A+B+C+D+E+F) – GJ	632,668.20	726,093.62
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations) – GJ/INR Lakhs	0.85	1.08
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	0.85	1.08
Energy intensity in terms of physical output	NA	NA
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA

- Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No

- Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

PAT scheme does not apply to Varroc Engineering Limited

3. a. Provide details of the following disclosures related to water, in the following format:

Parameter	FY2025	FY2024
Water withdrawal by source (in kiloliters)		
(i) Surface water	158,788	146,795
(ii) Groundwater	159,835	147,763
(iii) Third party water	107,667	99,534
(iv) Seawater / desalinated water	0	0
(v) Others	17,699	16,362
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	443,989	410,454
Total volume of water consumption (in kiloliters)	412,228	395,079
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) – KL/INR Lakhs	0.55	0.59
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	0.55	0.59
Water intensity in terms of physical output	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Note: Water withdrawal & consumption values for FY 2025 shows a significant increase due to expanded reporting scope (inclusion of Polymer plants of Varroc, which is not covered in FY 2024) and expansion activities at the plants.

b. Indicate if any independent assessment/ evaluation/assurance has been carried out Water Withdrawal and Consumption data by an external for agency? (Yes/No)

No

4. Provide the following details related to water discharged:

Parameter	FY2025	FY2024
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	20,241	9,798.16
- No treatment	0	0
- With treatment – please specify level of treatment	20,241	9,798.16
(ii) To Groundwater	11,780.60	12,541.24
- No treatment	0	0
- With treatment – please specify level of treatment	11,780.6	12,541.24
(iii) To Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third parties	11,519.97	5,576.52
- No treatment	234.97	113.73
- With treatment – please specify level of treatment	11,285	5,462.79
(v) Others	26,320.79	12,741.26
- No treatment	0	0
- With treatment – please specify level of treatment	26,320.79	12,741.26
Total water discharged (in kiloliters) - outside the operational boundary ((i)+(iv))	31,760.97	15,374.68

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, we have successfully implemented Zero Liquid Discharge (ZLD) at our VEL VII, VEL P5, VEL P8, VEL P14, VEL-BH(4W) plants and are actively exploring suitable opportunities to expand this initiative to our other plants.

6. a. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY2025	FY2024
NOx	mg/Nm3	28.35	29.04
SOx	mg/Nm3	16.58	16.64
Particulate matter (PM)	mg/Nm3	42.85	42.69
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA

b. Indicate if any independent assessment/evaluation/assurance has been carried out for Air Emissions (other than GHG Emissions) by an external agency? (Yes/No)

Yes

7. a. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY2025	FY2024
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	MtCO ₂ e	2,157	2,552
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	MtCO ₂ e	100,639	143,834
Total Scope 1 and Scope 2 emission intensity per million rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	MtCO ₂ e/INR Lakhs	0.14	0.21
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	MtCO ₂ e/INR Lakhs	0.14	0.21
Total Scope 1 and Scope 2 emission intensity in terms of physical output	NA	NA	NA
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	NA	NA	NA

b. Indicate if any independent assessment/ evaluation/assurance has been carried out for total GHG Emissions by an external agency? (Yes/No)

No

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, our team leads impactful GHG emission reduction projects, targeting key areas of energy conservation. We have carried out various projects to improve energy efficiency and reduce GHG emissions. Few thematic areas are as mentioned below:

- 1. Implementation of energy efficiency and conservation programs at all our manufacturing plants:** We conduct energy audits each year for the plants to identify opportunities of reducing consumption in the areas of compressed air systems, furnace heat loss, energy efficient lightings, etc. We are targeting 3% reduction in energy consumption through the audits.
- 2. Renewable Energy Penetration:** We have installed solar rooftop systems at over 50% of our plants and made significant investments in open access procurement through Renewable Purchase Obligations (RPO). As a result, more than 25% of our renewable energy is sourced through this mechanism. For FY 2025, renewable energy accounts for approximately 30% of Varroc's total energy consumption. We are actively planning to enhance renewable energy capacity across all plants in the coming years and are exploring new opportunities to expand our solar and wind captive generation capabilities.
- 3. Environmental Management Systems (EMS):** We have implemented EMS system, which helps us track the Energy, Water & Waste Management across all of our plants and optimize it wherever possible.
- 4. Optimizing the value chain logistics to reduce our fuel consumption.**

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY2025	FY2024
Total Waste generated (in metric tonnes)		
Plastic waste (A)	2,073	2,040
E-waste (B)	16.57	8.12
Bio-medical waste (C)	0.03	0.04
Construction and demolition waste (D)	0	0
Battery waste (E)	39.56	22.41
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	3,234	2,326
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	7,012	10,839
Total (A+B + C + D + E + F + G + H)	12,375	15,236
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations) – MT/INR Lakhs	0.02	0.020
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.02	0.020
Waste intensity in terms of physical output	NA	NA
Waste intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Parameter	FY2025	FY2024
Category of waste		
(i) Recycled	10,349	13,265
(ii) Re-used	464	565
(iii) Other recovery operations	201	245
Total	11,014	14,075
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	557	432
(ii) Landfilling	258	238
(iii) Other disposal operations	546	427
Total	1,361	1,097

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such waste.

We have implemented waste management practices in alignment with applicable regulatory requirements. All operational waste is clearly classified into hazardous and non-hazardous categories, with separate collection bins installed at each shop floor and workstation. Waste remains segregated throughout its handling—from the point of collection to transit and final storage. Authorized and qualified vendors have been engaged to manage waste safely and sustainably. Except for e-waste, all other waste is disposed of within 90 days in accordance with regulatory guidelines, using Form 10 (manifest forms) as mandated.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of Operation	Whether the conditions of environmental approval / clearance are being complied with? (Yes/No)	If no, the reasons thereof and corrective action taken, if any.

Not Applicable

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

S. No.	Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link

Not Applicable

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1	Water (Prevention & Control of Pollution) Act, 1974	No-noncompliance	Nil	NA
2	Air (Prevention & Control of Pollution) Act, 1981	No-noncompliance	Nil	NA
3	Environmental Protection Act, 1986	No-noncompliance	Nil	NA
4	Hazardous & Other waste (M and T M) Rules 2016	No-noncompliance	Nil	NA

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area
- Nature of operations
- Water withdrawal, consumption and discharge in the following format:

Not applicable

Parameter	FY2025	FY2024
Water withdrawal by source (in kiloliters)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kiloliters)	NA	NA
Total volume of water consumption (in kiloliters)	NA	NA
Water intensity per rupee of turnover (Water consumed/turnover?	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA

Parameter	FY2025	FY2024
(ii) To Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kiloliters)	NA	NA

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

We are currently in the process of identifying material Scope 3 emission categories in accordance with the GHG Protocol. Based on this assessment, we will undertake the estimation of the identified material Scope 3 categories in the coming years.

Parameter	Unit	FY2025	FY2024
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	TCO ₂ eq	NA	NA
Total Scope 3 emissions per rupee of turnover	TCO ₂ eq/INR.Lakhs	NA	NA
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Energy Efficiency	1. Compressed air arresting and optimization 2. Lighting Automation (motion sensor) 3. Demand load optimization 4. VFD for MTC Pumps 5. Switching off standby pumps 6. LED lighting replacements	More than 3 million kWh units saved

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
2	Renewable Energy	1. Installed solar rooftop systems in more than 50% of the plants.	Total RE generation in FY2025 was more than 52 million kWh
3	Water – Zero Liquid Discharge	Implemented Zero Liquid Discharge (ZLD) systems in five of Varroc's plants, with additional capital expenditures planned for implementation in a few more plants in FY 2026.	This initiative will significantly reduce freshwater dependency and eliminate liquid effluent discharge from the identified plants, contributing to improved water stewardship, regulatory compliance, and long-term environmental sustainability
4	Water – Recycling for non-process requirements	We have installed STPs, ETPs, Coolant Treatment plants (CTPs) at all our plants for recycling the wastewater and the treated water is used for Gardening related activities	More than 12.5% of water withdrawn is recycled and reused.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

We have developed an OEP (Onsite Emergency plan) for all our units to ensure business continuity and adequate preparedness for disaster management. We have identified potential emergencies and natural disasters such as Fire, Electrocutation, Fall from height, Chemical/ Acid exposure, Earthquake, Natural disasters among others. In order to prevent any adverse impacts as a result of these events, we have incorporated the following key aspects:

- Formed emergency response teams in our plants
- Formed firefighting and first aider teams in our plants
- Deployment of minimum number of first aiders and fire fighters at all times in the plant
- Conducting mock drills and plant level evacuation at scheduled intervals

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not Applicable

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable

PRINCIPLE 7:

Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

6

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Automobile Component Manufacturers Association (ACMA)	National
2	Society of Indian Automobile Manufacturers (SIAM)	National
3	Bajaj Auto Vendor Association (BAVA)	State
4	Confederation of Indian Industries (CII)	National
5	Marathwada Association of Small-Scale Industries & Agriculture (MASSIA)	State
6	Chamber of Marathwada Industries Association (CMIA)	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Not Applicable		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others – please specify)	Web link, if available
Not Applicable					

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

- Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

- Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (in INR)
Not applicable						

- Describe the mechanisms to receive and redress grievances of the community.

Through the Varroc Foundation, the entity duly fulfills its CSR obligation. It is through the foundation, that the Company understands the specific needs and requirements of the communities and develops its CSR initiatives through a detailed needs assessment. The foundation fully considers any feedback and grievances received from the community and incorporates the same while designing and carrying out the CSR initiatives. Details of our CSR initiatives have been outlined in our Annual Report and Sustainability report.

- Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY2025	FY2024*
Directly sourced from MSMEs/ small producers	29%	33%
Directly from within India	96%	95%

- Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.

Location	FY2025	FY2024
Rural	0%	0%
Semi-urban	5%	5%
Urban	93%	92%
Metropolitan	2%	3%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (in INR)
Nil			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?

No, at present we do not have preferential procurement policy for suppliers from marginalized/vulnerable groups. As a part of supplier on boarding we have a sustainable supply chain policy and supplier code of conduct in place which is used for assessing the supplier based on identified checklist. Preference is given to the suppliers based on the compliance level of our supplier code of conduct.

- (b) From which marginalized /vulnerable groups do you procure?

No procurement was done from marginalized/vulnerable groups.

- (c) What percentage of total procurement (by value) does it constitute?

0%

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not Applicable, as no intellectual properties owned based on traditional knowledge				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1	Varroc Vengsarkar Cricket Academy (VVCA) - VVCA is a cricket academy in Thergaon, Pune under the guidance of Veteran cricketer Mr. Dilip Vengsarkar. It aims to uplift the enthusiasm among the budding talent to produce skillful players.	746	-
2	Varroc Interschool & Industrial Cricket Tournament – For the past 17 years, we have continued to organize the Inter-School and Industrial Cricket Tournament. It aims to boost and nurture talent in the field of cricket.	1,383	-
3	Varroc Academy – As a part of the Skill Development Program for upliftment of underprivileged students, we have established the Varroc Academy in collaboration with the Tata Institute of Social Science and the Deccan Management Consultants Finishing School Skill Foundation (DMCFSSF) which runs a 3-year curriculum on Bachelor of Vocational Education (B.Voc.) at Chhatrapati Sambhajnagar	231	58%
4	BAJA SAEINDIA Event (PRIZE SPONSORSHIP) - The BAJA SAE Series is an event for the undergraduate engineering students, organized globally by SAE International, USA. The event originated in the name of Mini BAJA, in the year 1976 at University of Carolina. Since then, the event spread its wings to several countries like Mexico, South Africa, Korea, Brazil and India. The objective of these competitions is to develop an understanding of industry among young engineers, increase industry outreach of students through HR meet & static evaluations, develop an innovative mindset, overall growth & development of students through various static & dynamic events & out of classroom learning.	12,849 students (469 no. of engineering colleges)	-
5	Kham River Eco Restoration Project – The Kham is a 65 km long seasonal river in the Marathwada region, Maharashtra. It joins the Godavari River at Nathsagar in Paithan. In its upstream stretch, it flows through the city of Chatrapati Sambhajnagar for 8.8km. This project is aimed at cleaning the river and installing trappers in the river to trap waste materials/garbage. It aims at developing a green bridge, guarding of the bridge, protecting it and beautification. Tree saplings planted near the surroundings = 13,600 nos.	Chatrapati. Sambhajnagar District	-
6	Abhinav Bindra Foundation Trust (ABFT) - Varroc joined hands with the ABFT which works for uplifting of the Indian Sporting Ecosystem, Education and Social Upliftment bringing Global best Practices through intervention. It supports 3 Indian Athletes, Mughdhaa Wavhal (Swimming), Ajay Bhosale (Swimming) & Shrushti Chorge (Boxing) to grow in their respective fields.	3 players	33%

PRINCIPLE 9:

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

All consumer complaints that are received are duly acknowledged on receipt and attended to on priority to ensure resolution as per the defined schedule and organizational hierarchy. An individual Key Account Manager is assigned to each customer to ensure that their complaint and feedback are duly received and adequately addressed in a timely manner.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	Not Applicable
Recycling and/or safe disposal	Not Applicable

3. Number of consumer complaints in respect of the following:

	FY2025			FY2024		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. Details of instances of product recalls on account of safety issues:

Not applicable since the products are sold to OEMs and aftermarkets and not directly to end customers. The primary control for the product is with the OEMs/customers.

	Number	Reasons for recall
Voluntary recalls	Not Applicable	Not Applicable
Forced recalls	Not Applicable	Not Applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

The company has an internal IT policy that establishes guidelines for the company's employees and end users regarding the use of the company's IT facilities and services in the intranet. Data Security is one of the key elements of the policy, aimed at ensuring confidentiality, integrity, and availability of data while effectively managing risks. Further, the company has obtained ISO 27001:2022 for managing and continually improving information security. Our corporate office in Pune has obtained Tisax certification.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No such issues were reported in the current financial year; hence no corrective actions were required to be undertaken.

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches: **0**
- b. Percentage of data breaches involving personally identifiable information of customers: **0**
- c. Impact, if any, of the data breaches: **0**

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

All the products and services of Varroc Engineering can be accessed on the company website www.varroc.com

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

These are part specifications that are mutually agreed upon and signed off with customers.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not applicable

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/ No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey about consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Not Applicable

Independent Auditor's Report

To the Members of Varroc Engineering Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Varroc Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone financial statements, including a summary of material accounting policies and other explanatory information .

In our opinion and to the best of our information and according to the explanations given to us , the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities

in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note 51B of the standalone financial statements which describes the effects of the GST Orders received by the Company from GST Authorities. The Company has initiated appellate proceedings against these orders, pending conclusion of which no adjustments have been made in respect of such matters in the standalone financial statements. Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2025. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Accounting for merger of Varroc Polymers Limited ('VPL') (wholly-owned subsidiary of the Company) with Varroc Engineering Limited (as described in note 55(b) of the standalone financial statements)	
Pursuant to provisions of Section 230-232 of the Companies Act, 2013, the Board of Directors of the Company on May 17, 2024 approved the scheme of amalgamation of VPL with the Company with appointed date of April 01, 2024 ('the Scheme'). National Company Law Tribunal ('NCLT') approved the Scheme vide its order dated January 10, 2025 and the merger became effective on February 01, 2025 on filing of the NCLT order with the Registrar of Companies. This merger has been accounted for as a business combination of entities under common control as per Appendix C to Ind AS 103 – Business Combinations. Consequently, all the comparative periods presented in the financial statements have been restated to include the effect of this merger. We identified this as a key audit matter in our audit of the standalone financial statements as the merger is considered a significant event that occurred during the year which required management judgement regarding assessment of common control transaction as per Appendix C to Ind AS 103 and required restatement of comparative periods presented in the financial statements.	The audit procedures performed by us included the following: - Inspected the documents filed by the Company with the Registrar of Companies including the NCLT order with respect to the merger of VPL with the Company based on which the Scheme became effective. - Read the accounting treatment in the Scheme as approved by NCLT and assessed whether it is in accordance with Appendix C to Ind AS 103. - Evaluated whether the accounting treatment applied to the merger is in accordance with the Scheme. - Assessed the workings prepared by management for the merger including elimination of inter-company transaction and balances and workings prepared for restatement of comparative figures presented in the standalone financial statements as per Appendix C to Ind AS 103. - Assessed the disclosures in the standalone financial statements for compliance with the relevant accounting standard requirements.
Recoverability of investment in and loans to VarrocCorp Holding BV, Netherlands (as described in note 7(a) and 16 of the standalone financial statements)	
The Company has equity investment of ₹ 7,771.23 Million (net of impairment provision of ₹ 1,900.79 Million) in and loans of ₹ 1,031.26 Million to its wholly owned subsidiary VarrocCorp Holding BV Netherlands ('VCHBV') as at March 31, 2025. As required by Ind AS 36 "Impairment of assets", at each reporting period end, management assesses the existence of impairment indicators for investments in and loans to subsidiaries. In case of existence of impairment indicators, the investment and loan balances are subjected to impairment test. VCHBV holds equity investments in overseas subsidiaries - primarily in Italy, Vietnam, Romania and in China JV. Hence for impairment testing, the management has assessed the recoverability of the aforesaid underlying investments in overseas subsidiaries as at March 31, 2025. The recoverable amount of investment in and loans to each of these overseas subsidiaries is determined based on the discounted cash flow model which has sensitivity around key assumptions such as revenue growth, operating margins, discount rate, terminal growth rate and also involves significant judgements and estimates. We identified this as a key audit matter in our audit of the standalone financial statements considering the complexity in determining the recoverable amounts and the quantum of such equity investments and loans as at March 31, 2025.	The audit procedures performed by us included the following: - Obtained an understanding, evaluated the design and tested the operating effectiveness of controls the Company has in relation to impairment assessment process; - Evaluated the competence and objectivity of Company's external specialist involved in the process; - Involved valuation specialist where necessary to assist in assessing the appropriateness of the valuation model including the independent assessment of the underlying key assumptions; - Performed sensitivity testing of key assumptions used; - Tested the arithmetical accuracy of the models; - Assessed the adequacy of disclosures in the standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Allowability of deduction on write-off of loans to subsidiary under the Income Tax Act, 1961 (as described in note 24 of the standalone financial statements) In the previous year ended March 31, 2024, the Company derecognised (written-off) loans given to VCHBV and interest accrued on such loans aggregating to ₹ 13,533.33 million (including ₹ 1,736.89 million by VPL, wholly owned subsidiary, now merged with the Company with the appointed date of April 01, 2024) These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) and were fully provided for during the period ended Sep 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium. Management considered the aforesaid write-off as an allowable business loss for computation of income tax provision for AY 2024-25 (and also recognition of deferred tax asset on unutilized loss), as it believes that these loans extended to VCHBV were in the nature of trade investments to advance the Company's business. We identified this as a key audit matter in our audit of the standalone financial statements considering quantum of the deduction and the significant judgement involved with respect to deductibility of such expenditure under Income tax Act, 1961.	The audit procedures performed by us included the following: • Read the tax opinions obtained by the Company from two senior tax counsels supporting the allowability of tax deduction on write-off of the said loans; • Involved tax experts to assist in evaluating the allowability of deduction on write-off of loans to subsidiary; • Assessed the forecast of future taxable income prepared by the management to test the recoverability of deferred tax asset as at March 31, 2025; • Assessed the adequacy of disclosures in the standalone financial statements.
Derecognition of trade receivables under factoring arrangements (as described in note 13 of the standalone financial statements) The Company enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. As at March 31, 2025, the Company derecognised trade receivables amounting to ₹ 6,993.36 million. The Company derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of derecognition of trade receivables under the factoring arrangements is complex and requires judgement. Accordingly, this has been identified as a key audit matter in our audit of the standalone financial statements.	The audit procedures performed by us included the following: • Evaluated the assessment made by management in respect of transfer of substantially all risks and rewards of ownership of the financial assets under the factoring contracts; • Read samples of factoring contracts to understand the terms and assessed if they qualify as non-recourse agreements and further assessed the accounting treatment as per the requirements of Ind AS 109, "Financial Instruments"; • Assessed the adequacy of disclosures in the standalone financial statements for compliance with the relevant accounting standard requirements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether

a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure 1**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph (j)(vi) below on reporting under Rule 11(g);
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3) (b) and paragraph (j)(vi) below on reporting under Rule 11(g)
- (h) With respect to the adequacy of the internal financial controls with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**" to this report;
- (i) In our opinion, the managerial remuneration for the year ended March 31, 2025 has been paid / provided by the Company to its directors in

accordance with the provisions of section 197 read with Schedule V to the Act.

- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 51 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 and 16 to the standalone financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 54 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. As stated in note 20A to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Based on our examination which included test checks, the Company has used SAP accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility in respect of the application and the same has operated throughout the year for all relevant transactions. We did not come across any instance of the audit trail feature being tampered with in respect of this accounting software. Normal/Regular users are not granted direct database or super user level access. However, changes to the database by a super user specifically does not carry

the feature of a concurrent real time audit trail. Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective year.

Further, the Company has also used a payroll processing software which is operated by a third-party service provider. In the absence of necessary evidence regarding audit trail in the Service Organisation Controls report received by us, we are unable to comment whether the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the payroll processing software or whether there were any instances of the audit trail feature being tampered with. Additionally, we are unable

to comment whether the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 25105754BMITLI3154

Place : Pune

Date: May 29, 2025

Annexure '1'

referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Varroc Engineering Limited ("the Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in notes 3 and 6 to the financial statements included in property, plant and equipment are held in the name of the Company. Certain title deeds of the immovable Properties, in the nature of freehold and leasehold land & buildings, as indicated in the below mentioned cases which were acquired pursuant to a Scheme of Amalgamation approved by National Company Law Tribunal's (NCLT) Order dated January 10, 2025, are not individually held in the name of the Company, however the deed of merger has been registered by the Company on February 25, 2025.

Description of property	Gross carrying value (₹ Million)	Held in name of	Whether promoter director or their relative or employee	Period held (Refer Note 2)	Reason for not being held in name of company
Free Hold Land	175.64	Varroc Polymers Limited	No	01/04/2024	Refer note 1
Buildings	60.77	Varroc Polymers Limited	No	01/04/2024	Refer note 1
Right to Use Asset- Land	241.49	Varroc Polymers Limited	No	01/04/2024	Refer note 1
Right to Use Asset- Building	34.62	Varroc Polymers Limited	No	01/04/2024	Refer note 1

Note1: The title of the asset transferred pursuant to the scheme of amalgamation are in the process of being transferred in the name of the Company.

Note 2: Period held has been considered from the appointed date as defined in the scheme of amalgamation.

Note 3: Subsequent to March 31, 2025, title deeds of Freehold land having Gross carrying amount of ₹ 98.60 million have been transferred in the name of the Company.

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2025 since the Company follows cost model for measurement after recognition for Property, Plant and Equipment and Intangible Assets.
- (e) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification except for 'Packing material' which have

been properly dealt with in the books of account. Inventories lying with third parties have been confirmed by them as at or near year end and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.

- (b) As disclosed in note 22 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company, except for the cases for which the details are disclosed in Appendix A.
- (iii) (a) During the year, the Company has provided loans and stood guarantee to companies as disclosed below. According to the information and explanations given to us and audit procedures performed by us, the Company has not provided advances in the nature of loans or security to companies, firms, Limited Liability Partnerships or any other parties:

	(₹ in Million)	
	Guarantees	Loans
Aggregate amount granted/ provided during the year		
- Subsidiaries	346.43	708.45
Balance outstanding as at balance sheet date in respect of above cases		
- Subsidiaries	818.00	1,208.64*

*Balance outstanding includes opening balances and restatement impact on foreign currency loans.

- (b) During the year, the investments made, guarantees provided and the terms and conditions of the grant of all loans to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest. The Company has not provided security and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties during the year.
- (c) In respect of loans where schedule of repayment of principal has been specified, there was no amount which was due during the year. Further, in respect of loans repayable on demand, no principal amounts were demanded during the year. In respect of payment of interest where due dates are stipulated, the delays in receipt of interest as of balance sheet date are mentioned below:

Name of the Subsidiary	Amount (₹ Million)	Due date	Extent of delay (days)
VEHBV	0.56	30-Apr-22	1066
VEHBV	1.30	30-Jul-22	975
VEHBV	1.63	30-Oct-22	883
VEHBV	2.50*	30-Jan-23	791
VEHBV	3.25*	30-Apr-23	701
VEHBV	3.46*	30-Jul-23	610
VEHBV	3.73*	30-Oct-23	518
VEHBV	3.61*	30-Jan-24	426
VEHBV	3.48*	30-Apr-24	335
VEHBV	3.51*	30-Jul-24	244
VEHBV	3.04*	30-Oct-24	152
VEHBV	2.82*	30-Jan-25	60
VarrocCorp Holding B.V.	4.95	31-Jan-24	285
VarrocCorp Holding B.V.	2.10	30-Apr-24	210
VarrocCorp Holding B.V.	28.25#	30-Apr-24	335
VarrocCorp Holding B.V.	20.57#	30-Jul-24	244
VarrocCorp Holding B.V.	16.41#	30-Oct-24	152
VarrocCorp Holding B.V.	13.40#	30-Jan-25	60

Name of the Subsidiary	Amount (₹ Million)	Due date	Extent of delay (days)
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	0.77	31-Mar-20	1815
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	2.00	31-Mar-21	1450
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	2.06	31-Mar-22	1085
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	2.25	31-Mar-23	720
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	2.54	31-Mar-24	354

* This interest on loans given to Varroc European Holdings B.V. Netherlands ("VEHBV") aggregating ₹ 29.40 Million has not been accrued in books of account post impairment of the underlying loans. The loan amount granted to VEHBV, Netherlands aggregating ₹ 199.80 million outstanding as at March 31, 2025 has been impaired. #Interest receivable outstanding as at March 31, 2025

- (d) The following amounts are overdue for more than ninety days from subsidiaries to whom loan has been granted, and reasonable steps have been taken by the Company for recovery of the overdue amount of interest.

Number of Cases	Principal Amount Overdue	Interest Overdue (Amount in ₹ million)	Total Overdue (Amount in ₹ million)
15	Nil	108.69*	108.69*

*Out of INR 108.69 Million of outstanding interest from subsidiaries, interest amount aggregating ₹ 26.58 Million has not been accrued in the books of account. Further, ₹ 3.49 Million has been impaired.

- (c) During the year, the Company has granted fresh loans to companies to settle the loans granted to these parties prior to those falling due.

Name of the Parties	Aggregate amount of loans or advances in the nature of loans granted during the year (₹ in million)	Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties (₹ in million)	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
	A	B	B/A
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	118.57	63.57	54%

Other than the above, there were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

- (f) As disclosed in note 16 to the financial statements, the Company has granted loans which are repayable on demand or without specifying any terms or period of repayment:

	Subsidiaries
Aggregate amount of loans –	
Repayable on demand (₹ in Million)	1,128.64*
Percentage of loans repayable on demand to the total loans	93%

*This excludes ₹ 199.80 million outstanding from VEHBV (100% subsidiary and hence a related party under section 2(76) of the Companies Act 2013) which has been impaired.

- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of loans and advances given, investments made and guarantees and securities given.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of its products and generation of electricity, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount* (₹ In Million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	133.23	AY 2008-09 AY 2013-14 AY 2018-19	Bombay High Court, Ch. Sambhajinagar (Aurangabad) Branch
Income Tax Act, 1961	Income Tax	110.58	AY 2015-16 to AY 2020-21	Commissioner of Income Tax (Appeals), Pune
Income Tax Act, 1961	Income Tax	44.14	AY 2020-21	Income Tax Appellate Tribunal, Pune
Income Tax Act, 1961	Income Tax	95.79	AY 2022-23	Dispute Resolution Panel, Pune
The Central Excise Act, 1944	Excise Duty	118.23	FY 2011-12 to FY 2015-16	Commissioner of Central Excise, Ch. Sambhajinagar (Aurangabad)
The Central Excise Act, 1944 & The Finance Act, 1994	Excise Duty and Service Tax	34.11	FY 2012-13 to FY 2017-18	Various Excise and Service Tax Authorities
Customs Act, 1962	Custom Duty	37.59	FY 2021-22	Commissioner of Customs Mumbai
Goods and Service tax, 2017	Goods and Service Tax	866.89#	2017 -2018 to 2023-2024	Assistant Commissioner of Commercial Taxes (Enforcement)
Goods and Service tax, 2017	Goods and Service Tax	728.11^	2017 -2018 to 2023-2024	Additional Commissioner, Ch. Sambhajinagar (Aurangabad)
Goods and Service Act, 2017	Goods and Service Tax	59.27	FY 2017-18 to FY 2020-21	Various GST Authorities
State Value Added Tax	Value Added Tax	2.53	2006 -2007 & 2017 - 2018	Various VAT authorities

* Against the litigation amounts as mentioned above, ₹ 49.47 Million have been deposited with the respective authorities.

#This includes interest of ₹ 302.67 million and penalty of ₹ 564.19 million

^ This pertains to interest of ₹ 98.18 million and penalty of ₹ 629.93 million

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not avail any term loan during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial statements of the Company, the Company has used funds raised on short-term basis in the form of current borrowings/payables aggregating to ₹ 3,243.04 million for loans to overseas subsidiaries which have been written off (hence considered as long-term utilization)
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor or secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) (d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 53 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37(b) to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37(b) to the financial statements.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 25105754BMITLI3154

Place : Pune

Date: May 29, 2025

Appendix A referred to in Annexure 1 of our report clause 2b of even date

1. Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Refer Note 1 of Note 22(a)(i) of the Standalone Financial Statements)	Post closure adjustments	
1	June 30, 2024	4,418.91	4,578.08	(159.17)	(159.17)	-	-
2	Sept 30, 2024	5,062.90	5,225.09	(162.19)	(162.19)	-	-
3	Dec 31, 2024	5,009.48	5,219.93	(210.45)	(210.45)	-	-
4	March 31, 2025	4,466.09	4,652.46	(186.37)	(186.37)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Refer Note 2 of Note 22(a)(i) of the Standalone Financial Statements)	Post closure adjustments (Refer Note 3 of Note 22(a)(i) of the Standalone Financial Statements)	
1	June 30, 2024	2,405.37	6,131.12	(3,725.75)	(3,723)	(2.75)	-
2	Sept 30, 2024	3,302.88	7,163.90	(3,861.02)	(3,861.02)	-	-
3	Dec 31, 2024	2,523.80	6,405.10	(3,881.30)	(3,881.30)	-	-
4	March 31, 2025	3,161.25	6,968.61	(3,807.36)	(3,795.26)	(12.10)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Refer Note 4 of Note 22(a)(i) of the Standalone Financial Statements)	Post closure adjustments (Refer Note 5 of Note 22(a)(i) of the Standalone Financial Statements)	
1	June 30, 2024	7,972.58	6,920.92	1,051.66	1,068.91	(17.25)	-
2	Sept 30, 2024	8,539.71	7,606.97	932.74	936.95	(4.21)	-
3	Dec 31, 2024	8,092.91	6,812.92	1,280.07	1,197.55	82.52	-
4	March 31, 2025	8,155.48	7,039.70	1,115.78	1,061.64	54.14	-

II Varroc Polymers Limited (Now merged with the Company - Refer Note 55 (b)) :

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Refer Note 1 of Note 22(a)(ii) of the Standalone Financial Statements)	Post closure adjustments	
1	June 30, 2024	1,415.34	1,459.83	(44.49)	(44.49)	-	-
2	Sept 30, 2024	1,643.50	1,695.81	(52.31)	(52.31)	-	-
3	Dec 31, 2024	1,693.32	1,727.75	(34.43)	(34.43)	-	-
4	March 31, 2025	1,365.90	1,442.73	(76.83)	(76.83)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Refer Note 3 of Note 22(a) (ii) of the Standalone Financial Statements)	Post closure adjustments (Refer Note 2 of Note 22(a) (ii) of the Standalone Financial Statements)	
1	June 30, 2024	1,282.56	3,373.53	(2,090.97)	(2,090.97)	-	-
2	Sept 30, 2024	1,240.71	3,711.74	(2,471.03)	(2,471.03)	-	-
3	Dec 31, 2024	1,070.55	3,352.73	(2,282.18)	(2,282.03)	(0.15)	-
4	March 31, 2025	2,066.55	3,991.23	(1,924.68)	(1,924.68)	-	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Refer Note 4 of Note 22(a) (ii) of the Standalone Financial Statements)	Post closure adjustments (Refer Note 2 of Note 22(a) (ii) of the Standalone Financial Statements)	
1	June 30, 2024	4,197.66	3,605.59	592.07	592.10	(0.03)	-
2	Sept 30, 2024	4,443.41	3,885.41	558.00	557.98	0.02	-
3	Dec 31, 2024	4,127.30	3,604.51	522.79	522.79	-	-
4	March 31, 2025	4,435.13	4,206.83	228.30	212.30	16.00	-

Annexure 2

to the Independent Auditor's Report of even date on the Standalone Financial Statements of Varroc Engineering Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Varroc Engineering Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone

financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised

acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial

controls with reference to standalone financial statements were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 25105754BMITLI3154

Place : Pune

Date: May 29, 2025

Standalone Balance Sheet as at March 31, 2025

Particulars	Notes	As at March 31, 2025 (₹ in Million)	As at March 31, 2024 (Restated- Refer note 55(b)) (₹ in Million)
ASSETS			
Non current assets			
Property, plant and equipment	3	14,311.34	14,266.00
Capital work-in-progress	3	708.62	435.39
Goodwill	4	183.90	183.90
Intangible assets	5	314.89	447.13
Intangible assets under development	5	26.64	22.68
Right-of-use assets	6	1,755.93	1,608.85
Investments in subsidiaries and joint venture	7	8,373.73	8,373.73
Financial assets			
Investments	8	142.73	119.81
Other financial assets	9	146.60	169.75
Income tax assets (net)		163.57	414.38
Deferred tax assets (net)	24	815.38	1,913.74
Other non-current assets	10	728.25	632.28
Total non-current assets		27,671.58	28,587.64
Current assets			
Inventories	11	5,831.98	5,071.49
Financial assets			
Investments	12	-	648.11
Trade receivables	13	5,227.80	3,501.58
Cash and cash equivalent	14	591.42	684.95
Other bank balances	15	412.05	177.79
Loans	16	1,290.01	1,019.03
Other financial assets	17	136.21	265.59
Other current assets	18	2,966.14	1,989.69
Total current assets		16,455.61	13,358.23
Total Assets		44,127.19	41,945.87
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	19	152.79	152.79
Other Equity	20	17,724.65	14,962.49
Total equity		17,877.44	15,115.28
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	21	3,129.96	6,422.90
Lease liabilities	6	927.34	1,005.11
Provisions	23	144.70	130.07
Deferred tax liabilities (net)	24	-	251.55
Other non-current liabilities	25	-	13.11
Deferred government grant	29A	226.25	247.41
Total non-current liabilities		4,428.25	8,070.15
Current liabilities			
Financial liabilities			
Borrowings	22	5,427.18	4,987.48
Lease liabilities	6	162.66	124.92
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	26	1,782.37	1,351.26
Total outstanding dues other than micro enterprises and small enterprises	26	10,144.94	9,443.03
Acceptances		663.30	152.47
Other financial liabilities	27	1,956.98	1,214.44
Provisions	28	277.69	270.59
Other current liabilities	29	1,310.46	1,125.08
Deferred government grant	29A	95.92	91.17
Total current liabilities		21,821.50	18,760.44
Total liabilities		26,249.75	26,830.59
Total equity and liabilities		44,127.19	41,945.87

Summary of material accounting policies

2

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

For and on behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

Gautam Khandelwal

Director

(DIN 00270717)

per Paul Alvares

Partner

Membership No : 105754

Place : Pune

Date : May 29,2025

K. Mahendra Kumar

Group CFO

Place : Pune

Date : May 29,2025

Ajay Sharma

Company Secretary

(M No: ACS9127)

Standalone Statement of Profit and Loss

for the year ended March 31, 2025

Particulars	Notes	For the year ended March 31, 2025 (₹ in Million)	For the year ended March 31, 2024 (Restated- Refer note 55(b)) (₹ in Million)
Income			
Revenue from operations	30	73,685.82	66,760.16
Other income	31	276.24	288.69
Total income		73,962.06	67,048.85
Expenses			
Cost of materials consumed	32	48,960.09	43,588.18
Changes in stock of finished goods and work-in-progress	33	(286.40)	(258.69)
Employee benefits expense	34	6,693.88	6,050.15
Finance costs	36	1,622.26	1,843.05
Foreign exchange (gain)/loss (net)	31A	(96.99)	(110.61)
Depreciation and amortisation expense	35	2,517.36	2,664.39
Other expenses	37	10,744.98	10,512.69
Total Expenses		70,155.18	64,289.16
Profit before tax and exceptional items		3,806.88	2,759.69
Exceptional items [Refer Note 13, 52 and Note 55(b)]		208.12	45.00
Profit before tax		3,598.76	2,714.69
Income tax expense			
Current tax		-	38.01
Excess provision for tax relating to prior periods		(5.32)	199.79
Net current tax		(5.32)	237.80
Deferred tax		845.58	(2,772.23)
Total tax expense	39	840.26	(2,534.43)
Profit for the year		2,758.50	5,249.12
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/(losses) of defined benefit obligation		4.89	(19.64)
Income tax relating to these items		(1.23)	4.94
Other comprehensive income for the year (net of tax)		3.66	(14.70)
Total comprehensive income for the year		2,762.16	5,234.42
Earnings per equity share [Nominal value per share: ₹ 1 (Previous year : ₹ 1)]	49		
Basic and Diluted		18.05	34.36

Summary of material accounting policies

2

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

For and on behalf of the Board of Directors

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Tarang Jain

Chairman and Managing Director
(DIN 00027505)

Gautam Khandelwal

Director
(DIN 00270717)

per Paul Alvares

Partner

Membership No : 105754

Place : Pune

Date : May 29,2025

K. Mahendra Kumar

Group CFO

Place : Pune

Date : May 29,2025

Ajay Sharma

Company Secretary
(M No: ACS9127)

Standalone Statement of Cash Flows

for the year ended March 31, 2025

Sr. No	Particulars	Year ended March 31, 2025		Year ended March 31, 2024 (Restated- Refer note 55(b))	
		(₹ in Million)		(₹ in Million)	
A	Cash flow from operating activities				
	Net profit before tax and exceptional items		3,806.88		2,759.69
	Adjustments for:				
	Depreciation and amortization expense	2,517.36		2,664.39	
	Provision for doubtful debts / advances	(1.58)		167.76	
	Unrealised exchange (gain)/loss on restatement of intercorporate loan	(23.22)		0.80	
	Realised exchange gain on intercorporate loan refund	-		(49.50)	
	Finance costs	1,622.26		1,843.05	
	Rent income other than investment property	(3.10)		(2.87)	
	Profit on sale of investments	(3.13)		(14.46)	
	Provisions/liabilities no longer required written back	(0.46)		(1.11)	
	(Profit)/Loss on sale of Property, plant and equipment / Intangible assets	5.51		(19.74)	
	Increase in surrender value of key man insurance	(18.33)		(27.85)	
	Dividend income	(125.79)		(125.79)	
	Interest income	(120.16)	3,849.36	(86.37)	4,348.31
	Operating profits before working capital changes		7,656.24		7,108.00
	Adjustments for changes in working capital				
	Trade receivables	(1,739.72)		316.26	
	Trade payables	1,448.09		1,260.30	
	Inventories	(760.49)		(175.35)	
	Other financial assets	171.53		(88.95)	
	Other current and non current asset	(745.57)		(1,334.44)	
	Provisions	26.62		(3.15)	
	Other financial liabilities	615.28		123.34	
	Other current and non current liabilities	155.86	(828.40)	103.24	201.25
	Cash generated from operations		6,827.84		7,309.25
	Income tax paid (net of refund)		245.49		(409.48)
	Net cash flow generated from operating activities		7,073.33		6,899.77
B	Cash flow from investing activities				
	(Purchase of)/Proceeds from sale of current investments	651.24		(336.98)	
	Purchase of property, plant and equipment	(2,721.10)		(1,918.05)	
	Dividend received	125.79		125.79	
	Interest received	66.69		86.37	
	Proceeds from sale of property, plant and equipment	87.00		55.16	
	Rent received on other than investment property	3.10		2.87	
	Intercorporate Loans to subsidiaries	(600.43)		(1,035.42)	
	Intercorporate loan repaid by subsidiaries	406.08		687.28	
	Fixed deposits (placed)/ redeemed (net)	(234.93)		75.48	
	Investment in Subsidiary	-		(69.97)	
	Purchase of non current Investment	(97.19)		(119.63)	
	Net cash used in investing activities		(2,313.75)		(2,447.10)

Standalone Statement of Cash Flows

for the year ended March 31, 2025

Sr. No	Particulars	Year ended March 31, 2025		Year ended March 31, 2024 (Restated- Refer note 55(b))	
		(₹ in Million)		(₹ in Million)	
C	Cash flow from financing activities				
	Repayment of long term borrowings	(4,459.34)		(8,069.99)	
	Proceeds from long term borrowings	-		4,500.00	
	Proceeds from /(repayment of) short term borrowings (net)	1,606.10		(414.08)	
	Payment of principal portion of lease liability	(367.77)		(157.06)	
	Payment of interest on lease liability	(99.66)		(97.54)	
	Interest paid	(1,532.44)		(1,909.26)	
	Net cash flow used in financing activities		(4,853.11)		(6,147.93)
	Net decrease in cash and cash equivalents		(93.53)		(1,695.26)
	Opening cash and cash equivalents		684.95		2,380.21
	Closing cash and cash equivalents		591.42		684.95
	Cash and cash equivalents consists of				
	Cash in hand (refer note 14)		0.01		0.02
	Current accounts (refer note 14)		106.38		178.21
	Deposit with maturity of less than 3 months (refer note 14)		485.03		506.72
			591.42		684.95

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 outflow of cash and cash equivalents.

Summary of Material Accounting Policies

2

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

For and on behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

Gautam Khandelwal

Director

(DIN 00270717)

per Paul Alvares

Partner

Membership No : 105754

Place : Pune

Date : May 29,2025

K. Mahendra Kumar

Group CFO

Place : Pune

Date : May 29,2025

Ajay Sharma

Company Secretary

(M No: ACS9127)

Standalone Statement of Changes in Equity

for the year ended March 31, 2025

A Equity share capital

(₹ in Million)

Particulars	Note	No of Shares		Equity Share Capital	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Balance at the beginning of the year	19	15,27,86,400	15,27,86,400	152.79	152.79
Add:- issue of new shares		-	-	-	-
Balance at the end of the year		15,27,86,400	15,27,86,400	152.79	152.79

B Other equity

(₹ in Million)

Particulars	Note	Retained earnings	General reserve	Capital reserve	Securities premium	Total
Balance at April 1, 2024 (Restated- Refer note 55(b))	20	(6,529.40)	2,690.04	226.71	13,340.72	9,728.07
Profit for the year		5,249.12	-	-	-	5,249.12
Remeasurement of defined benefit obligation (net of tax)		(14.70)	-	-	-	(14.70)
Balance at March 31, 2024 (Restated- Refer note 55(b))	20	(1,294.98)	2,690.04	226.71	13,340.72	14,962.49
Profit for the year		2,758.50	-	-	-	2,758.50
Remeasurement of defined benefit obligation (net of tax)		3.66	-	-	-	3.66
Balance at March 31, 2025	20	1,467.18	2,690.04	226.71	13,340.72	17,724.65

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

For and on behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

Gautam Khandelwal

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per Paul Alvares

Partner

Membership No : 105754

Place : Pune

Date : May 29,2025

K. Mahendra Kumar

Group CFO

Place : Pune

Date : May 29,2025

Ajay Sharma

Company Secretary

(M No: ACS9127)

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

1 Corporate information

Varroc Engineering Limited (the "Company") (CIN L28920MH1988PLC047335) is engaged in the business of manufacturing of automobile components. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at L-4 M.I.D.C Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad)-431136.

The Company has 29 manufacturing plants, 3 research and development centres, 3 wind power and 1 solar power projects in India and caters to customers both in the domestic and international markets. The above financial statements were authorised for issue in accordance with a resolution of the Board of directors on May 29, 2025.

During the year, Varroc Polymers Limited ('VPL') (a wholly owned subsidiary of the Company) merged with the Company with appointed date of April 01, 2024 pursuant to a scheme of amalgamation approved by the National Company Law Tribunal ('NCLT') vide its order dated January 10, 2025 (Refer Note 55(b)).

2 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

(i) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Act.

All amounts included in these financial statements are reported in Million of Indian rupees (₹ in Million) except earnings per share data and unless stated otherwise.

All amounts in the financial statements have been rounded off to the nearest million or decimal thereof.

(ii) Use of estimates and assumptions

The preparation of the financial statements requires the management to make certain judgments, estimates and assumptions. It also requires the management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2A.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value (refer accounting policy on financial instruments for details); and
- defined benefit plans, plan assets measured at fair value (refer accounting policy on defined benefit plans for details);

(iv) Current/non-current classification:

All assets and liabilities, other than deferred tax assets and liabilities, have been classified as current or non-current as per the company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities

A) Property, plant and equipment

Tangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Class of Asset	Useful life considered
Factory buildings	30 years
Office buildings	60 years
Plant and machinery, factory equipment, tools and electrical installation/ fittings	8-12 years
Moulds	2-7 years
Computers	3-6 years
Vehicles	2-5 years
Furniture and fixtures	5-10 years
Office equipment	2-5 years

The useful lives have been determined based on technical evaluation done by the management's expert which are different than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation on additions is provided on pro rata basis from the date of such additions.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's

carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Goodwill acquired in business combination

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of the goodwill associated with the disposed operation is included in the carrying

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 30-50 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the

related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life of the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(i) Computer software

Software is amortised over a period of 3 years.

(ii) Technical know how

Expenditure on acquiring technical know-how (including income tax and R & D Cess) is capitalised and amortised over a period of six years.

(iii) Non compete fee

Non compete fee paid is capitalised and amortised over a period of 5 years.

(iv) Intellectual Property Right

Intellectual property right pertains to amount paid to acquire right to use technology for engine components which has been capitalised and amortised over a period of 10 years.

(v) Research and development

Research costs are expensed as incurred. Development costs on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the period of development, the asset is tested for impairment annually. Capitalised development costs are amortised over period of underlying project life which is generally 3 years.

B) Investments in subsidiaries/joint venture

The Company accounts for its investments in subsidiaries/joint venture at cost less accumulated impairment losses (if any) in its separate financial statements. The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost. (Refer Note 2.D related to Impairment of Non-Financial Assets).

C) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right of use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and building : 3 to 15 years
- Plant and machinery : 3 to 15 years
- Motor vehicles and other equipment : 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (D) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

D) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the

higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of non-financial assets are recognized in the statement of profit or loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

E) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. There are no general and specific borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset during the year.

F) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- a) Raw materials, Stores and spare-parts, Loose tools and Packing materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- b) Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- c) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- d) Duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) are included in the value of inventory.

G) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

Government grants relating to purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue.

H) Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Amounts disclosed as revenue are net of goods and service tax (GST).

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 120 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Variable consideration

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

Warranty obligations

The Company typically provides warranties for general repairs of defects as per terms of the contract with customers. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (L) Provisions.

Sale of services

Income from services is recognised on the basis of time/work completed as per contract with the customers. The Company collects goods and service tax (GST) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Tooling Revenue

Development of toolings for customers is considered as a separate performance obligation. Revenue from toolings primarily pertaining to automotive lighting business is recognised over time based on the progress towards complete satisfaction of that performance obligation. Such progress is measured based on the proportion that the aggregate costs incurred for work done till the balance sheet date bear to the estimated total costs.

Determination of toolings revenues to be recognised over time necessarily involves making estimates by the Management (some of which are a technical nature) of the costs of completion, the expected revenues from each contract and the foreseeable losses to completion. Foreseeable losses, if any, on the contracts are recognised as an expense in the period in which they are foreseen, irrespective of the stage of completion of the contract.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy, refer note Q - Financial instruments – Financial assets at amortised cost.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

Wind/solar power generation

Income from the wind / solar power generation is recognised when earned on the basis of contractual arrangements with the buyers.

Export Incentives

Income from duty drawback and export incentives is recognised on an accrual basis.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

I) Foreign currency translation

The Company's financial statements are presented in INR, which is also the functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

J) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting

period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and
- (b) defined contribution plans such as provident fund

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company makes contributions to funds for certain employees to the regulatory authorities. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

K) Income tax

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

L) Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Coupon scheme provision

Provision for coupon scheme is recognised based on historical coupon redemption information and any recent trends towards supplies pertaining to other than OEMs. These coupons are expected to be redeemed within 2-3 years.

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

M) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the reporting period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted earnings per share

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

N) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Bank overdraft are

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for the year ended March 31, 2025

shown within borrowings in current liabilities in the balance sheet.

O) Segment reporting

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

P) Financial Instruments

Financial Assets

Initial Recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies for Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The company's business model for managing financial assets refers to how it manages its

financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade and other receivables.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e. removed from the Company balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues

to recognize the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:-

- (a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- (b) Trade receivables or any contractual right to receive cash or another financial asset

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables

In respect of other financial assets E.g.: debt securities, deposits, bank balances etc), the Company generally invests in instruments with high credit rating and consequently low credit risk. In the unlikely event that the credit risk increases significantly, from inception of investment, lifetime ECL is used for recognising impairment loss on such assets.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial instrument (including prepayment, extension, call and

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

similar options) over the expected life of the financial instrument.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortized cost, contract assets:

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Fair value measurement

The Company measures financial instruments, such as, derivatives and investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics

and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions (Note 2A)

Quantitative disclosures of fair value measurement hierarchy (Note 43)

Financial instruments (including those carried at amortized cost) (Note 44, 45 and 46)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- 1 Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- 2 Cash flow hedges when hedging the exposure to variability in cash flows that

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for the year ended March 31, 2025

is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

Hedges of a net investment in a foreign operation-

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Company uses derivative contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Q) Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

R) Dividend

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

S) New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2024. The Company has not early adopted any

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

standard, interpretation or amendment that has been issued but is not yet effective.

(i) Ind AS 117 Insurance Contracts

The Ministry of Corporate Affairs (MCA) notified the Ind AS 117, Insurance Contracts, vide notification dated 12 August 2024, under the Companies (Indian Accounting Standards) Amendment Rules, 2024, which is effective from annual reporting periods beginning on or after 1 April 2024.

Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Ind AS 117 replaces Ind AS 104 Insurance Contracts. Ind AS 117 applies to all types of insurance contracts, regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The application of Ind AS 117 does not have material impact on the Company's financial statements as the Company has not entered any contracts in the nature of insurance contracts covered under Ind AS 117.

(ii) Amendments to Ind AS 116 Leases – Lease Liability in a Sale and Leaseback

The MCA notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024, which amend Ind AS 116, Leases, with respect to Lease Liability in a Sale and Leaseback.

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 April 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of Ind AS 116.

The amendments do not have a material impact on the Company's financial statements.

T) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company will adopt this new and amended standard, when it becomes effective.

Lack of exchangeability – Amendments to Ind AS 21

The Ministry of Corporate Affairs notified amendments to Ind AS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 2A: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, following are significant judgements made by the management:

1) De-recognition of trade receivables under factoring arrangements

The Company enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. The Company derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of de-recognition of trade receivables under the factoring arrangements is complex and requires judgement. (Refer note 13)

2) Allowability of deduction on write-off of loans to subsidiary under the Income Tax Act, 1961

During the year ended March 31, 2024, the Company derecognised (written-off) loans given to VarrocCorp Holding BV ('VCHBV'), Netherlands including interest on such loans aggregating to ₹ 13,533.33 million (including ₹ 1,736.89 million by Varroc Polymers Limite ('VPL'), wholly owned subsidiary, now merged with the Company as explained in Note 55(b)) after making requisite submissions to AD Bank. The Company claimed this write-off on loans as an allowable business loss, considering

that these loans extended to VCHBV were in the nature of trade investments to derive benefits for the Company's businesses rather than for earning dividend/capital appreciation. The Company obtained legal opinions from two independent senior counsels who have supported their view on claiming this write-off of loans as an allowable business loss. Accordingly, VPL considered this loss as tax deductible for computation of current tax provision to the extent of ₹ 437.14 million and the Company recognised deferred tax asset of ₹ 2,968.93 million on such loss during the year ended March 31, 2024. These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) which were fully provided for during the period ended September 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium SE, France. Further, the Company shifted to new tax regime under section 115BAA of Income Tax Act, 1961 from financial year ended March 31, 2024. As a result, MAT credit of ₹ 265.34 million was written off and deferred tax liability to the extent of ₹ 254.54 million was reversed on account of lower tax rate under new regime, which were included in the total tax expense for the year ended March 31, 2024.

Significant management judgement involved with respect to deductibility of such expenditure under Income tax Act, 1961 considering the same as business expenditure (refer note 24)

3) Merger accounting for merger of Varroc Polymers Limited ('VPL') (wholly-owned subsidiary of the Company) with the Company

Pursuant to provisions of Section 230-232 of the Companies Act, 2013, the Board of Directors of the Company on May 17, 2024 had approved the scheme of amalgamation of Varroc Polymers Limited ('VPL') (a wholly owned subsidiary of the Company) with Varroc Engineering Limited ('VEL') with appointed date of April 01,

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

2024 ('the Scheme'). National Company Law Tribunal ('NCLT') approved the above scheme vide its order dated January 10, 2025 and the merger became effective on February 01, 2025 on filing of the NCLT order with the Registrar of Companies.

Significant management judgement was involved regarding assessment of this transaction as a common control merger as per Appendix C to Ind AS 103 - Business Combinations. Accordingly, the comparative period for the year ended March 31, 2024 presented in these financial statements has been restated to include the effects of this merger. (refer note 55(b))

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

1) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about gratuity obligation are given in Note 42.

2) Deferred taxes

At each reporting date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize/carry forward deferred tax assets. This assessment requires the use of significant estimates/assumptions with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income change or if changes in current tax regulations are enacted. (Refer note 23 for details)

3) Provision for warranty

Warranties are provided for a specified period of time. The estimated liability for warranties is recorded when the products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and our estimates regarding possible future incidence based on actions on product failures. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Actual claims incurred in the future may differ from the management's original estimates, which may materially affect warranty expenses.

Notes to the Financial Statements

for the year ended March 31, 2025

Note 3 - Property, plant and equipment

Year ended March 31, 2025

Asset class	Gross carrying amount			Accumulated depreciation			Net Carrying Amount	
	As at April 1, 2024 (restated)	Additions	Disposals	As at April 1, 2024 (restated)	Depreciation charge for the year	Disposals	As at March 31, 2025	As at March 31, 2024 (restated)
Freehold land	282.57	-	-	-	-	-	282.57	282.57
Factory buildings	5,024.22	210.64	10.10	1,522.46	212.60	8.09	3,497.79	3,501.76
Office buildings	919.28	0.71	2.66	141.59	21.80	2.65	756.59	777.69
Plant and machinery	19,717.88	1,812.29	269.45	10,766.29	1,632.93	197.90	9,059.40	8,951.59
Electrical installations	643.53	87.35	6.03	409.40	53.40	5.79	267.84	234.13
Computers	369.70	21.64	5.71	299.57	31.71	5.71	60.06	70.13
Mould and dies	1,077.55	81.75	40.76	845.80	110.38	22.40	184.76	231.75
Electrical fittings	133.77	3.17	1.26	82.86	9.22	1.25	44.85	50.91
Vehicles	113.82	14.80	3.22	66.79	13.38	2.91	48.14	47.03
Furniture and fixtures	312.97	22.18	0.41	223.38	33.56	0.39	78.19	89.59
Office equipments	192.94	13.74	0.41	164.09	11.44	0.41	31.15	28.85
Total	28,788.23	2,268.27	340.01	14,522.23	2,130.42	247.50	14,311.34	14,266.00

Capital work-in-progress as at March 31, 2025

Particulars	Amount
Opening capital work-in-progress (restated)	435.39
Add : Addition during the year	2,541.50
Less : Capitalised during the year	(2,268.27)
Closing capital work-in - progress	708.62

Notes to the Financial Statements

for the year ended March 31, 2025

A. The Capital work-in-progress ageing schedule as at March 31, 2025, is as follows :

Particulars	Project with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	698.14	5.07	5.41	-	708.62
Total	698.14	5.07	5.41	-	708.62

(₹ in Million)

There are no CWIP for which completion is overdue or has exceeded its cost compared to its original budget.

Capital work in progress mainly comprises Factory building, plant and machinery and factory equipments under installation.

Year ended March 31, 2024

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at April 1, 2023 (restated)	Additions	Disposals	As at March 31, 2024 (restated)	Depreciation charge for the year (restated)	Disposals	As at March 31, 2024 (restated)	As at March 31, 2023 (restated)
Freehold land	203.90	78.67	-	282.57	-	-	282.57	203.90
Factory buildings	4,816.98	240.62	33.38	5,024.22	226.94	31.28	3,501.76	3,490.18
Office buildings	912.63	6.65	-	919.28	19.49	-	777.69	790.53
Plant and machinery	18,742.30	1,505.15	529.57	19,717.88	1,670.33	470.37	8,951.59	9,175.97
Electrical installations	578.81	81.78	17.06	643.53	63.76	14.56	234.13	218.61
Computers	349.69	24.04	4.03	369.70	35.96	4.03	70.13	82.05
Mould and dies	958.92	130.43	11.80	1,077.55	113.04	10.59	845.80	215.57
Electrical fittings	136.74	2.31	5.28	133.77	11.46	4.82	50.91	60.52
Vehicles	97.97	36.54	20.69	113.82	11.42	19.26	47.03	23.34
Furniture and fixtures	367.44	11.39	65.86	312.97	40.25	58.63	89.59	125.68
Office equipments	182.05	12.42	1.53	192.94	14.13	1.44	28.85	30.65
Total	27,347.43	2,130.00	689.20	28,788.23	2,206.78	614.98	14,266.00	14,417.00

(₹ in Million)

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Capital work-in-progress as at March 31, 2024

(₹ in Million)

Particulars	Amount
Opening capital work-in-progress (restated)	906.80
Addition during the year	1,658.59
Capitalised during the year	(2,130.00)
Closing capital work-in-progress (restated)	435.39

A. The Capital work-in-progress ageing schedule as at March 31, 2024, is as follows :

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	394.46	40.46	0.47	-	435.39
Total	394.46	40.46	0.47	-	435.39

There are no CWIP for which completion is overdue or has exceeded its cost compared to its original budget.

Capital work in progress mainly comprises plant and machinery and factory equipments under installation.

Notes:

- Refer note 48 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Office building includes premises on ownership basis in a Co-operative Society ₹ 6.3 Million, including cost of shares therein of ₹ 125/- per share.
- Refer note 21 for disclosures relating to charges/securities created against PP&E
- The title deeds for all the immovable properties are in the name of the Company, except as follows :-

Description of property	Gross carrying value (₹ in Million)	Held in name of	Whether promoter director or their relative or employee	Period held (Refer Note 2)	Reason for not being held in name of company
Free Hold Land	175.64	Varroc Polymers Limited	No	01.04.2024	Refer Note 1
Buildings	60.77	Varroc Polymers Limited	No	01.04.2024	Refer Note 1

Note1: The title of the asset transferred pursuant to the scheme of amalgamation are in the process of being transferred in the name of the Company.

Note 2: Period held has been considered from the appointed date as defined in the scheme of amalgamation.

Note 3: Subsequent to March 31, 2025, title deeds of Freehold land having Gross carrying amount of ₹ 98.60 million have been transferred in the name of the Company.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 4 : Goodwill

Goodwill acquired through business combination has been allocated to the CGUs Plant 3300 - Bangalore [earlier known as Team Concepts Private limited ('TCPL')- merged with the Company in FY 2020-21] for impairment testing .

Carrying amount of goodwill allocated TCPL - CGUs as at March 31, 2025 and March 31, 2024 is ₹ 183.90 million.

The Company performed its annual impairment test for years ended March 2025 and March 2024 on March 31, 2025 and March 31, 2024 respectively. The Company considers the relationship between the fair value (based on DCF) of each CGU and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amount of the CGU, has been determined based on a value in use calculation using cash flow projections from financial budget approved by senior management. As a result of the analysis, management did not identify impairment.

Key assumptions used for value in use calculations and the sensitivity to changes in these assumptions for CGUs which have Goodwill amounts which are significant in comparison to the total carrying amount of goodwill are as follows:

CGU	Basis	March 31, 2025		March 31, 2024	
		Assumption used	Sensitivity	Assumption used	Sensitivity
TCPL (Recoverable amount in excess of carrying amount of the CGU is ₹ 249.00 million (March 31, 2024 : ₹ 301.70 million))	WACC	14.50%	Increase by 10.4% would result in impairment	14.00%	Increase by 3.5% would result in impairment
	Terminal Growth rate	5.00%	Decrease by 27.4% would result in impairment	5.00%	Decrease by 5.5% would result in impairment

Note 5 - Intangible assets

Year ended March 31, 2025

(₹ in Million)

Asset class	Gross carrying amount				Amortisation				Net carrying amount	
	As at April 1, 2024 (restated)	Additions	Disposals	As at March 31, 2025	As at April 1, 2024 (restated)	Amortisation charge for the year	Disposals	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024 (restated)
Software	845.70	74.04	-	919.74	661.66	105.25	-	766.91	152.83	184.04
Technical	28.30	-	-	28.30	28.30	-	-	28.30	-	-
Knowhow	112.22	-	-	112.22	105.57	6.65	-	112.22	-	6.65
Compete Fees	301.99	-	-	301.99	126.74	31.37	-	158.11	143.88	175.25
Intellectual Property Right Capitalised development costs	664.44	-	-	664.44	583.25	63.01	-	646.26	18.18	81.19
Total	1,952.65	74.04	-	2,026.69	1,505.52	206.28	-	1,711.80	314.89	447.13

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Intangible assets under development as at March 31, 2025

(₹ in Million)

Particulars	Amount
Opening balance (restated)	22.68
Addition during the year	78.00
Capitalised during the year	(74.04)
Closing balance	26.64

Intangible assets under development pertain to a software related to payroll function.

A. The intangible assets under development ageing schedule as at March 31, 2025, is as follows :

(₹ in Million)

Particulars	Project with ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	9.82	16.82	-	-	26.64
Total	9.82	16.82	-	-	26.64

There are no intangible assets under development for which completion is overdue or has exceeded its cost compared to its original budget

Year ended March 31, 2024

Asset class	Gross carrying amount				Amortisation				Net carrying amount	
	As at April 01, 2023 (restated)	Additions	Disposals	As at March 31, 2024 (restated)	As at April 01, 2023 (restated)	Amortisation charge for the year (restated)	Disposals	As at March, 2024 (restated)	As at March 31, 2024 (restated)	As at March 31, 2023 (restated)
Software	685.90	159.83	0.03	845.70	589.46	72.23	0.03	661.66	184.04	96.44
Technical Knowhow	28.30	-	-	28.30	26.72	1.58	-	28.30	-	1.58
Non Compete Fees	112.22	-	-	112.22	90.76	14.81	-	105.57	6.65	21.46
Intellectual Property Right	301.99	-	-	301.99	95.37	31.37	-	126.74	175.25	206.62
Capitalised development cost	635.55	28.89	-	664.44	429.17	154.08	-	583.25	81.19	206.38
Total	1,763.96	188.72	0.03	1,952.65	1,231.48	274.07	0.03	1,505.52	447.13	532.48

Intangible assets under development as at March 31, 2024

(₹ in Million)

Particulars	Amount
Opening balance (restated)	59.77
Addition during the year	151.63
Capitalised during the year	(188.72)
Closing balance (restated)	22.68

Intangible assets under development pertain to a software related to payroll function.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

A. The intangible assets under development ageing schedule as at March 31, 2024, is as follows :

(₹ in Million)

Particulars	Project with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	19.12	3.30	0.26	-	22.68
Total	19.12	3.30	0.26	-	22.68

There are no intangible assets under development for which completion is overdue or has exceeded its cost compared to its original budget

Note 6 - Right of use assets

The Company has lease contract for premises/building used for its operations with lease terms of 2-10 years, and for lease hold land with lease term of 30-99 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (mainly Laptops) (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

(i) Amounts recognised in balance sheet

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
	Land and Building	Land and building
Opening balance	1,608.85	1,526.89
Add: Additions during the year	333.36	287.30
Less: Deduction during the year	-	(54.88)
Add/(Less): Stamp duty, Prepaid rent	(5.62)	33.08
Less: Depreciation for the year (refer note 35)	(180.66)	(183.54)
Closing balance	1,755.93	1,608.85

Note :- Right of use assets where lease agreements are not executed in favour of the company are as follows:-

(₹ in Million)

Description of property	Gross carrying value (₹ in Million)	Held in name of	Whether promoter director or their relative or employee	Period held (Refer Note 2)	Reason for not being held in name of company
Right to Use Asset- Land	241.49	Varroc Polymers Limited	No	01-04-2024	Refer note 1
Right to Use Asset- Building	34.62	Varroc Polymers Limited	No	01-04-2024	Refer note 1

Note1: The title of the asset transferred pursuant to the scheme of amalgamation are in the process of being transferred in the name of the Company.

Note 2: Period held has been considered from the appointed date as defined in the scheme of amalgamation.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(b) Set out below are the carrying amounts of lease liabilities and the movements during the period

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Opening balance	1,130.03	1,021.59
Add: Addition during the year	84.90	289.01
Add: Accretion of interest (refer note 36)	99.66	97.54
Less:- Deduction during the year	-	(58.82)
Less: Payments during the year	(224.59)	(219.29)
Closing balance	1,090.00	1,130.03

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Current	162.66	124.92
Non Current	927.34	1,005.11
Total lease liability	1,090.00	1,130.03

Following is maturity profile of Contractual undiscounted cash flows as on March 31, 2025:*

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non-current					Total of Non- Current
			2026-27	2027-28	2028-29	2029-30	More than 5 years	
Lease liabilities	10%	253.60	259.70	202.77	190.44	153.70	399.83	1,206.44

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Following is maturity profile of Contractual undiscounted cash flows as on March 31, 2024: (restated)*

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non-current					Total of Non- Current
			2025-26	2026-27	2027-28	2028-29	More than 5 years	
Lease liabilities	10%	227.09	234.06	239.18	181.23	167.81	535.93	1,358.21

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(ii) Amounts recognised in statement of profit and loss account

The statement of profit or loss shows the following amounts relating to leases

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Depreciation expense of right-of-use assets (refer note 35)	180.66	183.54
Interest expense on lease liabilities (refer note 36)	99.66	97.54
Amounts included in Rent expense (refer note 37)		
Expense relating to leases of low-value assets	246.50	194.66
Total amount recognised in statement of profit and loss	526.82	475.74

The Company had total cash outflows for leases of ₹ 471.09 million for the year ended March 31, 2025 (previous year : ₹ 413.95 million). The company does not have non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2025

(iii) Extension and termination options

As at March 31, 2025, the Company has no potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Note 7

(a) Investments in subsidiaries and joint venture

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at March 31, 2025	As at March 31, 2024 (restated)
		March 31, 2025	March 31, 2024		
Investment in subsidiaries- equity instruments at cost fully paid up (unquoted)					
Durovalves India Private Limited	₹10.00	31,44,730	31,44,730	324.78	324.78
Varroc European Holding B.V.	€ 100.00	2,07,670	2,07,670	1,300.42	1,300.42
VarrocCorp Holding B.V.	€ 100.00	5,67,145	5,67,145	9,672.02	9,672.02
Varroc Japan Co. Ltd	¥10.00	10,000	10,000	0.10	0.10
Varroc Connect Private Limited (formerly known as CarlQ Technologies Private Limited)	₹1.00	3,10,807	3,10,807	262.37	262.37
Total (A)				11,559.69	11,559.69
Less : Provision for impairment in equity investment in subsidiaries (B)					
VarrocCorp Holding B.V. (refer note 52)				(1,900.79)	(1,900.79)
Varroc European Holding B.V.				(1,300.42)	(1,300.42)
Total (B)				(3,201.21)	(3,201.21)
Total non current investment (A+B)				8,358.48	8,358.48

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(b) Investment in joint venture - equity instruments at cost

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at March 31, 2025	As at March 31, 2024 (restated)
		March 31, 2025	March 31, 2024		
Varroc Dell'Orto Private Limited	₹10.00	15,25,000	15,25,000	15.25	15.25
Total (C)				15.25	15.25
Total (A+B+C)				8,373.73	8,373.73

Note 8 Non-current investments

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at March 31, 2025	As at March 31, 2024 (restated)
		March 31, 2025	March 31, 2024		
Investment in fully-paid equity instruments valued at Fair Value through Profit or Loss (unquoted)					
The Saraswat Co-operative Bank Limited	₹10.00	10,000	11,000	0.10	0.11
AMP Energy C&I Twenty One Private Limited (Maharashtra)	₹10.00	64,80,000	64,80,000	18.06	64.80
AMP Energy C&I Five Private Limited (Tamil Nadu)	₹10.00	7,64,610	7,64,610	7.65	7.65
AMP Energy C&I Six Private Limited (Karnataka)	₹10.00	36,050	36,050	0.36	0.36
AMP Energy C&I Six Private Limited (Karnataka) Compulsory Convertible Debenture	₹1,000.00	3,245	3,245	3.25	3.25
AMP Energy C&I Twenty Private Limited (Maharashtra)	₹10.00	38,16,000	38,16,000	10.63	38.16
Ampin Energy C&I Thirty Three Private Limited (Maharashtra)	₹10.00	79,20,000	-	79.20	-
AMP Energy Green Thirteen Private Limited (Uttar Pradesh)	₹10.00	54,000	-	0.54	-
AMP Energy Green Thirteen Private Limited (Uttar Pradesh) Compulsory Convertible Debenture	₹1,000.00	4,860	-	4.86	-
Ampin Energy C&I Thirty Four Private Limited	₹10.00	18,00,000	-	18.00	-
Others					
Share Application Money in AMP Energy Green Thirteen Private Limited				-	5.40
Investment in Government securities valued at amortised cost (unquoted)					
National Saving Certificates				0.08	0.08
Total non-current investments				142.73	119.81

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 9 Non-current - Other financial assets (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Security deposits (considered good, unsecured)	124.86	151.04
Insurance claim receivable	2.36	-
Deposits with original maturity more than 12 months	19.38	18.71
Total non-current other financial assets	146.60	169.75

Note 10 Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Capital advances	305.98	62.52
Provision for capital advances	(2.51)	(11.63)
Net capital advances	303.47	50.89
Amount paid under protest	95.96	50.34
Prepaid expenses	149.30	99.11
VAT recoverable	-	0.14
Government grant receivable	179.52	431.80
Total other non-current assets	728.25	632.28

Note 11 Inventories

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Raw materials [includes material in transit of ₹ 88.93 million (March 31, 2024 : ₹ 27.09 million)]	2,348.75	1,929.28
Work-in-progress	956.86	958.10
Finished goods [includes finished goods in transit of ₹ 487.44 million (March 31, 2024 : ₹ 493.88 million)]	2,120.09	1,832.45
Stores and spare-parts	268.15	222.33
Loose tools	82.08	84.07
Packing material	56.05	45.26
Total inventories	5,831.98	5,071.49

Note 12 Current investments

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Investment in Mutual Funds (valued at Fair Value through Profit or Loss) (quoted)		
HSBC Overnight Direct Fund Number of Units : Nil, (March 31, 2024 : 4,76,920.040)	-	597.54
HSBC Liquid Direct Fund Number of Units : Nil, (March 31, 2024 : 21,018.700)	-	50.57
Aggregate book value and market value of quoted investments	-	648.11

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 13 Trade receivables (valued at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Trade receivables	5,029.93	3,303.73
Receivable from related parties (refer note 47)	197.87	197.85
Total trade receivables	5,227.80	3,501.58
Break-up of trade receivables		
External receivables (Unsecured, considered good)	5,029.93	3,303.73
External receivables (credit impaired)	190.31	184.00
Related Party (Unsecured, considered good)	197.87	197.85
Total	5,418.11	3,685.58
Less : Impairment allowance (external receivables - credit impaired)	(190.31)	(184.00)
Total	5,227.80	3,501.58
Presented as -		
Current Portion	5,227.80	3,501.58
Non-Current Portion	-	-

For outstanding Trade Receivables, the ageing schedule is as follows :

As at March 31, 2025

(₹ in Million)

Particulars	Unbilled*	Outstanding for following periods from the due date of payment						Total
		Not Due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
A) Receivables from external parties								
1) Undisputed Trade Receivables - considered good	110.53	3,749.31	1,138.70	27.65	3.74	-	-	5,029.93
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired (refer note a below)	-	-	12.47	0.04	164.03	-	13.77	190.31
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Particulars	Unbilled*	Outstanding for following periods from the due date of payment						Total
		Not Due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
B) Receivable from related parties								
1) Undisputed Trade Receivables - considered good	-	97.05	14.76	4.00	9.47	18.53	54.06	197.87
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total	110.53	3,846.36	1,165.93	31.69	177.24	18.53	67.83	5,418.11

As at March 31, 2024 (restated)

(₹ in Million)

Particulars	Unbilled*	Outstanding for following periods from the due date of payment						Total
		Not Due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
A) Receivables from external parties								
1) Undisputed Trade Receivables - considered good	46.05	1,853.19	1,404.49	-	-	-	-	3,303.73
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired	-	-	101.52	62.51	4.49	0.60	15.45	184.57

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Particulars	Unbilled*	Outstanding for following periods from the due date of payment						Total
		Not Due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
B) Receivable from subsidiaries/Joint ventures								
1) Undisputed Trade Receivables - considered good	-	76.18	43.10	3.70	20.81	45.87	8.19	197.85
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total	46.05	1,929.37	1,549.11	66.21	25.30	46.47	23.64	3,686.15

*Unbilled trade receivables majorly include price variation adjustment.

Credit risk

There are no trade receivables which have significant increase in credit risk as at March 31, 2025 and March 31, 2024 other than disclosed above.

Credit period

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 120 days.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 47.

Pursuant to an arrangement with certain banks, the company has sold to the banks certain of its trade receivable on a non-recourse basis. The receivables sold were mutually agreed upon with the respective bank after considering the creditworthiness and contractual terms with the customers. The company has transferred substantially all the risks and rewards of ownership of such receivables sold to the bank, and accordingly, the same were derecognized in the Balance-sheet. As at March 31, 2025, the amount of trade receivable derecognized to the aforesaid arrangement ₹ 6,993.36.mn (March 31, 2024 : ₹ 6,139.71.mn)

Note (a): 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 has recognised a provision for the expected credit loss of trade receivables as exceptional item amounting to ₹12.10 million for the year ended March 31, 2025.

Note 14 Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Cash in hand	0.01	0.02
Bank balances		
In current accounts	106.38	178.21
Deposits with original maturity of less than 3 months	485.03	506.72
Total cash and cash equivalents	591.42	684.95

Note 15 Other bank balances

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Deposits with original maturity more than 3 months but less than 12 months	412.05	177.79
Total other bank balances	412.05	177.79

Note 16 Loans (Current) (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Unsecured, considered good		
Loan to Subsidiaries (refer note 47)	1,208.64	991.07
Interest receivable on loan to subsidiaries (refer note 47)	81.25	27.78
Loans to employees	0.12	0.18

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Unsecured, considered doubtful	1,290.01	1,019.03
Loan to subsidiary (refer note 47)	199.80	199.80
Provision for impairment (refer note 52)	(199.80)	(199.80)
Interest receivable on loan to subsidiary (refer note 47)	3.41	3.41
Provision for impairment of interest on loan to subsidiaries (refer note 52)	(3.41)	(3.41)
	-	-
Total current loans	1,290.01	1,019.03

Loan to subsidiary is non-derivative financial asset and the loan is repayable on demand. (refer note 54)

The particulars of loans are disclosed below as required by Sec 186(4) of the Companies Act 2013

(₹ in Million)

Name of the borrower	Interest rate	Due Date	Secured/ unsecured	As at March 31, 2025*	As at March 31, 2024* (restated)
Varroc Connect Private Limited (formerly known as CarlQ Technologies Private Limited)	10%	Earlier of March 18, 2028 or on demand	Unsecured	80.00	30.00
		Repayable on Demand		5.00	-
VarrocCorp Holding B.V.#	Euribor+2.5%	Repayable on Demand	Unsecured	1,031.26	961.07
Varroc European Holding B.V.#	Euribor+2.5%	Repayable on Demand	Unsecured	292.18	199.80
Total				1,408.44	1,190.87

*These loans have been utilized for meeting their working capital requirements and further investment in subsidiaries (refer note 54)

#Represents loan amounts before impairment provision.

Details of loans and advances given

As at March 31, 2025

Type of Borrower	Interest rate	Amount of Loan outstanding (₹ in Million)	Amount of Interest outstanding (₹ in Million)	Total Principal and Interest outstanding (₹ in Million)	Percentage to the total loans and advances in the nature of loans
Subsidiary Company within India	10%	85.00	0.27	85.27	5.70%
Subsidiary Company outside India	Euribor+2.5%	1,323.44	84.39	1,407.83	94.30%
Total		1,408.44	84.66	1,493.10	100.00%

As at March 31, 2024 (restated)

Type of Borrower	Interest rate	Amount of Loan outstanding (₹ in Million)	Amount of Interest outstanding (₹ in Million)	Total Principal and Interest outstanding (₹ in Million)	Percentage to the total loans and advances in the nature of loans
Subsidiary Company within India	10%	30.00	9.16	39.16	3.20%
Subsidiary Company outside India	Euribor+2.5%	1,160.87	22.03	1,182.90	96.80%
Total		1,190.87	31.19	1,222.06	100.00%

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 17 Other financial assets (Current)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Derivative instruments at Fair Value through Profit and Loss		
Foreign exchange forward contracts	-	1.02
Non-derivative financial asset at amortised cost		
Earmarked balances with banks		
Balance with bank for unpaid dividend	0.14	0.14
Security deposits	135.54	70.53
Surrender value of keyman insurance receivable	-	193.37
Others	0.53	0.53
Total other current financial assets	136.21	265.59

Note 18 Other current assets

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Advance to suppliers	361.97	324.10
Prepaid expenses	148.94	141.14
Balance with government authorities	62.84	57.49
Government grant receivable	2,189.26	1,277.05
Export and other incentives	19.03	28.75
Contract assets	30.46	30.33
Others	153.64	130.83
Total other current assets	2,966.14	1,989.69

Note 19 Share capital

(₹ in Million)

Particulars	Number of Shares as at		As at March 31, 2025	As at March 31, 2024 (restated)
	March 31, 2025	March 31, 2024		
Authorized:				
Equity shares of Re.1 each (previous year Re.1 each)	25,45,00,000	25,45,00,000	254.50	254.50
Equity shares of ₹10 each (previous year ₹10 each) on account of amalgamation of Varroc Polymers Limited with the Company	54,90,000	54,90,000	54.90	54.90
Preference shares of ₹ 1 each (previous year Re.1 each)	25,00,00,000	25,00,00,000	250.00	250.00
			559.40	559.40
Issued, subscribed and paid-up:				
Equity shares of ₹ 1 each (previous year ₹ 1 each) fully paid up	15,27,86,400	15,27,86,400	152.79	152.79
	15,27,86,400	15,27,86,400	152.79	152.79

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(a) Movement in issued share capital

Equity shares

Particulars	Numbers	₹ in Million	Numbers	₹ in Million
	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024	As at March 31, 2024
Outstanding at the beginning of the year	15,27,86,400	152.79	15,27,86,400	152.79
Add/(Less):- Movement during the year	-	-	-	-
Outstanding at the end of the year	15,27,86,400	152.79	15,27,86,400	152.79

(b) Rights, preferences and restrictions attached to equity shares

The Company has equity shares having a par value of ₹ 1 per share (previous year Re.1 per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2025		As at March 31, 2024	
	Numbers of shares Face value ₹ 1	% of shareholding	Numbers of shares Face value ₹ 1	% of shareholding
Equity shares				
Mr. Tarang Jain	6,07,29,800	39.75%	6,07,29,800	39.75%
TJ Holdings Trust	3,38,50,000	22.16%	3,38,50,000	22.16%
Naresh Chandra Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
Suman Jain Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
HDFC Trustee Company Limited-HDFC Flexi Cap Fund *	81,81,424	5.35%	44,06,179	2.88%

* Based on legal ownership of the shares. There are multiple beneficial holders for this holding which are individually less than 5%.

(d) Details of shares held by Promoters in the Company

Particulars	As at March 31, 2025		As at March 31, 2024		Change During the year	
	Numbers of shares Face value ₹ 1	% of shareholding	Numbers of shares Face value ₹ 1	% of shareholding	Numbers of shares Face value ₹ 1	% of shareholding
Equity shares						
Promoter						
Mr. Tarang Jain*	6,07,29,800	39.75%	6,07,29,800	39.75%	-	-

*Mr. Tarang Jain additionally holds 33,850,000 Equity Shares in his capacity as the Trustee of TJ Holdings Trust.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(e) The Company during the preceding five years:

- Has not allotted shares pursuant to contracts without payment received in cash.
- Has not issued shares by way of bonus shares.
- Has not bought back any shares.

Note 20 Other equity

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Retained earnings		
Balance at the beginning of the year	(1,294.98)	(6,529.40)
Add/ (Less) : Profit/(Loss) for the year	2,758.50	5,249.12
Add/ (Less) : Remeasurement of post-employment benefit obligation (net of tax)	3.66	(14.70)
Balance at the end of the year	1,467.18	(1,294.98)
General reserve		
Balance at the beginning of the year	2,690.04	2,690.04
Balance at the end of the year	2,690.04	2,690.04
Capital reserve		
Balance at the beginning of the year	226.71	226.71
Balance at the end of the year	226.71	226.71
Securities premium		
Balance at the beginning of the year	13,340.72	13,340.72
Balance at the end of the year	13,340.72	13,340.72
Total other equity	17,724.65	14,962.49

Nature and purpose of reserves

General reserve

General reserve is the retained earning of the Company which is kept aside out of the Company's profits to meet future (known or unknown) obligations.

Capital reserve

Capital reserve is not available for distribution as dividend.

Securities premium

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Note 20A Proposed dividend on equity shares

Proposed dividend for the year ended March 31, 2025 Of ₹ 152.79 million at ₹ 1 per share (March 31,2024 Nil). Proposed dividend is subject to approval at annual general meeting and is not recognised as a liability at March 31, 2025.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 21 Non- current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Secured		
Debentures		
25,000 8.60% Non-convertible debentures of ₹100,000 each	1,544.70	2,162.70
Term loans		
Rupee loans from banks	1,585.26	3,795.68
Rupee loans from financial Institutions	-	464.52
Total non-current borrowings	3,129.96	6,422.90

Maturity profile of borrowings as at March 31, 2025

Particulars	Effective Interest Rate	Current (refer note 22)	Non-Current					Total of non-current
			2026-27	2027-28	2028-29	2029-30	More than 5 years	
Non-Convertible Debentures	8.60%	618.00	618.00	618.00	308.70	-	-	1,544.70
Term Loans	7.60 % to 9.45%	1,623.03	893.45	601.00	90.81	-	-	1,585.26
Total		2,241.03	1,511.45	1,219.00	399.51	-	-	3,129.96

Maturity profile of non-current borrowings as at March 31, 2024 (restated)

Particulars	Effective Interest Rate	Current (refer note 22)	Non-Current					Total of non-current
			2025-26	2026-27	2027-28	2028-29	More than 5 years	
Non Convertible Debentures	8.60%	305.50	618.00	618.00	618.00	308.70	-	2,162.70
Term Loans	7.85 % to 10.15%	3,096.77	2,353.75	906.02	721.01	279.42	-	4,260.20
Total		3,407.43	2,971.75	1,524.02	1,339.01	588.12	-	6,422.90

Nature of Security

1) Rupee Term Loans from Banks are secured by:

(a) HSBC BANK

- (i) Working Capital Term Loan (WCTL) of ₹ 400 Million and INR 435 Million having outstanding balance of ₹ 100.00 Million and ₹200.00 Million respectively, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) are secured by way of second pari-passu charge on current assets of the Company along with other banks. Further secured by second charge on movable fixed assets of the Company situated at:

- Varroc Engineering Limited, Plant IV - Plot No. M-140-141, MIDC Industria Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra
- Varroc Engineering Limited, Corporate Office, Plot No. L-4, MIDC Industria Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(3) Varroc Engineering Limited, Pant Nagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand

(ii) Term Loan of ₹ 1,000 Million availed in November 2023 outstanding balance as on March 31, 2025. ₹ 906.25 million

(1) Varroc Engineering Limited, Plant IV - Plot No. M-140-141, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra

(2) Varroc Engineering Limited, Corporate Office, Plot No. L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra

(3) Varroc Engineering Limited, Pant Nagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand

(b) ICICI BANK

(i) ICICI BANK Rupee Term Loan of ₹ 1250 Million having outstanding balance of ₹747.62 million is secured on exclusive charge basis by way of mortgage of immovable properties situated at:

(1) B-3020 & 3040, Marvel Edge, Viman Nagar, Pune, Maharashtra

(2) Plot No. 35-A, Udyog Vihar, Greater Noida, Uttar Pradesh

(3) 58th Mile Stone, Opp. Mittal Orchards, Village Binola, Dist. Gurgaon, Haryana State

(4) Plot No. 136-B, Harohalli Industrial Area, Kanakapura Taluk, Ramanagara Distt. Karnataka

(5) Plot No. 271 & 272(P), Nara Sapura Industrial Area, Nara Sapura, Dist. Kolar – 563133 Karnataka State"

(c) IndusInd Bank

(i) IndusInd Bank Ltd Rupee Term loan of ₹ 1,000 Million (balance as on 31st March 2025 ₹468.75 million) is secured on exclusive first charge by way of Hypothecation of Fixed Assets of the following plants of Company situated at :

(1) Plot No. E-4, MIDC, Waluj, Aurangabad – 431136 (M.S.) : Movable Fixed Assets

(2) Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501 (M.S.) : R&D Centre Movable Fixed Assets

(3) Gat No. 12/1 and Gat No. 12/2 situated at Village Shivaji Nagar , Tal. Sakri, Dist. Dhule (M.S.) : Movable Fixed Assets

(4) Plot No. 103/4, Maswad, GIDC, Expansion Estate, Halol-II, Dist. Panchmahal, Gujarat – 389 350 : Movable and Immovable Fixed Assets

(5) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune : Movable Fixed Assets

(6) Plot No. K - 103, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) - 431136 (M.S.)

(ii) IndusInd Bank Ltd Rupee Term loan of ₹ 1250 Million (balance as on 31st March 2025 ₹ 125.00 million) is secured on exclusive first charge by way of Hypothecation on Movable and Immovable Fixed Assets of the following plants of Company situated at :

(1) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune - 412106 (M.S.) : Immovable Fixed Assets

(2) Plot No. E-88, MIDC, Ranjangaon, Tal. Shirur, Dist. Pune (M.S.) : Movable Fixed Assets

(3) Gut No. 99, Village Pharola, Tal. Paithan, Dist. Aurangabad - 431105 : Immovable Fixed Assets

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

- (iii) IndusInd Bank Ltd Rupee Term loan of ₹ 750 Million (balance as on 31st March 2025 ₹ 300.00 million) is secured on exclusive first charge by way of Hypothecation on Immovable Fixed Assets of the following plants of Company situated at :

- (1) Survey No 154/1, 154/3 And 155/2, Karsanpura, Mandal, Ahmedabad, Gujarat, 382130.
- (2) Plot No. 601-A&B Sector-III, Industrial Area, Pithampur, Dist. Dhar – 454775.
- (3) Survey No. 128-1B & 129-1B, Ezhichur Village, Sriperambudurtaluk, Kancheepuram Dist. (Chennai) 603 204

(d) Saraswat Co. Operative Bank

- (i) Saraswat Co. operative Bank Ltd. Term loan of ₹ 750 million (balance as on March 31, 2025. ₹ 291.67 million is secured on exclusive charge by way of mortgage of immovable properties situated at:-

- (1) Plot no E-88 ,MIDC,Ranjangaon, Tal.Shirur, Dist Pune Maharashtra.
- (2) Plot No M-165-167, MIDC, Waluj Aurangabad 431136 Maharashtra.

2) 8.60% Non-convertible debentures of ₹ 100,000 each (Balance as on March 31,2025 ₹2,187.50 Million) are Secured by:

Exclusive charge by way of Hypothecation on the specific identified movable properties of the Company situated at:

- (1) Varroc Engineering Limited, VEL III, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra
- (2) Varroc Engineering Limited, VEL VII (Valves), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra
- (3) Varroc Engineering Limited, VEL VII (Forging), Plot No. L-4, MIDC, Waluj, Aurangabad – 431136, Maharashtra
- (4) Varroc Engineering Limited, Lighting Plant, Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra
- (5) Varroc Engineering Limited, Lighting Plant, Plot No. 1(P), Gut No. 51 to 59, Village Bhambholi, Tal. Khed, Dist. Pune– 410501, Maharashtra

3) Borrowings pertaining to following charges have been repaid, however Company is in process of filing charge satisfaction documents as at March 31, 2025

- a. Tata Capital: Immovable fixed assets located at Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand

b. ICICI Bank

- (1) Immovable fixed assets located at Plot No. C-3 in the Chakan Industrial Area, Phase-II and within village limits of Bhamboli Taluka, sub-district Khed, district Pune

(2) Movable Fixed assets located at:

- (i) Plot No. 271 and 272 Part, Narasapara, Industrial Area, Yandrakayipura, Kolar, Karnataka, 563133
- (ii) 136 B, Harohalli Industrial Area, Phase - 2, Kanakapura Tal. Dist. Ramanagara, Bengaluru Karnataka, 562112
- (iii) Survey No. 128-1B & 129-1B, Ezhichur Village, Sriperambudurtaluk, Kancheepuram Dist. 603 204 (Chennai)
- (iv) Plot No. 601-A&B Sector-III, Industrial Area, Pithampur, Dist. Dhar – 454775

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

4) Debt covenants :

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net borrowings to EBITDA ratio and debt service coverage ratio. Company is in compliance with these debt covenants as at March 31, 2025.

The asset cover in respect of the Non-Convertible Debentures of the Company as on March 31, 2025 is 1.57 times of the total due amount which is greater than the requirement of 1.1 times of the said Secured Non-Convertible Debentures.

Note 22 Current borrowings

(₹ in Million)					
Particulars	Maturity Date	Repayment Terms	Interest rate	As at March 31, 2025	As at March 31, 2024 (restated)
Secured					
Cash credit	On Demand	On Demand	8.85 % to 9.50%	5.96	-
Short-term loan from banks	Various	6 Month	5.15%	-	170.00
Unsecured					
Working capital facilities					
Pre-shipment credit (PCRE) from banks	Various	6 Month	8.45% to 8.75%	-	957.99
Pre-shipment credit (PCFC) from banks	Various	6 Month	3.68% to 3.75%	500.19	-
Short-term loan from banks	Various	6 Month	7.95% to 8.19%	2,180.00	452.06
From financial institutions (PO financing)	Various	90 days	8.75%	500.00	-
Total short term borrowing				3,186.15	1,580.05
Current maturities of non-current borrowings					
25,000 8.60% Non convertible debentures of ₹ 100,000 each (refer note 21 for security details)				618.00	305.50
Rupee loans from banks				1,623.03	2,546.92
Rupee loans from financial Institutions				-	549.85
Deferred sales tax loan				-	5.16
Total Current maturities of non current borrowings (refer note 21)				2,241.03	3,407.43
Total current borrowings				5,427.18	4,987.48

Cash credit facilities have been sanctioned from Standard Chartered Bank, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Hongkong and Shanghai Banking Corporation Ltd. and IDFC First Bank Ltd. and are secured by first paripassu charge by way of hypothecation of stocks of raw materials, work in progress, finished goods, consumable, stores and spares, packing materials and receivables of the Company both present and future.

The Company has borrowings from banks or financial institutions on the basis of security of current assets, and quarterly returns or statements of current assets filed by the Company during the current and previous year with banks or financial institutions are in agreement with the books of accounts except as mentioned in Note 22(a) & 22(b).

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Net debt reconciliation	March 31, 2025	March 31, 2024 (restated)
Non-current borrowings (includes current maturities of non-current borrowings (refer note 21 and 22))	(5,370.99)	(9,830.33)
Current borrowings (refer note 22)	(3,186.15)	(1,580.05)
Lease Liabilities (refer note 6)	(1,090.00)	(1,130.03)
Interest accrued but not due (refer note 27)	(20.06)	(29.90)
Liquid investments (refer note 12)	-	648.11
Cash and cash equivalents (refer note 14)	591.42	684.95
Net debt	(9,075.78)	(11,237.25)

Reconciliation of net debt as at March 31, 2025

(₹ in Million)

Particulars	As at April 1, 2024 (restated)	Additions	Cashflows	Interest expenses	Interest paid	Gain on sale of investments	As at March 31, 2025
Non-current borrowings	(9,830.33)	-	4,459.34	-	-	-	(5,370.99)
Current borrowings	(1,580.05)	-	(1,606.10)	-	-	-	(3,186.15)
Lease Liabilities	(1,130.03)	(84.90)	124.93	(99.66)	99.66	-	(1,090.00)
Interest accrued but not due	(29.90)	-	-	(1,522.60)	1,532.44	-	(20.06)
Liquid investments	648.11	-	(651.24)	-	-	3.13	-
Cash and cash equivalents	684.95	-	(93.53)	-	-	-	591.42

Reconciliation of net debt as at March 31, 2024

(₹ in Million)

Particulars	As at April 1, 2023 (restated)	Additions	Cashflows	Interest expenses	Interest paid	Gain on sale of investments	As at March 31, 2024 (restated)
Non-current borrowings	(13,400.32)	-	3,569.99	-	-	-	(9,830.33)
Current borrowings	(1,994.13)	-	414.08	-	-	-	(1,580.05)
Lease Liabilities	(1,021.59)	(289.01)	121.75	(97.54)	97.54	-	(1,130.03)
Interest accrued but not due	(193.55)	-	-	(1,745.51)	1,909.26	-	(29.90)
Liquid investments	296.67	-	336.98	-	-	14.46	648.11
Cash and cash equivalents	2,380.21	-	(1,695.26)	-	-	-	684.95

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 22 (a) : Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Company for the year ended March 31, 2025:

I Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2024	4,418.91	4,578.08	(159.17)	(159.17)	-	-
2	Sept 30, 2024	5,062.90	5,225.09	(162.19)	(162.19)	-	-
3	Dec 31, 2024	5,009.48	5,219.93	(210.45)	(210.45)	-	-
4	March 31, 2025	4,466.09	4,652.46	(186.37)	(186.37)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 2)	Post closure adjustments (Note 3)	
1	June 30, 2024	2,405.37	6,131.12	(3,725.75)	(3,723)	(2.75)	-
2	Sept 30, 2024	3,302.88	7,163.90	(3,861.02)	(3,861.02)	-	-
3	Dec 31, 2024	2,523.80	6,405.10	(3,881.30)	(3,881.30)	-	-
4	March 31, 2025	3,161.25	6,968.61	(3,807.36)	(3,795.26)	(12.10)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments (Note 5)	
1	June 30, 2024	7,972.58	6,920.92	1,051.66	1,068.91	(17.25)	-
2	Sept 30, 2024	8,539.71	7,606.97	932.74	936.95	(4.21)	-
3	Dec 31, 2024	8,092.91	6,812.92	1,280.07	1,197.55	82.52	-
4	March 31, 2025	8,155.48	7,039.70	1,115.78	1,061.64	54.14	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Difference primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days, and export customer balance revaluation. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 3 Re-classification entry pertaining to netting off of receivables against payables.

Note 4 Mainly includes inter company creditors and provision for expenses and import vendor revaluation.

Note 5 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

II Varroc Polymers Limited (Now merged with the Company - Refer Note 55 (b)) :

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2024	1,415.34	1,459.83	(44.49)	(44.49)	-	-
2	Sept 30, 2024	1,643.50	1,695.81	(52.31)	(52.31)	-	-
3	Dec 31, 2024	1,693.32	1,727.75	(34.43)	(34.43)	-	-
4	March 31, 2025	1,365.90	1,442.73	(76.83)	(76.83)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2024	1,282.56	3,373.53	(2,090.97)	(2,090.97)	-	-
2	Sept 30, 2024	1,240.71	3,711.74	(2,471.03)	(2,471.03)	-	-
3	Dec 31, 2024	1,070.55	3,352.73	(2,282.18)	(2,282.03)	(0.15)	-
4	March 31, 2025	2,066.55	3,991.23	(1,924.68)	(1,924.68)	-	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments (Note 2)	
1	June 30, 2024	4,197.66	3,605.59	592.07	592.10	(0.03)	-
2	Sept 30, 2024	4,443.41	3,885.41	558.00	557.98	0.02	-
3	Dec 31, 2024	4,127.30	3,604.51	522.79	522.79	-	-
4	March 31, 2025	4,435.13	4,206.83	228.30	212.30	16.00	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Includes post closure entries posted at the time of finalisation of quarterly financial statement.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 3 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 4 Majorly includes provision for expenses including GST payable, provision for vendor rate increase decrease, pending GRIR accounts, and forex restatement.

Note 22 (b) : Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Company for the year ended March 31, 2024:

I Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2023	4,248.51	4,367.81	(119.30)	(119.30)	-	-
2	Sept 30, 2023	4,250.42	4,443.58	(193.16)	(193.16)	-	-
3	Dec 31, 2023	4,255.13	4,424.75	(169.62)	(169.62)	-	-
4	March 31, 2024	3,892.65	4,190.13	(297.48)	(297.48)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 3)
					Components not considered for the purpose of reporting (Note 2)	Post closure adjustments (Note 4)	
1	June 30, 2023	3,295.97	5,713.00	(2,417.03)	(2,284.62)	-	(132.41)
2	Sept 30, 2023	2,707.11	6,041.15	(3,334.04)	(3,153.38)	-	(180.66)
3	Dec 31, 2023	2,231.92	5,748.93	(3,517.01)	(3,373.22)	-	(143.79)
4	March 31, 2024	2,262.89	5,565.23	(3,302.34)	(3,244.12)	(50.67)	(7.55)

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 5)	Post closure adjustments (Note 6)	
1	June 30, 2023	7,686.14	6,218.92	1,467.22	1,472.59	(5.37)	-
2	Sept 30, 2023	7,803.17	6,570.61	1,232.56	1,246.39	(13.83)	-
3	Dec 31, 2023	7,602.29	6,365.43	1,236.86	1,249.39	(12.53)	-
4	March 31, 2024	7,274.22	6,465.45	808.77	808.77	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Difference primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days, and export customer balance revaluation. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 3 Difference is on account of export cut off sales reversal as per Ind AS 115. Also includes some external customer which were identified as intercompany at the time of reporting to banks.

Note 4 Re-classification entry pertaining to netting off of receivables against payables.

Note 5 Mainly includes inter company creditors and provision for expenses and import vendor revaluation.

Note 6 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

II Varroc Polymers Limited (Now merged with the Company - Refer Note 55 (b)) :

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2023	921.52	939.61	(18.09)	(18.09)	-	-
2	Sept 30, 2023	984.52	977.54	6.98	6.98	-	-
3	Dec 31, 2023	1,136.39	1,158.38	(21.99)	(21.99)	-	-
4	March 31, 2024	1,178.84	1,242.56	(63.72)	(63.72)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2023	1,216.80	1,858.98	(642.18)	(642.18)	-	-
2	Sept 30, 2023	1,189.93	1,839.87	(649.94)	(646.74)	(3.20)	-
3	Dec 31, 2023	2,061.83	2,614.77	(552.94)	(555.27)	2.33	-
4	March 31, 2024	1,363.98	3,389.19	(2,025.21)	(2,023.86)	(1.35)	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments (Note 2)	
1	June 30, 2023	3,719.99	2,964.49	755.50	755.50	-	-
2	Sept 30, 2023	3,876.94	3,330.94	546.00	546.00	-	-
3	Dec 31, 2023	3,653.07	3,077.86	575.21	575.21	-	-
4	March 31, 2024	3,821.87	3,554.73	267.14	306.80	(39.66)	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Includes post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 4 Majorly includes provision for expenses including GST payable, provision for vendor rate increase/decrease, pending GRIR accounts, and forex restatement.

Note 23 Non-current provisions

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Provision for employee benefits		
Compensated absences	144.21	120.02
Provision for coupon scheme (refer note 28)	0.49	10.05
Total non-current provisions	144.70	130.07

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 24 Deferred tax (Asset)/liabilities (net)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
The balance comprises temporary differences attributable to :		
Deferred tax liabilities		
Depreciation and amortisation	903.98	930.57
Others	234.71	352.51
Deferred tax liabilities (Net)	1,138.69	1,283.08
Deferred tax Assets		
Expenses allowable on payment basis	109.68	93.44
Provision for doubtful debts and advances	48.84	47.37
Losses available for offsetting against future taxable income (refer note ii below)	1,378.38	2,448.03
Lease Liability	252.97	279.66
Merger expenses	39.52	-
Others	124.68	76.77
Deferred tax assets (Net)	1,954.07	2,945.27
Closing deferred tax (assets)/liabilities (Net)	(815.38)	(1,662.19)
Closing deferred tax assets	(815.38)	(1,913.74)
Closing deferred tax liabilities	-	251.55
Closing deferred tax (assets)/liabilities (Net)	(815.38)	(1,662.19)
Movement in deferred tax (assets)/ liabilities		
Opening deferred tax (assets) / liabilities	(1,662.19)	1,114.98
Tax income/(expense) during the period recognised in profit or loss	845.58	(2,772.23)
Charged to other comprehensive income		
Tax income/(expense) during the period recognised in OCI	1.23	(4.94)
Closing deferred tax (Asset)/liability	(815.39)	(1,662.19)

Note:

- Deferred tax assets and deferred tax liabilities have been offset as at March 31, 2025 they relate to the same governing taxation laws and Company has legally enforceable right to set-off. As at March 31, 2024 deferred tax asset of ₹ 1913.74 million pertaining to Varroc Engineering Limited and deferred tax liabilities of ₹ 251.55 million pertaining to Varroc Polymers Limited (Wholly owned subsidiary, now merged with Varroc Engineering Limited with appointed date of April 01, 2024) have not been set-off against each other, as the Company did not have legally enforceable right to set-off as at March 31, 2024.
- During the year ended March 31, 2024, the Company derecognised (written-off) loans given to VarrocCorp Holding BV ('VCHBV'), Netherlands including interest on such loans aggregating to ₹ 13,533.33 million (including ₹ 1,736.89 million by Varroc Polymers Limited ('VPL'), wholly owned subsidiary, now merged with the Company as explained in Note 55(b)) after making requisite submissions to AD Bank. The Company claimed this write-off on loans as an allowable business loss, considering that these loans extended to VCHBV were in the nature of trade investments to derive benefits for the Company's businesses rather than for earning dividend/capital appreciation. The Company obtained legal opinions from two independent senior counsels who have supported their view on claiming this write-off of loans as an allowable business loss. Accordingly, VPL considered this loss as tax deductible for computation of current tax provision to the extent of ₹ 437.14 million and the Company recognised deferred tax asset of ₹ 2,968.93 million on such loss during the year ended March 31, 2024. These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) which were fully provided for during the

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

period ended September 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium SE, France. Further, the Company shifted to new tax regime under section 115BAA of Income Tax Act, 1961 from financial year ended March 31, 2024. As a result, MAT credit of ₹ 265.34 million was written off and deferred tax liability to the extent of ₹ 254.54 million was reversed on account of lower tax rate under new regime, which were included in the total tax expense for the year ended March 31, 2024.

Note 25 Other non-current liabilities

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Advances received from customers	-	13.11
Total other non-current liabilities	-	13.11

Note 26 Trade payables

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Total outstanding dues of micro enterprises and small enterprises (refer note 41)	1,782.37	1,351.26
Total outstanding dues other than micro enterprises and small enterprises and related parties	10,062.50	9,408.34
Trade payables to related parties (refer note 47)	82.44	34.69
Total trade payables	11,927.31	10,794.29

For outstanding Trade Payable, the ageing schedule is as follows :

As at March 31, 2025

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						Total
	Unbilled trade payables	Not Due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
A) Payable to third parties							
1) Undisputed payables to micro enterprises and small enterprises	27.26	1,651.91	102.17	0.28	0.42	0.33	1,782.37
2) Undisputed payables to other than micro enterprises and small enterprises	1,169.90	7,683.31	1,150.09	21.74	32.01	5.45	10,062.50
B) Payables to Related Parties	-	36.48	32.87	6.28	6.35	0.46	82.44
Total	1,197.16	9,371.70	1,285.13	28.30	38.78	6.24	11,927.31

As at March 31, 2024 (restated)

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						Total
	Unbilled trade payables	Not Due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
A) Payable to third parties							
1) Undisputed payables to Micro enterprises and small enterprises	19.59	1,324.92	5.88	0.42	0.45	-	1,351.26

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Particulars	Outstanding for following periods from the due date of payment						Total
	Unbilled trade payables	Not Due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
2) Undisputed payables to Other than micro enterprises and small enterprises	916.09	6,948.47	1,468.13	44.01	21.20	10.44	9,408.34
B) Payables to Related Parties	-	14.09	13.33	6.65	0.22	0.40	34.69
Total	935.68	8,287.48	1,487.34	51.08	21.87	10.84	10,794.29

Credit period

Trade payables are non interest bearing and are normally settled on 30 to 90 days terms

Note 27 Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Financial liabilities at amortised costs		
Interest accrued but not due on borrowings*	20.06	29.90
Payable for purchase of capital goods	486.98	349.88
Customer security deposits	92.62	92.84
Employee benefits payable	781.56	741.82
Corporate Credit card	244.07	-
Other	315.49	
Financial liabilities at fair value through Profit or Loss		
Foreign exchange forward contracts	16.20	-
Total other financial liabilities	1,956.98	1,214.44

*Interest payable is normally settled monthly throughout the financial year except interest payable on non convertible debenture (NCD) payable quarterly.

Note 28 Current - Provisions

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Provision for employee benefits		
Gratuity (refer note 42)	100.58	77.71
Compensated absences	108.56	112.45
Others		
Provision for warranties**	67.82	64.67
Provision for coupon scheme***	0.73	15.07
Provision for royalty	-	0.69
Total current provision	277.69	270.59

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Particulars	Warranties		Provision for coupon scheme	
	March 31, 2025	March 31, 2024 (restated)	March 31, 2025	March 31, 2024 (restated)
Balance as at the beginning of the year	64.67	90.78	25.12	28.00
Additions during the year	127.17	50.25	4.74	23.60
Utilization/Reversed during the year	(124.02)	(76.36)	(28.64)	(26.48)
Balance as at the end of the year	67.82	64.67	1.22	25.12
Current Portion	67.82	64.67	0.73	15.07
Non-Current Portion	-	-	0.49	10.05
Total	67.82	64.67	1.22	25.12

** Provision for warranties - The Company provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period. The impact of discounting of these provisions is not material.

*** Provision for coupon scheme - Provision is made for supplies to other than OEMs on estimated cost of coupons redemption. These coupons are expected to be redeemed within 2-3 years. Management estimates the provision based on historical claims information and any recent trends. The impact on discounting of the provision is not material.

Note 29 Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Advance received from customers	592.50	464.33
Statutory dues payable (includes GST, TDS, PF payables)	460.57	443.24
Unclaimed dividends	0.13	0.13
Other payables#	257.26	217.38
Total other current liabilities	1,310.46	1,125.08

Other payables Includes Provision for Schemes & Discounts payable of ₹190.06 Million (March 31, 2024 ₹156.54 Million) for supplies to other than OEMs

Note 29 (A) Deferred government grant

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Balance as at the beginning of the year	338.58	422.34
Recognised during the year*	188.68	219.04
Released to statement of profit and loss (refer note 30)	205.09	302.80
Balance as at the end of the year	322.17	338.58
Current portion	95.92	91.17
Non-current portion	226.25	247.41
Total Deferred Government grant	322.17	338.58

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

*Deferred government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue.

Note 30 Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Revenue from contracts with customers	72,284.47	64,882.24
Other operating revenue	1,401.35	1,877.92
Total	73,685.82	66,760.16

Revenue from contracts with customers

A Disaggregated revenue information

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Timing of revenue recognition		
Goods transferred at a point in time		
Finished goods		
Electrical & Lighting Auto Parts	28,968.92	26,732.87
Steel Forged Products	5,861.16	5,908.85
Polymer Auto Parts	26,293.85	23,106.25
Engine Valves	1,397.95	1,337.06
After Market Auto Parts	7,730.51	7,060.23
Toolings	1,713.74	591.21
Job work	292.99	72.11
Goods/services transferred over period of time		
Sale of Engineering Services	25.35	73.66
Total revenue from contracts with customers	72,284.47	64,882.24
Revenue by region		
India	69,617.36	62,462.79
Asia Pacific	605.35	441.22
Europe	1,097.28	1,076.33
North America	585.31	355.80
Others	379.17	546.10
Total revenue from contracts with customers	72,284.47	64,882.24

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

B Contract balances

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Trade receivables	5,227.80	3,501.57
Contract assets	30.46	30.33
Contract liabilities	592.50	464.33

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 120 days.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities include advances received from customers for delivery of goods, engineering design and development of tools.

Set out below is the amount of revenue recognised from :

(₹ in Million)

Particulars	March 31, 2025	March 31, 2024 (restated)
Amounts included in contract liabilities at the beginning of the year	464.33	274.56

C Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Revenue as per contracted price	72,642.25	65,222.74
Adjustments		
Discount	(357.78)	(340.50)
Revenue from contracts with customers	72,284.47	64,882.24

D Performance obligation

Revenue from contracts with customers include revenue from finished goods, tooling, engineering services and Job work.

Finished goods / tooling / engineering services

For the sale of finished goods the performance obligation is generally satisfied upon its delivery or as per the terms of the customer contract and payment is generally due within 30 to 120 days from delivery.

For sale of toolings, the performance obligation is considered satisfied on billing after approval of the part(s) by the customer. The Company generally receives advance for toolings contracts ranging from 30 % to 50% of the contracted price. The revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Product development/engineering services are considered as related to sale of parts rather than a separate performance obligation. As a result, revenue from engineering services is recognised over the period of production from the date of start of production. Costs incurred in respect of providing engineering services are recognised as intangible assets and amortised over the period of production from the date of start of production. Payments received from customers in respect of product development/engineering services are presented as contract liabilities.

For supply of engineering services to group companies, performance obligation is generally satisfied on the basis of time/work completed as per the contract with the group companies and payment is generally due within 30-60 days.

Development of toolings for the customers has been identified by the Company to be a separate performance obligation. Further, the Company has determined that the performance obligation in respect of development of toolings is satisfied at a point in time. The revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for supply of tooling

The Company provides normal warranty provisions on some of its products sold, in line with the industry practice. The Company considers that the contractual promise made to the customer in the form of warranties for the parts supplied does not meet the definition of separate performance obligation as it does not give rise to additional service.

Job work revenue is recognised when the work is completed and billed to customer.

Other operating revenue

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Government grants (refer note below)	839.70	1,292.51
Scrap sales	280.45	282.62
Wind and solar power generation	84.31	94.25
Export Incentives	60.47	71.14
Management fees	12.94	17.43
Others	123.48	119.97
Total other operating revenue	1,401.35	1,877.92

Note :

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 31 Other income

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Rent income		
- from others	3.10	2.87
Dividend Income from equity investments carried at cost		
- from investments in subsidiaries	125.79	125.79
Interest income		
- from Financial assets measured at amortised cost	21.31	50.16
- from loan to subsidiaries (refer note 47)	72.31	21.03
- from others	21.76	9.54
- on Unwinding of discount on security deposits	4.78	5.64
Net gain on disposal of property, plant and equipment	-	19.74
Net gain on sale of investments	3.13	14.46
Commission on corporate guarantees	3.19	3.27
Liabilities no longer required written back	0.46	1.11
Provision for doubtful loans, advances and debts (Net)	1.58	-
Increase in surrender value of key man insurance	18.33	27.85
Miscellaneous income	0.50	7.23
Total other income	276.24	288.69

31A Foreign exchange gain/(loss) (net)

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Foreign exchange gain	201.89	1,591.11
Foreign exchange loss	(104.90)	(1,480.50)
Foreign exchange gain/(loss) (net)	96.99	110.61

Note 32 Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Raw material at the beginning of the year	1,929.28	2,007.09
Add: Purchases	49,379.56	43,510.37
	51,308.84	45,517.46
Less: Raw material at the end of the year	2,348.75	1,929.28
Total cost of materials consumed	48,960.09	43,588.18

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 33 Changes in Inventories of work-in-progress and finished goods

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Opening balance		
Work-in-progress	958.10	861.57
Finished goods	1,832.45	1,670.29
Total opening balance	2,790.55	2,531.86
Closing balance		
Work-in-progress	956.86	958.10
Finished goods	2,120.09	1,832.45
Total closing balance	3,076.95	2,790.55
Total changes in inventories of work-in-progress and finished goods	(286.40)	(258.69)

Note 34 Employee benefits expense

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Salaries, wages and bonus	5,957.87	5,421.04
Contribution to gratuity and other funds (refer note 42)	371.49	324.35
Staff welfare expenses	364.52	304.76
Total employee benefits expense	6,693.88	6,050.15

Note 35 Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Depreciation of property, plant and equipment (refer note 3)	2,130.42	2,206.78
Amortisation of intangible assets (refer note 5)	206.28	274.07
Amortisation of right of use assets (refer note 6)	180.66	183.54
Total depreciation and amortisation	2,517.36	2,664.39

Note 36 Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Interest on debts and borrowings	1,497.02	1,686.90
Interest and finance charges paid/payable for lease liabilities (refer note 6)	99.66	97.54
Other borrowing cost	25.58	58.61
Total finance cost	1,622.26	1,843.05

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 37 Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Consumption of stores and spares and loose tools	845.87	799.30
Consumption of packing materials	912.35	908.58
Repairs to		
Buildings	15.53	16.89
Machinery	315.13	305.01
Others	548.39	483.44
Communication expenses	34.98	43.77
Water and electricity charges	1,699.81	1,687.74
Rent charges	246.50	194.66
Rates and taxes	27.01	42.22
Contract labour cost	3,035.46	2,669.84
Legal and professional fees	480.37	674.49
Net loss on disposal of Property, plant & equipment and intangible assets	5.51	-
Travelling and conveyance	393.84	351.18
Insurance	110.50	115.03
Payment to auditors (refer note (a) below)	10.58	10.55
Corporate social responsibility expenditure (refer note (b) below)	36.81	26.98
Provision for doubtful loans, advances and debts (net)	-	167.76
Sales promotion, marketing and advertisement cost	172.24	157.88
Freight and forwarding expenses	1,012.71	912.53
Royalty	85.53	99.52
Warranties	127.17	50.25
Miscellaneous expenses	628.69	795.07
Total other expenses	10,744.98	10,512.69

(a) Payment to auditors

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Statutory audit fees (including limited reviews)	9.79	9.50
Others (including certification fees net of reimbursement)*	0.79	1.05
Re-imbursement of expenses	-	-
Total payment to auditors	10.58	10.55

*Excluding ₹ 0.5 million pertaining to merger related certification fees which has been included in exceptional items

(b) Corporate social responsibility expenditure

Details of CSR expenditure

(₹ in Million)

Sr. No.	Particulars	March 31, 2025	March 31, 2024 (restated)
1	Gross amount required to be spent by the Company during the year	29.56	20.52
2	Amount approved by the Board to be spent and actual spent during the year	36.81	26.98

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Sr. No.	Particulars	Amount paid	Amount yet to be paid	Total
3	Amount spent during the year ending March 31, 2025	-	-	-
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	36.81	-	36.81
4	Amount spent during the year ending on March 31, 2024:			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	26.98	-	26.98

(₹ in Million)

Sr. No.	Particulars	Amount paid	Amount yet to be paid	Total
5	Details related to spent / unspent obligations for March 31, 2025			
	i) Contribution to Public Trust	2.66	-	2.66
	ii) Contribution to Charitable Trust (Refer Note 47)	34.15	-	34.15
	iii) Unspent amount in relation to:	-	-	-
	Ongoing project	-	-	-
	Other than ongoing project	-	-	-
6	Details related to spent / unspent obligations for March 31, 2024			
	i) Contribution to Public Trust	1.14	-	1.14
	ii) Contribution to Charitable Trust (Refer Note 47)	25.84	-	25.84
	iii) Unspent amount in relation to:	-	-	-
	Ongoing project	-	-	-
	Other than ongoing project	-	-	-

Excess amount for set off, if any

(₹ in Million)

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per sub-section 5 of section 135	29.56
(ii)	Total amount spent for the financial year	36.81
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7.25
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years if any	Nil
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)] (available till March 31, 2028)	7.25
(vi)	Amount available for set-off in succeeding financial years [(iii)-(iv)] (available till March 31, 2027)	7.84
(vii)	Amount available for set-off in succeeding financial years of earlier years (available till March 31, 2026)	4.42

38 Segment information

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

39 Income tax expense

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
(i) Profit and loss section		
Current tax		
Current tax on profits for the year	-	38.01
Adjustments for current tax of prior periods	(5.32)	199.79
Total current tax expense	(5.32)	237.80
Deferred tax	845.58	(2,772.23)
Total income tax expenses recognised in statement of profit and loss	840.26	(2,534.43)
(ii) Other comprehensive income (OCI) section		
(a) Remeasurement of defined benefit obligation		
Income tax (charged)/reversed to OCI	(1.23)	4.94
Total deferred tax charged to OCI	(1.23)	4.94
Reconciliation of tax expense and the accounting profit :		
Profit before tax	3,598.76	2,714.69
Tax rate	25.168%	25.168%
Income tax expense as per applicable tax rate	905.74	683.23
Non-deductible expenses for tax purposes:		
Corporate social responsibility expenditure	9.26	3.83
Non deductible depreciation	16.26	14.71
Other non-deductible expenditure	(0.28)	100.92
Effect of change in deferred tax rate under new regime	-	(254.54)
MAT Credit written off	-	265.34
Effect of income tax on income/ expenses pertaining to previous years	(94.68)	44.85
Deduction for loan and interest write-off against which provision for impairment was created in previous year *	-	(3,374.13)
Expenses related to divestment- accounted in FY 22-23	-	(20.61)
Others	3.96	1.97
	(65.48)	(3,217.66)
Total tax expense	840.26	(2,534.43)

* Refer note 24 for deduction for write-off of loans given to subsidiaries and interest thereon

40 Expenditure incurred on Research and Development

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
(a) Revenue expenditure- charged to Statement of Profit and Loss	1,533.25	1,154.21
(b) Capital expenditure- excluding building	96.69	98.05
(c) Capital expenditure- building	-	30.93

The revenue expenditure as above comprise of employee benefit costs relating to personnel engaged in R&D activities, consumption of raw materials, stores and spares, power and fuel and other expenses and depreciation directly related to R&D. These expenses have been booked under the respective heads in the statement of profit and loss. Capital expenditure comprises of expenditure on Plant & machinery, factory equipments and software pertaining to R&D.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 41 - Disclosure under Micro, Small and Medium Enterprises Development Act 2006 :

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
a)	Principal amount due to Micro and small enterprises and remaining unpaid as at year end	1,755.11	1,331.67
b)	Interest due to Micro and small enterprises and remaining unpaid as at year end	-	-
c)	Principal amounts paid to Micro and small enterprises, beyond the appointed day during the year	16,497.83	11,546.14
d)	Interest paid, other than under section 16 of MSMED Act, to Micro and small enterprises, beyond the appointed day during the year	-	-
e)	Interest paid, under section 16 of MSMED Act, to Micro and small enterprises, beyond the appointed day during the year	-	32.08
f)	Interest due and payable towards Micro and small enterprises, for payments already made	7.67	9.19
g)	Further interest remaining due and payable for earlier years	19.59	10.40

Note : The Company has a process of sending out confirmations to all vendors, regarding their status as Micro and small enterprises. Based on responses received, the Company marks vendors as Micro, Small and Medium Enterprises and others.

Note 42 - Employee benefit obligation

A Defined contribution plans:

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is as under :

(₹ in Million)

Particulars	March 31, 2025	March 31, 2024 (restated)
(I) Contribution to Employees' provident fund	184.72	159.08
(II) Contribution to Employees' family pension fund	80.24	77.08
Total	264.96	236.16

B Defined benefit plan (Gratuity)

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary plus dearness allowance per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(a) Change in present value of benefit obligations

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Liability at the beginning of the year	785.84	673.91
Service cost	98.85	84.31
Interest expense	54.66	47.74
Transfer of obligation	1.08	(0.02)
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	(1.81)	19.82
Benefits paid	(54.40)	(39.92)
Liability at the end of the year	884.22	785.84

(b) Change in fair value of plan assets

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Fair value of plan assets at the beginning of the year	708.13	613.12
Interest income	51.89	46.70
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	3.08	0.17
Contributions	79.57	93.21
Mortality Charges and Taxes	(4.63)	(5.15)
Benefits paid	(54.40)	(39.92)
Fair value of plan assets at the end of the year	783.64	708.13

(c) The net liability disclosed above relates to funded plan is as follows :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Present value of funded obligations	884.22	785.84
Fair value of plan assets	783.64	708.13
(Surplus)/Deficit of funded plan	100.58	77.71

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Service cost	98.85	84.31
Net interest (income)/expense	2.77	1.04
Transfer In/(Out)	1.08	(0.03)
Net gratuity cost	102.70	85.32

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(e) Expenses to be recognized in statement of other comprehensive income

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)
Remeasurement		
Experience (Gain)/ Losses on plan liabilities	(11.57)	1.94
Experience (Gain)/ Losses on plan assets	(3.80)	1.75
Financial (Gain)/ Losses on plan assets	0.72	(1.92)
Financial (Gain)/ Losses on plan liabilities	9.76	17.87
Total expense/(Income) to be recognized in statement of Other Comprehensive Income	(4.89)	19.64

(f) Valuation in respect of gratuity has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Discount rate	6.60%	7.20%
Salary growth rate	10.00%	10.50%
Expected rate of return on plan assets	7.20%	7.30%
Expected average remaining working life of employees (in years) *	5.46	5.00
Withdrawal Rate		
Service below 5 years	17.00%	19.00%
Service 5 years & above	17.00%	19.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India .

*It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Quantitative sensitivity analysis for significant assumptions are as follows :

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-5.02%	-4.59%
(ii) 1% decrease in discount rate	5.55%	5.03%
(iii) 1% increase in rate of salary escalation	4.24%	3.79%
(iv) 1% decrease rate of salary escalation	-3.98%	-3.57%
(v) 1% increase in withdrawal rate	0.80%	0.67%
(vi) 1% decrease in withdrawal rate	-0.73%	-0.62%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(present value of defined benefit obligation calculated with the Projected Unit Credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Particulars	March 31, 2025	March 31, 2024 (restated)
Major categories of Plan Assets (as % of Total Plan Assets)		
Funds managed by insurer (in %)	100%	100%
Funds managed by insurer (Rupees in Million)	783.64	708.13
Actual Return on plan assets (Rupees in Million)	54.97	46.88
Average Duration		
Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate)	6.53 years	5.93 years

Maturity profile of defined benefit obligation :

The following benefits payments are expected for each of the next five years and the aggregate five years thereafter :

		(₹ in Million)
Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Within 1 year	153.22	152.92
1-2 year	132.90	127.53
2-3 year	128.81	130.58
3-4 year	130.47	123.75
4-5 year	130.69	124.66
5-10 years	643.14	562.83

Expected contributions for the next year

The Company intends to contribute ₹100.60 million towards its gratuity fund during the year ending March 31, 2026. During the year ended March 31, 2025, the Company has contributed ₹79.18 million to its gratuity fund.

Risk Exposure and Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under as companies take on uncertain long-term obligations to make future benefit payments.

1) Liability Risks

Asset-Liability mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

Discount rate risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Future salary escalation and inflation risk -

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

Note 43 - Fair Value Measurement

Financial instruments by category

The following table provides the fair value measurement hierarchy of the Company's asset and liabilities:

(₹ in Million)

Particulars	March 31, 2025		March 31, 2024 (restated)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Amortized cost				
Investments				
- Government securities	0.08	0.08	0.08	0.08
Trade receivables	5,227.80	5,227.80	3,501.58	3,501.58
Loans	1,290.01	1,290.01	1,019.03	1,019.03
Cash and bank balances	1,003.47	1,003.47	862.74	862.74
Other financial assets	282.81	282.81	434.32	434.32
FVPL				
Investments				
- Equity instruments	142.65	142.65	119.73	119.73
- Mutual Funds	-	-	648.11	648.11
Derivative contracts	-	-	1.02	1.02
Total financial assets	7,946.82	7,946.82	6,586.61	6,586.61
Financial liabilities				
Amortized cost				
Fixed Rate Borrowings	5,342.88	5,328.79	6,399.89	6,377.77
Other Borrowings	3,214.26	3,214.26	5,010.49	5,010.49
Lease liabilities	1,090.00	1,090.00	1,130.03	1,130.03
Security deposits	92.62	92.62	92.84	92.84
Trade payables	11,927.31	11,927.31	10,794.29	10,794.29
Acceptances	663.30	663.30	152.47	152.47
Other financial liabilities	1,848.16	1,848.16	1,121.60	1,121.60
FVPL				
Derivative contracts	16.20	16.20	-	-
Total financial liabilities	24,194.73	24,180.64	24,701.61	24,679.49

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(i) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at March 31, 2025	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at Fair Value				
Investments - Equity instruments	-	0.10	142.55	142.65
Total	-	0.10	142.55	142.65
Liabilities measured at fair value				
Foreign exchange forward contracts	-	16.20	-	16.20
Total	-	16.20	-	16.20

(₹ in Million)

Financial Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2025	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments- Government Securities	0.08	-	-	0.08
Total financial assets	0.08	-	-	0.08
Financial Liabilities				
Fixed rate Borrowings	-	5,342.88	-	5,342.88
Other Borrowings	-	3,214.26	-	3,214.26
Lease Liabilities	-	1,090.00	-	1,090.00
Total financial liabilities	-	9,647.14	-	9,647.14

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2024 (restated)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at Fair Value				
Investments - Equity instruments	-	0.11	119.62	119.73
Investments in Mutual funds	648.11	-	-	648.11
Derivative contracts	-	1.02	-	1.02
Total	648.11	1.13	119.62	768.86

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Financial Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2024 (restated)	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments- Government Securities	0.08	-	-	0.08
Total financial assets	0.08	-	-	0.08
Financial Liabilities				
Fixed rate Borrowings	-	6,377.77	-	6,377.77
Other Borrowings	-	5,010.49	-	5,010.49
Lease Liabilities	-	1,130.03	-	1,130.03
Total financial liabilities	-	12,518.29	-	12,518.29

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair value of the financial instruments included in the above tables:

- The Company enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

Commentary

The carrying amounts of trade receivables, loans, other financial assets, cash and bank balances, trade payables/ acceptances and other financial liabilities are considered to be the same as their fair values due to their short-term nature. The fair values of non-current financial assets and non-current financial liabilities also approximate their carrying values.

The borrowings which are at floating rate of interest, fair values as at March 31, 2025 approximate their carrying values.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Investment in equity instruments fair valued at Level 3 pertains to investment in equity shares of various special purpose vehicle (SPV) entities under solar power generation agreements with AMP Energy. These investments have been made in current and previous financial years and are expected to generate benefits in the form of savings in energy costs over the contracted period.

As at March 31, 2025, project for AMP Energy C&I Twenty Pvt Ltd and AMP Energy C&I Twenty one Pvt Ltd are operational. The underlying project of other SPVs is under construction. Management has assessed that based on the present value of estimated future cash flows from the said project, the carrying value approximates its fair value.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 44 - Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and lease liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include Investment, loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, receivables, payables, deposits, investments and derivative financial instruments.

(a) Foreign currency risk

The Company operates internationally and the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk through its sale and purchase of goods and services, mainly in the North America and Europe. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The Company evaluates exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts, to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency. The Company has designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure.

The Company's exposure to foreign currency risk as at March 31, 2025 expressed in INR, is as follows:

(₹ in Million)

Particulars	March 31, 2025				
	USD	EURO	JPY	Other currencies	Total
Financial assets					
Trade receivables					
- Trade receivables (External)	374.86	70.17	-	0.24	445.27
- Trade receivables (Related Parties)	0.44	139.12	-	-	139.56
Interest receivable (Related Parties)*	-	84.40	-	-	84.40
Loans (Related Parties)*	42.80	1,280.64	-	-	1,323.44
Financial liabilities					
Borrowings	-	500.19	-	-	500.19
Trade payables					
- Trade Payable (External)	495.32	17.44	74.76	78.63	666.15
- Trade Payable (Related Parties)	9.05	41.23	13.97	-	64.25
Other financial liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
Net assets / (liabilities)	(86.27)	1,015.47	(88.73)	(78.39)	762.08

*Excluding effect of provision for impairment. Refer note 52.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

The Company's exposure to foreign currency risk as at March 31, 2024 expressed in INR, is as follows:

(₹ in Million)

Particulars	March 31, 2024 (restated)				
	USD	EURO	JPY	Other currencies	Total
Financial assets					
Trade receivables					
- Trade receivables (External)	234.35	44.93	-	0.23	279.51
- Trade receivables (Related Parties)	17.41	72.35	-	-	89.76
Interest receivable	-	22.03	-	-	22.03
Loans (Related Parties)*	41.64	1,119.23	-	-	1,160.87
Financial liabilities					
Trade payables					
- Trade Payable (External)	612.46	34.50	0.74	26.07	673.77
- Trade Payable (Related Parties)	1.99	16.75	6.29	-	25.03
Net assets / (liabilities)	(321.05)	1,207.29	(7.03)	(25.84)	853.37

*Excluding effect of provision for impairment. Refer note 52.

Sensitivity Analysis

For the year ended March 31, 2025 and March 31, 2024, every 5% percentage point appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, would have affected the Company's incremental operating margins by approximately ₹4.31 million and ₹ 16.05 million respectively. And for Euro, every 5% percentage point appreciation/depreciation in the exchange rate would have affected the Company's incremental operating margin by approximately ₹ 50.77 million, previous year ₹ 60.36 million. The sensitivity for net exposure in JPY and in other currencies does not have material impact to Statement of Profit and Loss.

Sensitivity analysis is computed based on the changes in the receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

For the year ended	Currency	Increase/ decrease in base points	Variable rate CC balance / Term loans	Effect on profit before tax
March 31, 2025	INR	+100	3,214.26	(32.14)
March 31, 2025	INR	-100	3,214.26	32.14
March 31, 2024 (restated)	INR	+100	5,010.49	(50.10)
March 31, 2024 (restated)	INR	-100	5,010.49	50.10

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for the year ended March 31, 2025

(c) Other price risk

The Company does not have material investments in equity securities other than investments in its subsidiaries. Hence, equity price risk is considered to be low. Further, the Company's operating activities require the ongoing purchase of various commodities for manufacture of automotive parts. However, the movement in commodity prices are substantially adjusted through price differences as per customer contracts and hence commodity price risk for the Company is also considered to be low.

B Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company only deals with parties which have good credit rating/worthiness given by external rating agencies or based on the Company's internal assessment.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers include marquee OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2025, receivable from Company's top 5 customers accounted for approximately 43.48 % (March 31, 2024: 57.92%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 13. The Company does not hold collateral as security.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's corporate treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties. Credit limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2025 and March 31, 2024 is the carrying amounts as disclosed in note 14 and 15 except for financial guarantees. The Company's maximum exposure relating to financial guarantees is disclosed in note 51 (B).

C Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. As at March 31, 2025, cash and cash equivalents are held with major banks.

Maturities of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

As at March 31, 2025 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Borrowings	5.96	5,421.22	3,129.96	-
Lease liabilities**	-	253.60	806.61	399.83
Trade Payables	-	11,927.31	-	-
Acceptances	-	663.30	-	-
Other financial liabilities	92.62	1,864.36	-	-

As at March 31, 2024 (restated) :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Borrowings*	345.00	4,642.48	6,422.90	-
Lease liabilities**	-	227.09	822.28	535.93
Trade Payables	-	10,794.29	-	-
Acceptances	-	152.47	-	-
Other financial liabilities	92.84	1,121.60	-	-

For financial guarantee contracts, refer note 51 (B).

* Pertains to current maturities of non-current borrowings disclosed as repayable on demand on account of covenant non-compliance during the year ended March 31, 2024

** Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Note 45 - Capital management

(a) Risk management

The Company's capital comprises equity share capital, securities premium, retained earnings and other equity attributable to shareholders.

The Company's objectives when managing capital are to :

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares .

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

The Company monitors debt-equity ratio, which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and other equity attributable to equity shareholders. The debt-equity ratio at the end of the reporting period was as follows.

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
(A) Net debt		
Non-current borrowings (refer note 21)	3,129.96	6,422.90
Current maturities of non-current borrowings (refer note 22)	2,241.03	3,407.43
Current borrowings (refer note 22)	3,186.15	1,580.05
Less : Cash and cash equivalents and other bank balances (refer note 14 and 15)	(1,003.47)	(862.74)
Less : Investment in Liquid and overnight Mutual fund (refer note 12)	-	(648.11)
Net debt (A)	7,553.67	9,899.53
(B) Total equity		
Equity share capital (refer note 19)	152.79	152.79
Other equity (refer note 20)	17,724.65	14,962.49
Total equity (B)	17,877.44	15,115.28
Net debt to equity ratio (A/B)	0.42	0.65

No changes were made in the objectives, policies or processes for managing capital of the Company during the year.

Loan covenants

The Company's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Refer note 21 for details.

(b) Dividends not recognised at the end of the reporting period

Directors have recommended the payment of a final dividend of ₹ 152.79 million at ₹ 1 per equity share (March 31, 2024 ₹ Nil). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Note 46: Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2025

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts- USD/CNY	146.20	-	-	12.67	April 30, 2025	1:1	(CNY/ USD) 7.31	12.67	(12.67)

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Foreign exchange forward contracts-EUR	242.79	-	0.94	-	Various Dates*	1:1	₹ 93.38	(0.94)	0.94
Foreign exchange forward contracts-USD	-	314.46	-	4.47	Various Dates*	1:1	₹ 87.26	4.47	(4.47)

*Maturity Dates vary on account of multiple hedging contracts which range from April 30, 2025 to September 30, 2025.

March 31, 2024 (restated)

(₹ in Million)

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts-EUR	213.93	-	0.46	-	Various Dates	1:1	₹ 90.65	(0.46)	0.46
Foreign exchange forward contracts-USD	74.99	479.65	0.68	0.13	Various Dates	1:1	₹ 83.37	(0.56)	0.56

*Maturity Dates vary on account of multiple hedging contracts which range from April 30, 2024 to September 30, 2024.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 47 : Related party disclosure

a. Related parties and their relationships

A Related parties where control exists

1 Subsidiaries

Durovalves India Private Limited
 Varroc Connect Private Limited
 (formerly known as CarlQ Technologies Private Limited)
 Varroc European Holding B.V. The Netherlands
 Varroc Corp Holding B.V. The Netherlands
 Varroc Japan Co. Ltd Japan

Step Down Subsidiaries

Industria Meccanica E Stampaggio S.p.a., Italy
 Varroc Italy SPA
 Varroc Romania S.A.
 Varroc Vietnam Co. Ltd.
 Varroc Bulgaria EOOD
 Varroc GmbH, Germany
 Varroc Poland S.p.Z.o.o
 Varroc Electronics Romania SRL
 Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.
 Varroc Czech Republic S.R.O.
 Varrec (Thailand) Co., Ltd

2 Jointly Controlled Entities

Varroc Dell'Orto Private Limited
 Varroc TYC Corporation British Virgin Islands
 Varroc TYC Auto Lamps Co,Ltd. China,
 (Subsidiaries of Varroc TYC Corporation, BVI)
 Varroc TYC Auto Lamps Co. Ltd. CQ
 (Subsidiaries of Varroc TYC Auto Lamp Co., China)
 Nuova CTS S.r.L.,Italy

B Other related parties with whom transactions have taken place during the period

3 Key Management Personnel

Chairman & Managing Director

Mr. Tarang Jain

Whole time Directors

Mr. Arjun Jain

Mr. Rohit Prakash (up to August 31, 2023)

Mr. Tarun Tyagi (up to November 13, 2024)

Mr. Vidyadhar Limaye (w.e.f November 13, 2024)

Non-Executive Director

Mr. Dhruv Jain

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Independent Directors

Additional - Non Executive and Independent Director

Group Chief Financial Officer

Company Secretary

Mr. Gautam Khandelwal

Mrs. Vijaya Sampath

Mr. Vinish Kathuria

Mr. Marc Szulewicz

Mrs. Liselott Kilaas (w.e.f. March 27, 2025)

Mr. K. Mahendra Kumar

Mr. Ajay Sharma

C Enterprises or entities owned or controlled by/ over which the Directors and/or key management personnel (and/or their relatives) of the Company, Subsidiaries or Associate Companies or Joint Venture Companies or Entities, exercise significant influence/control, with whom transactions have taken place

Endurance Technologies Limited
Endurance Adler S.P.A.
Varroc Foundation
Scarpa & Colombo S.r.L
Freccia International S.r.L, Italy
Dell'Orto S.P.A.

b) Transactions with Related parties

(₹ in Million)

Sr. No.	Description	Transactions		Balances As at			
		For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)	March 31, 2025		March 31, 2024 (restated)	
				Receivable	Payable	Receivable	Payable
A)	Sale of Goods, fixed asset and services*						
	Durovalves India Private Limited	92.48	47.64	7.24	-	13.37	-
	Endurance Technologies Limited	4.19	4.22	1.06	-	0.18	-
	Endurance Adler S.P.A.	-	2.06	-	-	-	-
	Industria Meccanica E Stampaggio S.p.a.	-	-	5.04	-	4.92	-
	Varroc Dell'Orto Private Limited	187.05	166.18	35.94	-	76.46	-
	Varroc Italy SPA	-	0.13	64.54	-	62.97	-
	Varroc Romania S.A.	-	0.03	0.44	-	0.43	-
	Varroc Vietnam Co. Ltd.	-	6.21	0.00**	-	6.13	-
	Varroc Connect Private Limited	0.07	0.00**	-	-	0.00**	-
	Varroc TYC Auto Lamps Co.Ltd. CQ China	-	-	-	-	1.90	-
B)	Guarantee commission received						
	Varroc Electronics Romania SRL	3.08	3.27	13.46	-	10.05	-
	Industria Meccanica E Stampaggio S.p.a.	0.11	-	0.11	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Sr. No.	Description	Transactions		Balances As at			
		For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)	March 31, 2025		March 31, 2024 (restated)	
				Receivable	Payable	Receivable	Payable
C)	Management consultancy fees received						
	Durovalves India Private Limited	5.00	5.00	1.35	-	1.35	-
	Varroc Dell'Orto Private Limited	7.94	12.43	2.76	-	5.81	-
D)	Rent received						
	Varroc Dell'Orto Private Limited	2.50	2.27	0.47	-	0.41	-
	Varroc Connect Private Limited	0.60	0.60	0.71	-	-	-
E)	Interest received/ receivable						
	Varroc Connect Private Limited	4.90	2.54	0.27	-	9.16	-
	Varroc Corp Holding B.V.The Netherlands	67.18	18.49	80.75	-	18.62	-
	Varroc European Holding B.V.The Netherlands	0.23	-	3.64	-	3.41	-
F)	Loan to Subsidiaries						
	Varroc Connect Private Limited	55.00	5.00	85.00	-	30.00	-
	Varroc Corp Holding B.V.The Netherlands	450.53	1,011.00	1,031.26	-	961.07	-
	Varroc Corp Holding B.V.The Netherlands (Repayment)	(406.08)	(687.28)	-	-	-	-
	Varroc European Holding B.V.The Netherlands#	94.90	-	292.18	-	199.80	-
G)	Reimbursement of expenses (Received/ Receivable)						
	Durovalves India Private Limited	4.47	2.89	0.25	-	1.06	-
	Varroc Dell'Orto Private Limited	0.77	1.55	-	-	1.51	-
	Varroc Vietnam Co. Ltd.	0.28	-	0.30	-	-	-
	Varroc Corp Holding B.V.The Netherlands	34.64	8.85	35.26	-	8.96	-
	Varroc Connect Private Limited	2.72	5.06	8.53	-	5.84	-
H)	Royalty Received/Receivable						
	Varroc TYC Auto Lamps Co.Ltd. CQ China	209.99	-	20.41	-	-	-
I)	Dividend received						
	Durovalves India Private Limited	125.79	125.79	-	-	-	-
J)	Sale of fixed assets to key Mangagerial Personnel						
	Mr. Tarang Jain	-	8.08	-	-	-	-
	Mr. Rohit Prakash	-	1.48	-	-	-	-
K)	Purchase of goods, services and fixed assets*						
	Durovalves India Private Limited	40.40	39.12	-	4.52	-	3.71

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Sr. No.	Description	Transactions		Balances As at			
		For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)	March 31, 2025		March 31, 2024 (restated)	
				Receivable	Payable	Receivable	Payable
	Varroc Connect Private Limited	8.59	5.80	-	4.79	-	0.70
	Varroc Italy SPA	2.07	-	-	21.68	-	12.62
	Varroc Japan Co. Limited	39.84	28.48	-	13.99	-	6.29
	Endurance Technologies Limited	48.96	25.76	-	8.47	-	3.54
	Varroc TYC Auto Lamps Co. Ltd., China	-	-	-	-	-	0.27
	Varroc Electronics Romania S.r.l.	23.77	-	-	7.62	-	0.04
	Varroc Poland S.p.z.oo.	-	258.40	-	-	-	-
	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.	2.00	-	-	0.03	-	-
	Scarpa & Colombo S.r.L	5.31	5.21	-	7.49	-	5.51
L)	Professional charges / Commission Paid/Payable						
	Mr. Gautam Khandelwal	1.54	1.92	-	1.54	-	1.92
	Mr. Marc Szulewicz	1.32	1.35	-	1.32	-	1.35
	Mrs. Vijaya Sampath	2.20	2.20	-	2.20	-	2.20
	Mr. Vinish Kathuria	1.96	2.12	-	1.96	-	2.12
M)	Managerial & KMP Remuneration						
	Mr. Tarang Jain	122.23	103.63	-	-	-	-
	Mr. Arjun Jain	27.46	26.52	-	-	-	-
	Mr. Rohit Prakash	-	17.63	-	-	-	-
	Mr. K. Mahendra Kumar	36.24	33.58	-	-	-	-
	Mr. Ajay Sharma	15.23	14.34	-	-	-	-
	Mr. Tarun Tyagi	8.87	9.03	-	-	-	-
	Mr. Vidyadhar Limaye	4.85	-	-	-	-	-
N)	Directors sitting fees						
	Mr. Gautam Khandelwal	1.96	1.58	-	0.60	-	0.18
	Mr. Marc Szulewicz	0.98	0.90	-	0.20	-	-
	Mrs. Vijaya Sampath	1.30	1.30	-	0.40	-	0.09
	Mr. Vinish Kathuria	1.54	1.38	-	0.30	-	0.09
O)	Reimbursement of expenses (Paid/Payable)						
	Varroc Connect Private Limited	0.36	0.21	-	0.37	-	-
	Durovalves India Private Limited	-	0.03	-	-	-	-
	Freccia International S.r.L, Italy	-	0.11	-	0.31	-	0.30
	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.	-	0.05	-	0.27	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Sr. No.	Description	Transactions		Balances As at			
		For the year ended March 31, 2025	For the year ended March 31, 2024 (restated)	March 31, 2025		March 31, 2024 (restated)	
				Receivable	Payable	Receivable	Payable
P)	Corporate guarantees/ stand by letter of credit ^						
	Varroc Electronics Romania SRL	61.70	-	-	378.32	-	316.62
	Industria Meccanica E Stampaggio S.p.a.	92.48	-	-	92.48	-	-
Q)	Corporate Social Responsibility (CSR)						
	Varroc Foundation	33.15	24.43	-	-	-	-
R)	Royalty Paid/Payable						
	Dellorto S.P.A.	11.39	20.48	-	2.08	-	5.60
S)	Service Fees (R&D Services)						
	Varroc TYC Auto Lamps Co.Ltd. CQ China	3.48	-	-	-	-	-
T)	Sale Commission Paid/payable						
	Scarpa & Colombo Srl - Italy	3.57	3.17	-	-	-	-
U)	Admin Charges Paid						
	Varroc Italy, S.p.A.	16.90	-	-	10.80	-	-

Notes:-

* All the amounts exclusive of taxes, if any.

** Amount below rounding off norm adopted by the Company.

^ The balances at year end pertain to guarantees outstanding as at Balance sheet date.

##Refer note 14 for provision made for doubtful debts.

#This amount is before impairment provision.

There is no provision for doubtful debts related to outstanding balances and no expense has been recognised during the current period in respect of bad or doubtful debts due from related parties.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 48 (a) : Commitments

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
Purchase of property, plant and equipment	2,011.31	1,407.49

Note 49 : Earnings per share

(₹ in Million)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024 (restated)
Earnings per share (EPS)		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million)	2,758.50	5,249.12
Weighted average number of shares outstanding	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees)	18.05	34.36
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million)	2,758.50	5,249.12
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees)	18.05	34.36

Note 50A : Information of investments made in subsidiaries

These financial statements are separate financial statements

Following is the key information of subsidiaries:

Name of entity	Place of business	Relationship	% of ownership	
			As at March 31, 2025	As at March 31, 2024
Varroc Polymers Limited*	India	Subsidiary	-	100%
Durovalves India Private Limited	India	Subsidiary	72.78%	72.78%
Varroc Connect Private Limited (formerly know as CarlQ Technologies Private Limited)	India	Subsidiary	95%	95%
Varroc Japan Co. Limited	India	Subsidiary	100%	100%
VarrocCorp Holding B.V.	Netherlands	Subsidiary	100%	100%
Varroc European Holding B.V.	Netherlands	Subsidiary	100%	100%

The Company has accounted for investments in the above entities at cost less impairment loss, if any.

*Merged with Varroc Engineering limited pursuant to order passed by National Company Law Tribunal (NCLT) dated January 10, 2025 with appointed date of April 01, 2024 (refer note 55b)

Above does not include step-down subsidiaries, which have been disclosed in Note 47

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 50B : Information of investment in joint ventures

Set out below is the joint venture of the Company as at March 31, 2025:

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2025	As at March 31, 2024
Varroc Dell'Orto Private Limited	India	50%	Joint Venture	At Cost	15.25	15.25
Total					15.25	15.25

The joint venture entity is primarily engaged in the business of auto components and services in the automotive industry. Above does not include step-down joint ventures, which have been disclosed in Note 47

Summarised financial information for joint venture

The summarised financial information for joint venture disclosed below, reflects the amounts presented in the financial statements of the joint venture and not Varroc's share of those amounts.

(i) Summarised balance sheet of Varroc Dell'Orto Private Limited

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Current assets		
Cash and cash equivalents	67.26	113.00
Other assets	160.51	170.18
Total current assets	227.77	283.18
Total non-current assets	2.55	1.68
Current liabilities		
Financial liabilities	76.57	147.13
Other liabilities	8.22	5.15
Total current liabilities	84.79	152.28
Non-current liabilities		
Other liabilities	1.62	1.06
Total non-current liabilities	1.62	1.06
Net assets	143.91	131.52

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(ii) Summarised statement of profit and loss

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from operations	559.85	398.53
Cost of Raw Material and components consumed	497.28	334.84
Depreciation and amortisation	0.59	0.83
Finance costs	0.16	0.13
Employee benefit expenses	14.90	11.31
Other Expenses	31.22	22.13
Profit before tax	15.70	29.29
Income tax expense	3.84	7.61
Profit / (Loss) for the year	12.86	21.68
Other comprehensive income	0.51	(0.02)
Total comprehensive income	12.37	21.66
Dividends received	-	-

Commitments and contingent liabilities in respect of joint venture

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Varroc Dell'Orto Private Limited	-	-

Note 51 - Contingent liabilities

(A) Contingent liabilities not provided for :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024 (restated)
a) Claim against the group not acknowledged as debt (Refer (i))		
Disputed excise, service tax and goods and service tax matters	1,561.56	1,334.90
Income tax matters	383.75	227.48
b) Employee related disputes	34.58	34.12
c) Export Promotion Capital Goods (EPCG) (Export obligation against the above ₹ 859.15 million, previous year ₹ 862.83 Million)	143.19	144.28
d) Provident fund liability	See note (ii)	See note (ii)

- (i) The Company is contesting Excise, Service Tax and Goods and Service Tax & Income tax related demand/notices and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands/notices raised. The management believes that the ultimate outcome of the proceedings will not have a material adverse effect on the Company's financial position and results of the operations. The Company has deposited ₹ 49.47 million (previous year ₹ 48.45 million) with the tax authorities against the above matters to comply with the order of the tax authorities.
- (ii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

B) Contingent liabilities disclosed above include the following litigations:

- (i) On November 5, 2024, the Company received a GST Order from Additional Commissioner of CGST & Central Excise for appropriation of GST dues amounting to ₹ 629 million along with equivalent penalty and applicable interest relating to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023. The Company has paid the principal demand, however, considering merits of the case, management believes that it has grounds to successfully defend and litigate the GST Order with respect to applicable interest and penalty for the aforementioned period. The Company has initiated appellate proceedings against this GST Order, pending conclusion of which no adjustments have been made in respect of this matter in the financial statements for the year ended March 31, 2025.
- (ii) On January 03, 2025, Varroc Polymers Limited ('VPL') (wholly owned subsidiary, now merged with the Company as explained in Note 55(b)) received a GST Order from Commercial Tax Officer (Divisional GST office, Karnataka) consisting of demand for GST dues amounting to ₹ 0.03 million along with interest of ₹ 302.67 million and penalty of ₹ 564.19 million relating to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023. VPL has paid the principal demand, however, considering merits of the case, management believes that it has grounds to successfully defend and litigate the GST Order with respect to the interest and penalty for the aforementioned period. The Company has initiated appellate proceedings against this GST Order, pending conclusion of which no adjustments have been made in respect of this matter in the financial statements for the year ended March 31, 2025.

(C) The Company has provided corporate guarantees as at March 31, 2025 :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Corporate guarantees given for loans taken by foreign subsidiary		
- Pertaining to Varroc Electronics Romania SRL		
[(March 31, 2025 - EURO 6.10 million (March 31, 2024 - Euro 5.10 million)]	378.32	316.62
Amount Drawdown as at March 31, 2025: EURO 4.01 million (March 31, 2024 - EURO 3.51 million)		
- Pertaining to Industria Meccanica E Stampaggio S.p.a.		
[(March 31, 2025 - EURO 2.75 million (March 31, 2024 - Nil)]	92.48	-
Amount Drawdown as at March 31, 2025: EURO 1.00 million (March 31, 2024 - Nil)		

The loans taken by the subsidiaries against the above guarantees/standby letter of credit have been utilised by them for setting up of manufacturing facilities, working capital requirements and/or repayment of external loans.

(D) Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 52- Loss on equity investments and loans given to VLS

Varroc Engineering Limited ('the Company') and VarrocCorp Holding BV, Netherlands ('VCHBV', wholly owned subsidiary of VEL) (together referred to as 'Sellers') entered into a Securities Purchase Agreement dated April 29, 2022 as amended dated July 01, 2022, October 05, 2022 and May 12, 2023 (collectively referred to as 'SPA') with Compagnie Plastic Omnium SE, France (referred to as 'Buyer'), to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ('VLS Business'). In the previous year, both the Buyer and the Sellers have entered into Settlement Agreement on July 14, 2023 whereby both the parties agreed to settle the disagreements on closing adjustments and the final equity value agreed under the Settlement Agreement was Eur 54.5 million. Accordingly VCHBV has received the remaining consideration amount of Eur 13 million on July 17, 2023 pursuant to this final settlement with Buyer. Exceptional item of ₹45 million for the year ended March 31, 2024 pertains to expenses directly related to sale of investment in VLS business.

Note 53- Ratio Analysis and its elements**

Ratio		March 31, 2025	March 31, 2024 (restated)	% change	Reason for variance
Current ratio	No. of times	0.75	0.71	5.91%	
Debt-Equity Ratio	No. of times	0.48	0.75	-36.59%	(A)
Debt Service Coverage ratio	No. of times	1.27	0.73	74.65%	(B)
Net Profit ratio	In %	3.74%	7.86%	-52.39%	(C)
Return on Equity ratio	In %	17.98%	42.36%	-57.55%	(D)
Return on Capital Employed	In %	20.01%	17.32%	15.49%	
Return on Investment	In %	2.16%	3.30%	-34.69%	(E)
Trade Receivable Turnover Ratio	No. of times	16.88	18.27	-7.59%	
Inventory Turnover ratio	No. of times	8.93	8.69	2.69%	
Trade Payable Turnover Ratio	No. of times	4.20	4.21	-0.28%	
Net Capital Turnover Ratio	No. of times	(13.69)	(8.04)	70.26%	(F)

**Based on the requirements of Schedule III

Formulae for calculation of ratios are as follows:

- (i) Current ratio = [Current Assets / Current Liabilities]
- (ii) Debt-Equity Ratio = [Total Debt / Total Equity]
- (iii) Debt service coverage ratio = [(Earning before Interest Tax & Depreciation & amortization and exceptional items) / (Interest Expense + Principal repayments of long term loan made during the period, including pre-payments)]
- (iv) Return on Equity ratio = [(Net Profits after taxes – Preference Dividend) / (Average Shareholder's Equity)]
- (v) Inventory Turnover ratio = [(cost of goods sold) / (Average Inventory)]
- (vi) Trade Receivable Turnover Ratio = [(Revenue from Operation) / (Average Trade receivable)]

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

- (vii) Trade Payable Turnover Ratio = $\frac{[(\text{Purchases})/(\text{Average Trade payable})]}$
- (viii) Net Capital Turnover Ratio = $\frac{[(\text{Net Annual Sales})/(\text{Average Working Capital})]}$
- (ix) Net Profit ratio = $\frac{[(\text{Net Profit after taxes})/(\text{Revenue from Operation})]}$
- (x) Return on Capital Employed = $\frac{[(\text{Earning Before Interest and taxes (EBIT)})/(\text{Capital employed})]}$
- (xi) Return on Investment = $\frac{[(\text{Income generated from invested funds in bank FDs and mutual funds})/(\text{Average invested funds in bank FDs and mutual funds})]}$
- (xii) Capital Employed = Tangible Net worth + Total Debt + Deferred Tax Liability
- (xiii) Working capital = (Current assets - Current liabilities)

Commentary

- A) Decrease in the ratio due to reduced balance of borrowing at the end of the current year as compared to previous year
- B) Increase in the ratio due to lower repayment of long term borrowings during the current year
- C) Decrease in the ratio due to lower net profit during the current year
- D) Decrease in the ratio due to lower net profit during the current year as well as increase in shareholder's equity due to accumulated profits
- E) Decrease in the ratio due to decrease in average investment in fixed deposit and liquid/ overnight Mutual funds during the current year
- F) Increase in the ratio due to increase in average working capital during the current year

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 54 - Ultimate Beneficiary

For the year ended March 31, 2025

In the Financial Year 2024-25, the company ('Funding party') has loaned to VarrocCorp Holding B.V., The Netherlands ('Intermediary'), which is a wholly owned subsidiary and to Varroc European Holding B.V.,The Netherlands. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	₹ in Million	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	₹ in Million	Name of ultimate Beneficiary
Various Dates	Loan	344.04	VarrocCorp Holding B.V., The Netherlands	Various Dates	Investment in equity shares	168.08	Varroc Poland s.p.z.o.o
						44.92	Varroc Electronics Romania SRL
						4.77	Varroc Bulgaria EOOD
						9.60	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.
					Loan	21.00	Varroc Poland s.p.z.o.o
						2.50	Varroc Bulgaria EOOD
						44.78	Varroc Electronics Romania SRL
						37.91	Varroc Germany GmbH
						10.48	Varroc European Holding B.V., The Netherlands
13-03-2025	Loan	86.36	Varroc European Holding B.V.,The Netherlands	Various Dates	Investment in equity shares*	28.47	Varroc Poland s.p.z.o.o
						37.96	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.
						14.24	Varroc Electronics Romania SRL
					Loan*	5.69	Varroc Germany GmbH

*These amounts were initially advanced to Varroc Corp Holding B.V., which in turn advanced these to disclosed ultimate beneficiaries

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc Poland sp. z o o	KRS 988333	Subsidiary	ul. Jana Dekerta 24, Diamante Plaza Building, 30-703 Kraków, Poland
Varroc Bulgaria EOOD	203834182	Subsidiary	Hoskovo district, Dimitravgrand municipality krepost 6410, 139 Haskovska Str, Bulgaria
Varroc Electronics Romania SRL	J35/200/2019	Subsidiary	Ghiroda Village, Calea Lugojului no. 148, Timis, Romania
Varroc Germany GmbH	'HRB 45416	Subsidiary	eos office center Bielefeld, Meyer zu Erpen KG, Herforder Street 69, 33602 Bielefeld, Germany
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	91320411MA26BWUB42	Subsidiary	B313-331, 3rd Floor, Building B, New Technology Innovation Building, No. 901, Liaohe Rd., New District, Changzhou City
Varroc European Holding B.V.	34262203	Subsidiary	Schiphol Boulevard 133, Tower F-4, 1118BG Schiphol, Amsterdam
VarrocCorp Holding B.V., The Netherlands	54784891	Subsidiary	World Trade Center/Toren F-4, Schiphol Boulevard 133, 1118 BG Schiphol, the Netherlands,

The Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

The Company has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

For the year ended March 31, 2024 (restated)

In the Financial Year 2023-24, the company ('Funding party') has loaned to VarrocCorp Holding B.V., The Netherlands ('Intermediary'), which is a wholly owned subsidiary. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	₹ in Million	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	₹ in Million	Name of ultimate Beneficiary
Various Dates	Loan	961.07	VarrocCorp Holding B.V., The Netherlands	Various Dates	Investment in equity shares	466.72	Varroc Electronics Romania SRL (Formerly Varroc Lighting Systems Electronics Romania SRL)
						85.21	Varroc Poland s.p.z.oo
						42.42	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.
						0.90	Varroc Czech Republic SRO
					Loans	66.73	Varroc Germany GmbH
						45.26	Varroc Poland s.p.z.oo
						53.98	Varroc Electronics Romania SRL (Formerly Varroc Lighting Systems Electronics Romania SRL)
						4.93	Varroc European Holding B.V.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Name of ultimate Beneficiary	Registration Number	Relation	Address
Varroc Electronics Romania SRL (Formerly Varroc Lighting Systems Electronics Romania SRL)	J35/200/2019	Subsidiary	Ghiroda Village, Calea Lugojului no. 148, Timis, Romania
Varroc Poland sp. z o o	KRS 988333	Subsidiary	ul. Jana Dekerta 24, Diamante Plaza Building, 30-703 Kraków, Poland
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	91320411MA26BWUB42	Subsidiary	B313-331, 3rd Floor, Building B, New Technology Innovation Building, No. 901, Liaohe Rd., New District, Changzhou City
Varroc Czech Republic SRO	195 37 646	Subsidiary	Varroc Czech Republic s.r.o., registered office at Místecká 286, 742 58 Příbor, Czech Republic
Varroc Germany GmbH	HRB 45416	Subsidiary	eos office center Bielefeld, Meyer zu Erpen KG, Herforder Street 69, 33602 Bielefeld, Germany
Varroc European Holding B.V.	34262203	Subsidiary	Schiphol Boulevard 133, Tower F-4, 1118BG Schiphol, Amsterdam

The Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

The Company has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries,

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 55 (a) - Audit Trail

The Company uses SAP ECC R6 as the accounting software. SAP ensures an audit trail, providing standard functionality and logging in all changed data in the system. This functionality and audit trail feature in SAP has been operational throughout the year for all relevant transactions recorded through the application in the Company. Further, there were no instances of the audit trail feature being tampered with in respect of the accounting software during the year.

Normal / regular users are not granted nor have direct SAP back-end database (DB) or super user level access which would allow them to make any changes to financial documents directly which have already been posted through the application. However, changes to the database by a super user specifically does not carry the feature of a concurrent real time audit trail.

Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective year.

The Company has used an accounting software which is operated by a third-party software service provider, for maintaining its payroll records. In the absence of necessary evidence regarding audit trail in the Service Organisation Controls report received by us, management is unable to comment whether the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the payroll processing software or whether there were any instances of the audit trail feature being tampered with. Additionally, management is also unable to comment whether the audit trail has been preserved by the Company as per the statutory requirements for record retention.

Note 55 (b) - Amalgamation of Varroc Polymers Limited with the Company

Pursuant to provisions of Section 230-232 of the Companies Act, 2013, the Board of Directors of the Company on May 17, 2024 had approved the scheme of amalgamation of Varroc Polymers Limited ('VPL') (a wholly owned subsidiary of the Company) with Varroc Engineering Limited ('VEL') with appointed date of April 01, 2024 ('the Scheme'). National Company Law Tribunal ('NCLT') approved the above scheme vide its order dated January 10, 2025 and the merger became effective on February 01, 2025 on filing of the NCLT order with the Registrar of Companies. The merger has been accounted as business combination of entities under common control as per Appendix C to Ind AS 103 - Business Combinations. Accordingly, the comparative period for the year ended March 31, 2024 presented in these financial statements has been restated to include the effects of this merger.

Exceptional items for the year ended March 31, 2025 includes an amount of ₹ 196.02 million pertaining to estimated expenses directly attributable to merger of VPL with the Company.

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

A) Balance Sheet as at 31 March 2024 after considering the impact of merger:

(₹ in Million)			
Particulars	As at year ended 31-Mar-24 Standalone	Adjustment on account of Merger	As at year ended 31-Mar-24 (Restated)
ASSETS			
Non current assets			
Property, plant and equipment	8,702.93	5,563.07	14,266.00
Capital work-in-progress	180.63	254.76	435.39
Investment properties	113.20	(113.20)	-
Goodwill	-	183.90	183.90
Intangible assets	427.70	19.43	447.13
Intangible assets under development	10.18	12.50	22.68
Right-of-use assets	1,766.44	(157.59)	1,608.85
Investments in subsidiaries and joint venture	8,873.73	(500.00)	8,373.73
Financial assets			
Investments	64.96	54.85	119.81
Other financial assets	102.61	67.14	169.75
Income tax assets (net)	200.00	214.38	414.38
Deferred tax assets (net)	1,913.74	-	1,913.74
Other non-current assets	545.80	86.48	632.28
Total non-current assets	22,901.92	5685.72	28,587.64
Current assets			
Inventories	3,892.65	1178.84	5,071.49
Financial assets			
Investments	648.11	-	648.11
Trade receivables	2,262.89	1,238.69	3,501.58
Cash and cash equivalent	597.12	87.83	684.95
Other bank balances	2.53	175.26	177.79
Loans	39.34	979.69	1,019.03
Other financial assets	265.05	0.54	265.59
Other current assets	1,697.97	291.72	1,989.69
Total current assets	9,405.66	3,952.57	13,358.23
Total Assets	32,307.58	9,638.29	41,945.87

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Particulars	As at year ended 31-Mar-24 Standalone	Adjustment on account of Merger	As at year ended 31-Mar-24 (Restated)
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	152.79	-	152.79
Other Equity	8,951.83	6,010.66	14,962.49
Total equity	9,104.62	6,010.66	15,115.28
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	5,439.69	983.21	6,422.90
Lease liabilities	1,329.89	(324.78)	1,005.11
Provisions	94.04	36.03	130.07
Deferred tax liabilities (net)	-	251.55	251.55
Other non-current liabilities	13.11	-	13.11
Deferred government grant	163.37	84.04	247.41
Total non-current liabilities	7,040.10	1,030.05	8,070.15
Current liabilities			
Financial liabilities			
Borrowings	7,029.78	(2,042.30)	4,987.48
Lease liabilities	162.93	(38.01)	124.92
Trade payables			
total outstanding dues of micro enterprises and small enterprises	917.58	433.68	1,351.26
total outstanding dues other than micro enterprises and small enterprises	6,278.99	3,164.04	9,443.03
Acceptances	77.65	74.82	152.47
Other financial liabilities	882.25	332.19	1,214.44
Provisions	207.50	63.09	270.59
Other current liabilities	538.49	586.59	1,125.08
Deferred government grant	67.69	23.48	91.17
Total current liabilities	16,162.86	2,597.58	18,760.44
Total liabilities	23,202.96	3,627.63	26,830.59
Total equity and liabilities	32,307.58	9,638.29	41,945.87

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

B) Statement of profit and loss account for the year ended March 31, 2024 after considering the impact of merger:

(₹ in Million)

Particulars	For the year ended 31-Mar-24 Standalone	Adjustment on account of Merger	For the year ended 31-Mar-24 (Restated)
Income			
Revenue from operations	45,349.63	21,410.53	66,760.16
Other income	273.47	15.22	288.69
Total income	45,623.10	21,425.75	67,048.85
Expenses			
Cost of materials consumed	29,869.75	13,718.43	43,588.18
Changes in stock of finished goods and work-in-progress	(62.79)	(195.90)	(258.69)
Employee benefits expense	4,200.22	1,849.93	6,050.15
Finance costs	1,791.48	51.57	1,843.05
Foreign exchange (gain)/loss (net)	(109.30)	(1.31)	(110.61)
Depreciation and amortisation expense	1,981.62	682.77	2,664.39
Other expenses	6,850.45	3,662.24	10,512.69
Total expense	44,521.43	19,767.73	64,289.16
Profit before tax and exceptional items	1,101.67	1,658.02	2,759.69
Exceptional items	45.00	-	45.00
Profit before tax	1,056.67	1,658.02	2,714.69
Income tax expense			
Current tax	-	38.01	38.01
Excess provision for tax relating to prior periods	195.88	3.91	199.79
Net current tax	195.88	41.92	237.80
Deferred tax	(2,709.88)	(62.35)	(2,772.23)
Total tax expense	(2,514.00)	(20.43)	(2,534.43)
Profit/(Loss) for the year	3,570.67	1,678.45	5,249.12
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains/(losses) of defined benefit obligation	(13.08)	(6.56)	(19.64)
Income tax relating to these items	3.29	1.65	4.94
Other comprehensive income for the year (net of tax)	(9.79)	(4.91)	(14.70)
Total comprehensive income for the year	3,560.88	1,673.54	5,234.42

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

Note 56 - Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iii) The Company does not have any transactions with companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership No : 105754

Place : Pune

Date : May 29,2025

For and on behalf of the Board of Directors

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

K. Mahendra Kumar

Group CFO

Place : Pune

Date : May 29,2025

Gautam Khandelwal

Director

(DIN 00270717)

Ajay Sharma

Company Secretary

(M No: ACS9127)



Consolidated Financial Statements

Independent Auditor's Report

To the Members of Varroc Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Varroc Engineering Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its joint ventures comprising of the consolidated Balance sheet as at March 31, 2025, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, except for the possible effects of the matters described in the 'Basis for Qualified Opinion' section of our report the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its joint ventures as at March 31, 2025, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

As disclosed in note 50 to the consolidated financial statements, the financial results and other financial information for the year ended March 31, 2025 in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial

statements, is unaudited. Hence, we are unable to determine the impact of Group's share of profit/loss from China JV and of the impairment loss recognised for China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the year ended March 31, 2025 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2025, had the financial results/ other financial information of China JV been audited.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group, and its joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 38B of the consolidated financial statements which describes the effects of the GST Orders received by the Group from GST Authorities. The Group has initiated appellate proceedings against these orders, pending conclusion of which no adjustments have been made in respect of the matters in the consolidated financial statements. Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2025. These matters were addressed in the context of our audit of the consolidated financial

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the

Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Allowability of deduction on write-off of loans to subsidiary under the Income Tax Act, 1961 (as described in note 20 of the consolidated financial statements) In the previous year ended March 31, 2024, the Holding Company and its erstwhile subsidiary Varroc Polymers Limited (VPL) (merged with the Holding Company with the appointed date of April 01, 2024) had derecognized (written-off) loans given to VarrocCorp Holding BV Netherlands ('VCHBV') and interest accrued on such loans aggregating to ₹ 13,533.33 million. These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) and were fully provided for in the respective books during the period ended Sep 30, 2022 when the VLS business was sold to Compagnie Plastic Omnium. Management considered the aforesaid write-off as an allowable business loss for computation of income tax provision for AY 2024-25 (and also recognition of deferred tax asset on unutilized loss), as it believes that these loans extended to VCHBV were in the nature of trade investments to advance the Company's business. We identified this as a key audit matter in our audit of the consolidated financial statements considering quantum of the deduction and the significant judgement involved with respect to deductibility of such expenditure under Income tax Act, 1961.	The audit procedures performed by us included the following: • Read the tax opinions obtained by the Group from two senior tax counsels supporting the allowability of tax deduction on write-off of the said loans; • Involved tax experts to assist in evaluating the allowability of deduction on write-off of loans to subsidiary; • Assessed the forecast of future taxable income prepared by the management to test the recoverability of deferred tax asset as at March 31, 2025; • Assessed the adequacy of disclosures in the consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
De-recognition of trade receivables under factoring arrangements (as described in note 10 of the consolidated financial statements) The Group enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. As at March 31, 2025, the Group derecognized trade receivables amounting to ₹ 6,993.36 million. The Group derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of derecognition of trade receivables under the factoring arrangements is complex and requires significant judgement. Accordingly, this has been identified as a key audit matter in our audit of the consolidated financial statements.	The audit procedures performed by us included the following: - Evaluated the assessment made by management in respect of transfer of substantially all risks and rewards of ownership of the financial asset under the factoring contracts; - Read a sample of factoring contracts to understand the terms and assessed if they qualify as non-recourse arrangements and further assessed if the accounting treatment is as per the requirements of Ind AS 109, “Financial Instruments”; - Assessed the adequacy of disclosures in the consolidated financial statements for compliance with the relevant accounting standard requirements.

Other Information

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act

that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for

assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of 5 subsidiaries, whose financial statements (without giving the effect of elimination of intra-group transactions) include total assets of ₹ 7,098.42 million as at March 31, 2025, and total revenues of ₹ 5,749.96 million and net cash inflows of ₹ 67.77 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit/loss of ₹ 6.19 million for the year ended March 31, 2025, as considered in the consolidated financial statements, in respect of 1 joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in

their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries 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 is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- (b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 4 subsidiaries, whose financial statements and other financial information (without giving the effect of elimination of intra-group transactions) reflect total assets of ₹ 1,251.41 million as at March 31, 2025, and total revenues of ₹ 605.33 million and net cash inflows of ₹ 43.68 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit/loss of ₹ 30.90 million for the year ended March 31, 2025, as considered in the consolidated financial statements, in respect of 2 joint ventures, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group, except those relating to China JV.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the

other auditors and the financial statements and other financial information certified by the Management, except those relating to China JV.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies and joint ventures company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:
 - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except for the matters stated in the paragraph (j)(vi) below on reporting under Rule 11(g);
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) The matters described in Basis for Qualified Opinion and Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Group along with its joint ventures.
 - (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2025 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, and joint venture, none of the directors of the Group's companies and its joint venture, incorporated in India, is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (g) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3) (b) and paragraph (j)(vi) below on reporting under Rule 11(g);
 - (h) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies and joint venture, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (i) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and joint venture incorporated in India, the managerial remuneration for the year ended March 31, 2025 has been paid / provided by the Holding Company, its subsidiaries and joint venture incorporated in India where applicable to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on consolidated financial position of the Group and its joint ventures in its consolidated financial statements – Refer Note 38 to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 19 & 25 to the consolidated financial statements in respect of such items as it relates to the Group and its joint ventures;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint venture, incorporated in India during the year ended March 31, 2025.
 - iv. (a) The respective managements of the Holding Company and its subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of its knowledge and belief, other than as disclosed in the note 52 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and joint venture to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries and joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The respective managements of the Holding Company and its subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries and joint venture from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

- v) As stated in note 16A to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. Further, interim dividend declared and paid by one of the subsidiary companies incorporated in India until the date of the reports of such subsidiary Company is in accordance with section 123 of the Act.
- vi) Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries and joint venture which are companies incorporated in India whose financial statements have been audited under the Act, the Company and its subsidiaries and joint venture (except Varroc Connect Private Limited) have used SAP accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility in respect of the application and the same has operated throughout the year for all relevant transactions. We did not come across any instance of the audit trail feature being tampered with in respect of SAP accounting software. Normal/Regular users are not granted direct database or super user level access. However, changes to the database by a super user specifically does not carry the feature of a concurrent real time audit trail.

Additionally, the audit trail of prior year has been preserved as per the statutory

requirements for record retention to the extent it was enabled and recorded in the respective year.

Further, the Company, its subsidiaries and joint venture as aforesaid (except Varroc Connect Private Limited), have used a payroll processing software which is operated by a third-party service provider. In the absence of necessary evidence regarding audit trail in the Service Organisation Controls report received by us, we are unable to comment whether the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the payroll processing software or whether there were any instances of the audit trail feature being tampered with. Additionally, we are unable to assess whether the audit trail has been preserved as per the statutory requirements for record retention.

Varroc Connect Private Limited has used an accounting software which does not have a feature of recording audit trail (edit log). Accordingly, the requirement to report on tampering does not arise.

For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
UDIN:25105754BMITLG3044

Place : Pune
Date: May 29, 2025

Annexure 1

referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: Varroc Engineering Limited (the "Company"), its subsidiaries and joint venture incorporated in India

Clause (xxi) of the Companies (Auditors Report) Order, 2020:

Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No	Name	CIN	Holding company/ subsidiary/ associate/ joint venture	Clause number of the CARO report which is qualified or is adverse
1	Varroc Engineering Limited	L28920MH1988PLC047335	Holding Company	Clause ii(b) Clause iii(c) Clause iii(d) Clause iii(e) Clause vii(a) Clause ix(d)
2	Varroc Connect Private Limited (erstwhile Car IQ Technologies Private Limited)	U74900MH2013PTC351817	Subsidiary Company	Clause xix

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN:25105754BMITLG3044

Place : Pune
Date: May 29, 2025

Annexure 2

to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Varroc Engineering Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Varroc Engineering Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2025, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the

Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group and its joint venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated

financial statements were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN:25105754BMITLG3044

Place : Pune

Date: May 29, 2025

Consolidated Balance Sheet

as at March 31, 2025

(₹ in Million)

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	16,849.54	16,854.95
Capital work-in-progress	3.1	1,000.47	763.52
Goodwill	4.1	473.06	470.88
Other intangible assets	4.2	450.18	631.36
Right of use asset	3.2	2,387.18	2,309.71
Intangible assets under development	4.2	32.22	35.68
Investments accounted for using the equity method	49	166.20	4,201.03
Financial assets			
Investments	5	147.27	136.02
Other financial assets	6	201.56	200.02
Income tax assets (net)		178.18	433.08
Deferred tax assets (net)	20	863.04	1,967.25
Other non-current assets	7	744.01	650.30
Total non-current assets		23,492.91	28,653.80
Current assets			
Inventories	8	7,327.62	6,744.42
Financial assets			
Investments	9	374.31	963.17
Trade receivables	10	6,797.60	4,918.43
Cash and cash equivalents	11 (a)	1,114.77	1,104.36
Other bank balances	11 (b)	518.59	198.56
Loans	12	0.12	0.18
Other financial assets	13	143.39	272.27
Other current assets	14	3,554.67	2,749.54
Total current assets		19,831.07	16,950.93
Assets classified as held for sale	50	3,395.15	-
Total assets		46,719.13	45,604.73
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	152.79	152.79
Other equity	16	15,497.85	14,817.58
Equity attributable to owners		15,650.64	14,970.37
Non-controlling interests		328.72	291.46
Total equity		15,979.36	15,261.83
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	17	3,195.32	6,517.24
Lease liabilities	3.2	1,443.85	1,483.83
Other financial liabilities	18	15.82	17.89
Provisions	19	187.72	162.64
Deferred tax liabilities (net)	20	46.79	306.55
Other non-current liabilities	21	0.25	13.11
Deferred government grants	27	226.25	254.24
Total non-current liabilities		5,116.00	8,755.50

Consolidated Balance Sheet (Contd..)

as at March 31, 2025

(₹ in Million)

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
Current liabilities			
Financial liabilities			
Borrowings	22	6,292.44	5,576.54
Lease liabilities	3.2	252.79	319.58
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	1,804.56	1,361.36
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	11,457.30	10,723.28
Acceptances		663.30	152.47
Other financial liabilities	24	2,967.62	1,510.05
Provisions	25	304.94	302.08
Current tax liabilities (net)		10.23	23.24
Other current liabilities	26	1,766.65	1,517.52
Deferred government grants	27	103.94	101.28
Total current liabilities		25,623.77	21,587.40
Total liabilities		30,739.77	30,342.90
Total equity and liabilities		46,719.13	45,604.73

Summary of material accounting policies

2

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

Gautam Khandelwal

Director

(DIN 00270717)

per Paul Alvares

Partner

Membership No : 105754

K. Mahendra Kumar

Group CFO

Ajay Sharma

Company Secretary

(M No. ACS 9127)

Place : Pune

Date : May 29,2025

Place : Pune

Date : May 29,2025

Consolidated Statement of Profit and Loss

for the year ended March 31, 2025

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
Continuing Operations			
Revenue			
Revenue from operations	28	81,540.84	75,519.37
Other income	29	176.82	275.76
Total income		81,717.66	75,795.13
Expenses			
Cost of materials consumed	30	52,391.04	47,448.87
Changes in stock of finished goods and work-in-progress	31	(298.84)	(115.60)
Employee benefits expense	32	8,877.11	8,092.21
Finance costs	33	1,702.29	1,938.56
Foreign exchange (gain)/loss (net)	29A	(120.39)	(145.61)
Depreciation and amortisation expense	34	3,233.21	3,368.18
Other expenses	35	12,804.37	12,503.88
Total expenses		78,588.79	73,090.49
Profit before exceptional items, share of net profit of joint ventures and tax from continuing operations		3,128.87	2,704.64
Exceptional item [refer note 10(A), 50(a) & 53(b)]		1,473.37	-
Profit before share of profit of joint venture and tax from continuing operations		1,655.50	2,704.64
Share of profit of Joint ventures, net of tax	50	37.09	443.96
Profit before tax from continuing operations		1,692.59	3,148.60
Income tax expense			
Current tax		151.13	177.65
Short/ (excess) provision in respect of earlier year		8.02	215.84
Net current tax		159.15	393.49
Deferred tax		836.68	(2,774.84)
Total tax expense	36	995.83	(2,381.35)
Profit for the year from continuing operations		696.76	5,529.95
Discontinued operations	51		
Profit/(loss) before tax for the year from discontinued operations		-	(209.20)
Tax expense of discontinued operations		-	-
Profit/(loss) for the year from discontinued operations		-	(209.20)
Profit for the year		696.76	5,320.75
Other comprehensive income from continuing operations			
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences in translating the financial statements of foreign operations		91.05	(156.09)
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation [net of tax of ₹ 0.49 Million (previous year ₹ 5.74 Million)]		(23.24)	103.37
Other comprehensive income from discontinued operations		-	-
Total other comprehensive income/(loss), net of tax from continuing and discontinued operations		67.81	(52.72)
Total comprehensive income for the year		764.57	5,268.03

Consolidated Statement of Profit and Loss (Contd)

for the year ended March 31, 2025

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit for the year attributable to:			
Shareholders of the Company		612.30	5,260.24
Non-controlling interests		84.46	60.51
Other comprehensive income/(loss) attributable to:			
Shareholders of the Company		67.97	(51.86)
Non-controlling interests		(0.16)	(0.86)
Total comprehensive income for the year attributable to:			
Shareholders of the Company		680.27	5,208.38
Non-controlling interests		84.30	59.65
Earnings per equity share attributable to Owners [Nominal value per share: ₹ 1 (Previous year : ₹ 1)]	48		
- for continuing operations			
Basic and diluted (in Rupees)		4.01	35.80
- for discontinued operations			
Basic and diluted (in Rupees)		-	(1.37)
- for continuing and discontinued operations			
Basic and diluted (in Rupees)		4.01	34.43

Summary of material accounting policies

2

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

Gautam Khandelwal

Director

(DIN 00270717)

per Paul Alvares

Partner

Membership No : 105754

K. Mahendra Kumar

Group CFO

Ajay Sharma

Company Secretary

(M No. ACS 9127)

Place : Pune

Date : May 29,2025

Place : Pune

Date : May 29,2025

Consolidated Statement of Cash Flows

for the year ended March 31, 2025

(₹ in Million)

Sr. No	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A	Cash flow from operating activities		
	Profit/(loss) before tax and exceptional items from continuing operations	3,165.96	3,148.60
	Profit/(loss) before tax from discontinued operations	-	(209.20)
	Adjustments for :		
	Depreciation and amortisation expense	3,233.21	3,368.18
	Net loss/(gain) on disposal of property, plant and equipment	(26.32)	(64.29)
	Provision for doubtful debts and advances	6.95	220.28
	Finance costs	1,702.29	1,938.56
	Loss on sale of VLS business	-	89.11
	Gain on sale of current investments	(36.58)	(18.75)
	Share in profit of Joint Venture accounted for using the equity method	(37.09)	(443.96)
	Liabilities no longer required written back	(0.60)	(8.48)
	Increase in surrender value of keyman insurance policy	(18.33)	(27.85)
	Unrealised exchange gain	(120.39)	(145.61)
	Interest income	(55.17)	(80.41)
	Operating profits before working capital changes	7,813.93	7,766.18
	Adjustments for changes in:		
	Inventories	(551.70)	(23.50)
	Trade receivables	(1,883.34)	840.94
	Other assets	(398.69)	(1,363.42)
	Trade payables	1,519.92	272.06
	Other liabilities and provisions	775.76	(550.40)
		(538.05)	(824.32)
	Cash generated from operations	7,275.88	6,941.86
	Taxes paid (net of refund received)	91.32	(557.19)
	Net cash flow generated from operating activities	7,367.20	6,384.67
B	Cash flow from investing activities		
	Dividend received	-	13.46
	Interest received	50.39	80.33
	Proceeds from sale of VLS Business	-	1,158.43
	(Purchase of)/proceeds from sale of current investment (net)	625.44	(644.37)
	Purchase of non current investment	(97.21)	(135.82)
	Proceeds from sale of property, plant and equipment	167.74	557.85
	Purchase of property, plant and equipment	(2,787.99)	(2,574.34)
	Costs incurred on intangible assets	(100.91)	(168.16)
	Fixed deposits (with maturity of more than 3 months) redeemed/(purchased) (net)	(320.71)	47.62
	Net cash used in investing activities	(2,463.25)	(1,664.99)
C	Cash flow from financing activities		
	Proceeds from long-term borrowings	45.73	4,500.00
	Repayment of long-term borrowings	(4,588.77)	(8,221.69)
	Payment of principal portion of lease liability	(454.89)	(239.96)
	Payment of interest on lease liability	(130.21)	(130.94)
	Proceeds from/(repayment of) short term borrowings (net)	1,805.53	(553.03)
	Dividend on equity shares including tax thereon related to non-controlling interest	-	(47.05)
	Interest paid	(1,581.88)	(1,948.32)
	Net cash flow used in financing activities	(4,904.49)	(6,640.99)

Consolidated Statement of Cash Flows (Contd..)

for the year ended March 31, 2025

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Net decrease in Cash and Cash Equivalents (A+B+C)		(0.54)		(1,921.31)
	Opening cash and cash equivalents		1,104.36		3,023.13
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		10.95		2.54
	Total		1,115.31		3,025.67
	Closing cash and cash equivalents		1,114.77		1,104.36

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2025	As at March 31, 2024
	Cash and cash equivalents consists of:		
	Cash and cash equivalents		
i.	Cash in hand	0.18	0.27
ii.	Bank balances		
	- Current accounts	629.56	532.89
	- Deposits with maturity of less than three months	485.03	571.20
		1,114.77	1,104.36

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 out flow of Cash and cash equivalents.

Summary of material accounting policies

2

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

Gautam Khandelwal

Director

(DIN 00270717)

per Paul Alvares

Partner

Membership No : 105754

K. Mahendra Kumar

Group CFO

Ajay Sharma

Company Secretary

(M No. ACS 9127)

Place : Pune

Date : May 29,2025

Place : Pune

Date : May 29,2025

Consolidated Statement of Changes in Equity

for the year ended March 31, 2025

A. Equity share capital

Particulars	Notes	No. of shares		Equity Share Capital (₹ in Million)	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Balance at the beginning of the year	15	15,27,86,400	15,27,86,400	152.79	152.79
Add : Issue of new shares during the year		-	-	-	-
Balance at the end of the year	15	15,27,86,400	15,27,86,400	152.79	152.79

B. Other equity

Particulars	Notes	(₹ in Million)									
		Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Statutory reserves	Securities premium	Foreign Currency Translation Reserve	Equity attributable to Owners	Non Controlling Interests	Total Other Equity
Balance as at April 01, 2024	16	(8,229.62)	4,194.73	11.30	5,335.08	410.80	13,024.03	71.26	14,817.58	291.46	15,109.04
Profit/(loss) for the year		612.30	-	-	-	-	-	-	612.30	84.46	696.76
Other comprehensive income											
- Gain/(loss) on remeasurement of defined benefit obligation (net of tax)		(23.08)	-	-	-	-	-	-	(23.08)	(0.16)	(23.24)
- Exchange differences in translating the financial statements of foreign operations		-	-	-	-	-	-	91.05	91.05	-	91.05
Total comprehensive income		589.22	-	-	-	-	-	91.05	680.27	84.30	764.57
Dividend on equity shares paid by subsidiary company		-	-	-	-	-	-	-	-	(47.04)	(47.04)
Balance as at March 31, 2025	16	(7,640.40)	4,194.73	11.30	5,335.08	410.80	13,024.03	162.31	15,497.85	328.72	15,826.57

Consolidated Statement of Changes in Equity (Contd..)

for the year ended March 31, 2025

Particulars	Notes	Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Capital reserve	Statutory reserves	Securities premium	Foreign Currency Translation Reserve	Equity attributable to Owners	Non Controlling Interests	Total Other Equity
												(₹ in Million)
Balance as at April 1, 2023	16	(13,594.09)	4,194.73	11.30	5,335.08	410.80	13,024.03	227.35	9,609.20	279.53	9,888.73	
Profit/(loss) for the year		5,260.24	-	-	-	-	-	-	5,260.24	60.51	5,320.75	
Other comprehensive income												
- Gain/(loss) on remeasurement of defined benefit obligation (net of tax)		104.23	-	-	-	-	-	-	104.23	(0.86)	103.37	
- Exchange differences in translating the financial statements of foreign operations		-	-	-	-	-	-	(156.09)	(156.09)	-	(156.09)	
Total comprehensive income		5,364.47	-	-	-	-	-	(156.09)	5,208.38	59.65	5,268.03	
Dividend on equity shares paid by subsidiary company		-	-	-	-	-	-	-	-	(47.72)	(47.72)	
Balance as at March 31, 2024	16	(8,229.62)	4,194.73	11.30	5,335.08	410.80	13,024.03	71.26	14,817.58	291.46	15,109.04	

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E3000003

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

Gautam Khandelwal

Director

(DIN 00270717)

per Paul Alvares

Partner

Membership No : 105754

Place : Pune

Date : May 29, 2025

K. Mahendra Kumar

Group CFO

Place : Pune

Date : May 29, 2025

Ajay Sharma

Company Secretary

(M No. ACS 9127)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

1. Corporate information

Varroc Engineering Limited (the "Company"), CIN L28920MH1988PLC047335, is engaged in the business of manufacturing of Automobile components. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the company is located at L-4, M.I.D.C Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) - 431 136.

The Company and its subsidiaries (collectively, the Group) are primarily engaged in the business of auto components and services in the automotive industry to Indian and global customers. The Company, its subsidiaries and jointly controlled entities operate from manufacturing plants and technical development centres across 2 continents and 12 countries spread across the globe.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 29, 2025.

2. Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

(i) Compliance with Ind AS

The Consolidated Financial Statements of the Group, which comprise the consolidated Balance Sheet as at March 31, 2025; consolidated statement of Profit and Loss including the statement of Other Comprehensive Income; consolidated Cash Flow Statement and consolidated Statement of Changes in Equity for the year then ended and other select explanatory notes have been prepared in accordance with Indian Accounting Standard (IND AS) notified under the Companies (Indian Accounting Standards)

Rules 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (IND AS compliant Schedule III), as applicable to the Consolidated Financial Statements. All amounts included in these consolidated financial statements are reported in Million of Indian National Rupees (₹ in Million) except earnings per share data and unless stated otherwise. All amounts in these consolidated financial statements have been rounded off to the nearest million or decimal thereof unless otherwise stated.

(ii) Use of estimates and assumptions

The preparation of the Consolidated Financial Statements requires the management to make certain judgments, estimates and assumptions. It also requires the management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2A.

(iii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value (refer accounting policy on financial instruments for details); and
- defined benefit plans and plan assets measured at fair value (refer accounting policy on defined benefit plans for details)

(iv) Current - Non-current classification

All assets and liabilities, other than deferred tax assets and liabilities, have been classified as current or non-current as per the Group's operating cycle and other criteria set out in Schedule III to the Companies Act,

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

2013. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

b. Principles of consolidation and equity accounting

These Consolidated Financial Statements comprise the financial statements of the Company, its subsidiaries and joint ventures as at and for the year ended March 31, 2025.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses

accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Joint arrangements

Under IND AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

investor, rather than the legal structure of the joint arrangement.

a) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognized at cost in the consolidated financial statements.

b) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are incorporated in the financial statements under the appropriate headings.

(iii) Equity Method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit and loss and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2(b).

(iv) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(v) The difference between the cost of investment in the subsidiaries and jointly controlled entities, over the net assets at the time of acquisition of investment

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

is recognised in the financial statements as Goodwill or Capital Reserve on consolidation as the case may be.

c. Foreign currency translation

The Group's Consolidated Financial Statements are presented in INR, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of,

at which time, the cumulative amount is reclassified to profit or loss.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to IND AS

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(1 April, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

d. Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Amounts disclosed as revenue are net off Goods and Service Tax (GST).

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2A.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 215 days upon delivery.

Product development/Engineering services primarily pertaining to automotive lighting business are considered as relating to sale of

parts rather than a separate performance obligation. As a result, revenue from product development/engineering services is recognised over the period of production from the start of production date and is included in the revenue from sale of finished goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IND AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Warranty obligations

The Group typically provides warranties for general repairs of defects as per terms of the contract with customers. These assurance-type warranties are accounted for under IND AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in note 2(t) : Provisions.

Customer prepayments are amortised in Revenue over the life of the respective project.

Sale of services

Income from services is recognised on the basis of time/work completed as per contract with the customers. The Group collects taxes on services (where applicable) on behalf of the government and, therefore, they are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Tooling Revenue

Development of toolings for customers is considered as a separate performance obligation. Revenue from toolings primarily pertaining to automotive lighting business is recognised over time based on the progress towards complete satisfaction of that performance obligation. Such progress is measured based on the proportion that the aggregate costs incurred for work done till the balance sheet date bear to the estimated total costs.

Determination of toolings revenues to be recognised over time necessarily involves making estimates by the Management (some of which are a technical nature) of the costs of completion, the expected revenues from each contract and the foreseeable losses to completion.

Foreseeable losses, if any, on the contracts are recognised as an expense in the period in which they are foreseen, irrespective of the stage of completion of the contract.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional

(i.e., only the passage of time is required before payment of the consideration is due). Refer note 2(m) : Financial instruments – Financial assets at amortised cost.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

Wind/solar power generation

Income from the wind / solar power generation is recognised when earned on the basis of contractual arrangements with the buyers.

Export Incentives

Income from duty drawback and export incentives is recognised on an accrual basis.

e. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

Government grants relating to purchase of property, plant and equipment are included in

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current and non current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue.

f. Income tax

Current income-tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests

in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the

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extent that it is no longer probable that it will pay normal tax during the specified period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve depending on the principle

explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

g. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),

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- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in note 51. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

h. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right of use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Premises and building : 2 to 25 years
- Lease hold land : 30 to 99 years
- Plant and Machinery : 2 to 15 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter term of the asset's useful life and lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2(j) : Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable

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lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

i. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IND AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of IND AS 109, it is measured

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in accordance with the appropriate IND AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts

and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

j. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future

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cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at the year-end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the year-end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

k. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

l. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, Stores and spare-parts, Loose tools and Packing materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) are included in the value of inventory.

m. Financial instruments

Financial Assets

Initial Recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transactions costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of

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a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
- Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Equity investments

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IND AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable

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election to present in other comprehensive income subsequent changes in the fair value. The Group makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

There are no Financial assets at fair value through other comprehensive income (FVTOCI) with/ without recycling of cumulative gains and losses upon derecognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability

are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

In accordance with IND AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:-

- (a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- (b) Trade receivables or any contractual right to receive cash or another financial asset

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortized cost, contract assets and lease receivables:

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ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes

derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IND AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

- Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or

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cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

n. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously.

o. Fair value measurement

The Group measures financial instruments, such as mutual funds at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's

ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions (Note 2A)

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Quantitative disclosures of fair value measurement hierarchy (Note 40)

Financial instruments (including those carried at amortized cost) (Note 40)

p. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Group uses derivative contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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for the year ended March 31, 2025

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

The Group does not use hedges of fair value and net investment.

q. Property, plant and equipment

Freehold land is carried at historical cost except in case of certain freehold land which are at revalued amounts. All other items of property, plant and equipment are stated at historical cost less depreciation except in case of certain assets which are at revalued amounts. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Class of Assets	Estimated useful life (Years)
Buildings (including factory & office buildings)	30- 60 years

Plant and Machinery (including factory equipment and tools & instruments)	4-20 years
Moulds and Dies	2-7 years
Computers	3-7 years
Vehicles	2-7 years
Furniture and Fixtures	5-15 years
Other Assets (electrical installation and fitting, office equipments)	2-10 years

The useful lives of all property plant and equipments have been determined based on technical evaluation done by the Management's expert which are different than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

r. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life of the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal Management purposes.

(ii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Separately acquired software are shown at transaction cost, software acquired in a business combination are recognised at fair value at the acquisition date. They are subsequently carried at cost less accumulated amortisation.

Computer software are amortised on a straight line basis over a period of 3 to 5 years.

(iii) Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the period of development, the asset is tested for impairment annually.

Capitalised development expenditure is amortised on a straight line basis from the start of production over a period of 3 years or project life whichever is lower.

(iv) Technical knowhow fees

Expenditure on acquiring Technical Know-how (including Income Tax and R & D Cess) is capitalised and amortised on a straight line basis over a period of six years.

(v) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Customer relationships are amortised on a straight line basis over a period of 10-12 years.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(vi) Patents and others

Costs of intangible assets other than those internally generated, including patents and licenses, are valued at acquisition cost and amortized on a straight-line basis over their estimated future useful lives being 10 years.

(vii) Intellectual Property Right

Intellectual property right pertains to amount paid to acquire right to use technology for engine components which has been capitalised and amortised over a period of 10 years.

(viii) Non compete fee

Non compete fee paid is capitalised and amortised over a period of 5 years.

s. Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. There are no general and specific borrowing costs incurred by the Group that are directly attributable to the acquisition, construction or production of a qualifying asset during the year.

t. Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used,

the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Provision for onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract for provision for onerous contract related to toolings, refer para d above.

u. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of

Notes to the Consolidated Financial Statements

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services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, pension; and
- (b) defined contribution plans such as provident fund

Pension and Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the

currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group makes contributions to funds for certain employees to the regulatory authorities. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus plans

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

v. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and

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no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

w. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of equity shares outstanding during the reporting period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted earnings per share

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

x. Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

y. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM'). The CODM is responsible for allocating

resources and assessing performance of the operating segments.

2.1 Changes in accounting policies and disclosures

a) New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(i) Ind AS 117 Insurance Contracts

The Ministry of Corporate Affairs (MCA) notified the Ind AS 117, Insurance Contracts, vide notification dated 12 August 2024, under the Companies (Indian Accounting Standards) Amendment Rules, 2024, which is effective from annual reporting periods beginning on or after 1 April 2024.

Ind AS 117 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Ind AS 117 replaces Ind AS 104 Insurance Contracts. Ind AS 117 applies to all types of insurance contracts, regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. Ind AS 117 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The application of Ind AS 117 does not have material impact on the Company's financial statements as the Company has not entered

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any contracts in the nature of insurance contracts covered under Ind AS 117.

(ii) Amendments to Ind AS 116 Leases – Lease Liability in a Sale and Leaseback

The MCA notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024, which amend Ind AS 116, Leases, with respect to Lease Liability in a Sale and Leaseback. The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 April 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of Ind AS 116.

The amendments do not have a material impact on the Company's financial statements.

b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet

effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group will adopt this new and amended standard, when it become effective.

Lack of exchangeability – Amendments to Ind AS 21

The Ministry of Corporate Affairs notified amendments to Ind AS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 2A : Significant accounting judgements, estimates and assumptions

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1 Revenue from contracts with customers

The Group provides product development/engineering services to its customers. Under IND AS 115, the group has determined that such services generally do not constitute a separate performance obligation under the contracts with customers but are part of the performance obligation of the group to supply finished goods to the customer. Accordingly, under IND AS 115, revenue from product development/engineering services is recognised over the period of production from the start of production (SOP) date. Payments received from customers in respect of such services before SOP date are considered as contract liability. Further, the group has determined that the costs incurred in respect of product development/engineering services are eligible to be capitalised as intangible assets and accordingly such costs have been presented as 'Capitalised development expenditure' under Intangible assets (also refer note 4.2).

Development of toolings for the customers has been identified by the group to be a separate performance obligation. Further, the group has determined that the performance obligation in respect of development of toolings primarily pertaining to global automotive lighting business is generally satisfied over time. For other tooling contracts, the performance obligation is satisfied at a point in time or over time based on the specific terms of the contract.

2 Non-recognition of deferred tax liability on undistributed profits of subsidiaries and joint ventures

Certain subsidiaries and joint ventures of the group have undistributed retained earnings amounting to ₹ 2,317.18 million (March 31, 2024 : ₹ 9,796.34 million), which if distributed out as dividend would result in tax liability of group. Keeping in view that, no profit is proposed to be distributed in the immediate future by way of dividend out of such undistributed retained earnings, no deferred tax liability has been recognised.

3 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has certain lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

4 De-recognition of trade receivables under factoring arrangements

The Group enters into non-recourse factoring arrangements for its trade receivables with various banks/financial institutions. The Group derecognizes the receivables from its books if it transfers substantially all the risks and rewards of ownership of the financial asset (i.e. receivables). The assessment of de-recognition of trade receivables under the factoring arrangements is complex and requires judgement. (Refer note 10)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

5 Allowability of deduction on write-off of loans to subsidiary under the Income Tax Act, 1961

During the year ended March 31, 2024, Varroc Engineering Limited ('VEL') and Varroc Polymers Limited ('VPL'), wholly owned subsidiary, now merged with VEL as explained in Note 53(b), had derecognised (written-off) loans given to VarrocCorp Holding B.V. ('VCHBV'), Netherlands including interest on such loans aggregating to ₹ 13,533.33 million after making requisite submissions to AD Bank. The Group had claimed this write-off of loans as an allowable business loss, considering that these loans extended to VCHBV were in the nature of trade investments to derive benefits for the Group's businesses rather than for earning dividend/capital appreciation. The Group obtained legal opinions from two independent senior counsels who supported their view on claiming this write-off of loans as an allowable business loss.

Accordingly, the group considered this loss as tax deductible for computation of current tax provision to the extent of ₹ 437.14 million and for recognition of deferred tax asset of ₹ 2,968.93 million in VPL & VEL respectively, towards the loss during the year ended March 31, 2024.

These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) which were fully provided for during the period ended September 30, 2022, in respective standalone financial statements of VEL and VPL when the VLS business was sold to Compagnie Plastic Omnium SE, France.

Further, VEL shifted to new tax regime under section 115BAA of Income Tax Act, 1961 from financial year ended March 31, 2024. As a result, MAT credit of ₹ 265.34 million was written off and deferred tax liability to the extent of ₹ 254.54 million was reversed on account of lower tax rate under new regime, which were included in the total tax expense for the year ended March 31, 2024.

Significant management judgement involved with respect to deductibility of such expenditure under Income tax Act, 1961 considering the same as business expenditure (refer note 20).

Estimates and assumptions

1 Goodwill Impairment Test: Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment at least on an annual basis irrespective of whether there is any indication of impairment. The recoverable amount of a cash generating unit (CGU) to which goodwill balance is allocated is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth, consistent with industry forecasts. The growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The key assumptions used to determine the recoverable amounts for the CGUs which have Goodwill amounts which are significant in comparison to the total carrying amount of goodwill, including a sensitivity analysis, are disclosed and further explained in note 4.1.

2 Defined benefit plans

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds / high quality corporate bonds (as applicable) that have terms approximating to the terms of the related obligation.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

The mortality rate is based on publicly available mortality tables based on the country where the entity operates.

Those mortality tables tend to change only at interval in response to demographic changes.

Future salary increases and gratuity increases are based on expected future inflation rates of the respective country.

3 Deferred taxes

Deferred tax assets are recognised when it is probable that these amounts can be utilised against future taxable surpluses and against fiscal, temporary differences. At each balance sheet date, the group assesses whether the realization of future tax benefits is sufficiently probable to recognize/carry forward deferred tax assets (including MAT credit). This assessment requires the use of significant estimates/assumptions with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer note 20 for details.

4 Recognition of tooling revenue over time

In respect of tooling contracts where revenue is recognised over time, the measurement of progress towards completion requires the group to estimate the services performed to date as a proportion of the total services to be performed which is based on the proportion of actual costs incurred to total estimated costs. Such estimates are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

5 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

6 Provision for warranty

Warranties are provided for a specified period of time. Warranty obligations vary depending upon the type of the product, geographical location of its sale and other factors. The estimated liability for warranties is recorded when the products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and estimates regarding possible future incidence based on actions on product failures. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Actual claims incurred in the future may differ from our original estimates, which may materially affect warranty expenses.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 3.1 : Property, plant and equipment

For the year ended March 31, 2025

Particulars	Gross carrying amount				Accumulated depreciation				Net Carrying Amount	
	As at April 1, 2024	Additions	Translation adjustment	Disposals	As at March 31, 2025	As at April 1, 2024	Depreciation charge for the year	Translation adjustment	Disposals	As at March 31, 2025
Freehold Land	709.40	-	10.43	(11.88)	707.95	-	-	-	-	707.95
Factory Building	5,793.12	285.22	14.08	(30.28)	6,062.14	1,919.97	270.01	8.16	(12.60)	3,876.60
Office Building	1,176.47	0.71	5.25	(2.66)	1,179.77	149.87	24.49	0.30	(2.65)	1,007.76
Plant & Machinery*	24,983.82	2,137.75	105.59	(371.70)	26,855.46	14,530.91	2,099.07	84.68	(279.72)	10,420.52
Electrical Installation	670.02	90.91	0.18	(6.03)	755.08	430.82	55.30	0.07	(5.79)	274.68
Mould & Dies	1,080.17	81.75	(0.03)	(40.76)	1,121.13	847.88	110.38	(0.54)	(22.40)	185.81
Electrical Fitting	133.78	3.17	-	(1.26)	135.69	82.82	9.22	-	(1.25)	44.90
Office Equipment	288.19	104.99	5.32	(1.47)	397.03	282.56	16.71	2.08	(0.70)	96.38
Furniture and fixtures	412.23	22.21	1.06	(0.41)	435.09	272.56	38.92	0.58	(0.39)	123.42
Computers	418.51	22.05	0.64	(9.52)	431.68	339.96	36.36	0.52	(9.49)	64.33
Vehicles	127.51	14.84	0.40	(6.50)	136.25	80.92	14.10	0.23	(6.19)	47.19
Grand Total	35,793.22	2,763.60	142.92	(482.47)	38,217.27	18,938.27	2,674.56	96.08	(341.18)	16,849.54
										16,854.95

* Includes factory equipment and tools & instruments.

Note 3.1 (i) : Capital work-in-progress as on March 31, 2025

Particulars	Amount
Opening capital work-in-progress	763.52
Add: Addition during the year	3,000.55
Less: Capitalised during the year	2,763.60
Closing capital work-in -progress	1,000.47

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2025 is as follows :

(₹ in Million)

Particulars	Project with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	844.73	5.07	25.12	-	874.92
2) Projects temporarily suspended*	-	-	-	125.55	125.55
Total	844.73	5.07	25.12	125.55	1,000.47

Closing CWIP mainly comprises factory building, plant and machinery and factory equipments under installation relating to plants under construction/expansion.

*** Completion schedule of projects temporarily suspended as at March 31, 2025:**

(₹ in Million)

Particulars	CWIP to be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Forging Press Project	125.55	-	-	-	125.55

(ii) Contractual obligations

Refer to note 47 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Office Building includes premises on ownership basis in a Co-Operative Society ₹ 6.30 million, including cost of shares therein of ₹125 per share.

(iv) Refer note 17 for disclosures relating to charges/securities created against the Property, Plant and Equipment of the Group.

(v) The title deeds for all the immovable properties are in the name of the Group.

Notes to the Consolidated Financial Statements

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For the year ended March 31, 2024

Particulars	Gross carrying amount				Accumulated depreciation				Net Carrying Amount		
Asset class	As at April 1, 2023	Additions	Translation adjustment	Disposals	As at March 31, 2024	As at April 1, 2023	Depreciation charge for the year	Translation adjustment	Disposals	As at March 31, 2024	As at March 31, 2023
Freehold Land	668.29	78.67	2.86	(40.42)	709.40	-	-	-	-	-	668.29
Factory Building	5,586.34	416.14	(0.50)	(208.86)	5,793.12	1,805.21	275.51	1.73	(162.48)	1,919.97	3,781.13
Office Building	1,125.05	51.62	(0.20)	-	1,176.47	127.66	22.16	0.05	-	149.87	997.39
Plant & Machinery *	23,977.77	2,185.43	14.71	(1,174.09)	24,983.82	13,172.89	2,063.87	12.25	(718.10)	14,530.91	10,804.88
Electrical Installation	603.67	83.40	0.01	(17.06)	670.02	379.42	65.96	-	(14.56)	430.82	224.25
Mould & Dies	961.74	130.43	(0.20)	(11.80)	1,080.17	745.43	113.04	-	(10.59)	847.88	216.31
Electrical Fitting	136.75	2.31	-	(5.28)	133.78	76.18	11.46	-	(4.82)	82.82	60.57
Office Equipment	220.97	68.40	0.42	(1.60)	288.19	206.94	76.81	0.33	(1.52)	282.56	14.03
Furniture and fixtures	466.09	11.94	0.09	(65.89)	412.23	286.11	45.13	(0.02)	(58.66)	272.56	179.98
Computers	397.22	25.14	0.20	(4.05)	418.51	300.72	43.12	0.17	(4.05)	339.96	96.50
Vehicles	111.39	36.54	0.27	(20.69)	127.51	87.38	12.72	0.08	(19.26)	80.92	24.01
Grand Total	34,255.28	3,070.02	17.66	(1,549.74)	35,793.22	17,187.94	2,729.78	14.59	(994.04)	18,938.27	17,067.34

* Includes factory equipment and tools & instruments.

Note 3.1 (i) : Capital work-in-progress as on March 31, 2024

Particulars	Amount
Opening capital work-in-progress	1,209.40
Add: Addition during the year	3,833.54
Less: Capitalised during the year	3,070.02
Closing capital work-in -progress	763.52

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2024 is as follows :

(₹ in Million)

Particulars	Project with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
1) Projects in Progress	494.04	41.35	20.00	-	555.39
2) Projects temporarily suspended*	-	-	-	208.13	208.13
Total	494.04	41.35	20.00	208.13	763.52

Closing CWIP mainly comprises factory building, plant and machinery and factory equipments under installation relating to plants under construction/expansion.

*** Completion schedule of projects temporarily suspended as at March 31, 2024:**

(₹ in Million)

Particulars	CWIP to be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Forging Press Project	208.13	-	-	-	208.13

(ii) Contractual obligations

Refer to note 47 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Office Building includes premises on ownership basis in a Co-Operative Society ₹ 6.30 million, including cost of shares therein of ₹125 per share.

(iv) Refer note 17 for disclosures relating to charges/securities created against the Property, Plant and Equipment of the Group.

(v) The title deeds for all the immovable properties are in the name of the Group.

Note 3.2 : Right of use assets

The Group has lease contracts for various items of land, building and plant/machineries used in its operations. Leases of premises or building generally have lease terms between 2 to 25 years, lease hold land have lease terms between 30 to 99 years, leases of plant and machinery generally have lease terms between 2 to 15 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(i) Amounts recognised in consolidated balance sheet

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period

(₹ in Million)

Particulars	Land and building	Plant and machinery	Total
Balance as at April 01, 2024	2,290.39	19.32	2,309.71
Add : Additions during the year	340.93	-	340.93
Less : Deletion during the year	-	-	-
Less : Depreciation for the year (refer note 34)	(264.72)	(6.23)	(270.95)
Add/(Less) : Effect of change in exchange rate	6.35	1.14	7.49
Balance as at March 31, 2025	2,372.95	14.23	2,387.18

(₹ in Million)

Particulars	Land and building	Plant and machinery	Total
Balance as at April 01, 2023	2,192.70	56.25	2,248.95
Add : Additions during the year	398.04	-	398.04
Less : Deletion during the year	(54.89)	-	(54.89)
Less : Depreciation for the year (refer note 34)	(234.24)	(37.32)	(271.56)
Add/(Less) : Effect of change in exchange rate	(11.22)	0.39	(10.83)
Balance as at March 31, 2024	2,290.39	19.32	2,309.71

(b) Set out below are the carrying amounts of lease liabilities and the movements during the period

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	1,803.41	1,711.16
Add : Additions during the year	99.81	449.56
Add : Accretion of interest (refer note 33)	130.21	130.94
Less : Payments during the year	(344.36)	(421.82)
Less : Disposal of contracts	-	(58.82)
Add/(less) : Effect of change in exchange rates	7.57	(7.61)
Closing Balance	1,696.64	1,803.41
Presented as -		
Current	252.79	319.58
Non Current	1,443.85	1,483.83
Total closing lease liability	1,696.64	1,803.41

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Maturity profile of lease liability as at March 31, 2025 :

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non- current					Total of Non-Current
			2026-27	2027-28	2028-29	2029-30	More than 5 years	
Lease liability*	3%- 10%	366.40	372.79	316.16	301.40	252.18	590.28	1,832.81
Total		366.40	372.79	316.16	301.40	252.18	590.28	1,832.81

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Maturity profile of lease liability as at March 31, 2024

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non- current					Total of Non-Current
			2025-26	2026-27	2027-28	2028-29	More than 5 years	
Lease liability*	3%- 10%	328.93	333.24	338.74	281.19	268.20	829.63	2,051.00
Total		328.93	333.24	338.74	281.19	268.20	829.63	2,051.00

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

(ii) Amounts recognised in consolidated statement of profit and loss account

The statement of profit or loss shows the following amounts relating to leases

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation expense of right-of-use assets (refer note 34)	270.95	271.56
Interest expense on lease liabilities (refer note 33)	130.21	130.94
Amounts included in Rent expense (refer note 35)		
Expense relating to short-term leases	60.42	46.16
Expense relating to leases of low-value assets	250.41	202.41
Total amount recognised in consolidated statement of profit and loss	711.99	651.07

The Group had total cash outflows for leases of ₹ 655.19 million for the year ended March 31, 2025 (previous year ₹ 670.39 million).

(iii) Extension and termination options

As at March 31, 2025, the Group has no potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 4.1 : Goodwill

Goodwill acquired through business combinations has been allocated to the CGUs below, which are part of automotive segment, for impairment testing:

- Team Concepts Private Limited ('TCPL') (Merged with Varroc Polymers Limited during FY 2021-22)
- Varroc Connect Private Limited ('VCPL') [formerly known as CarlQ Technologies Private Limited ('CarlQ')]
- Varroc Electronics Romania SRL ('Electronics Romania') (formerly known as Varroc Lighting Systems Electronics Romania SRL)
- Others

Carrying amount of goodwill allocated to each of the CGUs:

As at March 31, 2025

Particulars	(₹ in Million)				
	TCPL	VCPL	Electronics Romania	Others*	Total
Balance at the beginning of the year	183.90	166.58	88.23	32.17	470.88
Add/(less): Translation adjustment	-	-	2.18	-	2.18
Balance at the end of the year	183.90	166.58	90.41	32.17	473.06

As at March 31, 2024

Particulars	(₹ in Million)				
	TCPL	CarlQ	Electronics Romania	Others*	Total
Balance at the beginning of the year	183.90	166.58	86.64	32.17	469.29
Add/(less): Translation adjustment	-	-	1.59	-	1.59
Balance at the end of the year	183.90	166.58	88.23	32.17	470.88

*With respect to goodwill amounts in these CGUs; reasonable change in key assumptions does not result change in the carrying amount exceeding the recoverable amounts as at March 31, 2025 and March 31, 2024.

The Group performed its annual impairment test for years ended March 2025 and March 2024 on March 31, 2025 and March 31, 2024 respectively. The Group considers the relationship between the fair value (based on DCF) of each CGU and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amounts of each of the CGU, have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management. As a result of the analysis, management did not identify impairment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Key assumptions used for value in use calculations and the sensitivity to changes in these assumptions for CGUs which have Goodwill amounts which are significant in comparison to the total carrying amount of goodwill are as follows:

CGU	Basis	March 31, 2025		March 31, 2024	
		Assumption used	Sensitivity	Assumption used	Sensitivity
Team Concepts Private Limited (Merged with Varroc Polymers Limited in FY 2021-22)	WACC	14.50%	Increase by 10.40% would result in impairment	14.00%	Increase by 3.50% would result in impairment
	Terminal Growth rate	5.00%	Decrease by 27.40% would result in impairment	5.00%	Decrease by 5.50% would result in impairment
Varroc Electronics Romania SRL	WACC	16.00%	Increase by 9.76% would result in impairment	16.70%	Increase by 5.30% would result in impairment
	Terminal Growth rate	2.00%	Decrease by 29.13% would result in impairment	2.00%	Decrease by 9.10% would result in impairment
Varroc Connect Private Limited	WACC	16.00%	Increase by 5.70% would result in impairment	16.00%	Increase by 5.10% would result in impairment
	Terminal Growth rate	5.00%	Decrease by 13.10% would result in impairment	5.00%	Decrease by 6.30% would result in impairment

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 4.2 : Other Intangible Assets

For the year ended March 31, 2025

Particulars	Gross carrying amount				Accumulated Amortisation				Net Carrying amount		
	As at April 01, 2024	Additions	Translation adjustment	Disposals	As at March 31, 2025	As at April 01, 2024	Amortisation charge for the year	Translation adjustment	Disposals	As at March 31, 2025	As at March 31, 2024
Computer software	755.70	83.43	2.66	(4.30)	837.49	516.42	140.50	1.24	(3.04)	182.37	239.28
Technical know how fees	174.30	9.89	1.30	-	185.49	156.01	14.50	1.08	-	13.90	18.29
Customer relationship	201.88	-	-	-	201.88	197.41	0.83	-	-	3.64	4.47
Patents and others	361.67	-	-	-	361.67	151.25	31.37	-	-	179.05	210.42
Non compete fees	112.93	-	0.28	-	113.21	95.42	6.65	0.28	-	10.86	17.51
Capitalised development costs	796.16	10.49	4.64	-	811.29	654.77	93.85	2.31	-	60.36	141.39
Total	2,402.64	103.81	8.88	(4.30)	2,511.03	1,771.28	287.70	4.91	(3.04)	450.18	631.36

Note 4.2 (i) : Intangible assets under development as at March 31, 2025

Particulars	Amount
Opening balance as at April 01, 2024	35.68
Add: Addition during the year	100.35
Less: Capitalised during the year	103.81
Closing balance as at March 31, 2025	32.22

Intangible assets under development mainly pertain to development costs.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Ageing schedule for intangible assets under development as at March 31, 2025 is as follows :

(₹ in Million)

Particulars	Projects with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Projects in progress	12.68	-	-	-	12.68
(ii) Projects temporarily suspended *	19.54	-	-	-	19.54
Total	32.22	-	-	-	32.22

* Completion schedule of projects temporarily suspended as at March 31, 2025:

(₹ in Million)

Particulars	Projects with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Two Wheeler Lighting Design Project	19.54	-	-	-	19.54

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for the year ended March 31, 2025

Note 4.2 Other Intangible Assets

For the year ended March 31, 2024

Particulars	Gross carrying amount				Accumulated Amortisation				Net Carrying amount	
	As at April 1, 2023	Additions	Translation adjustment	Disposals	As at March 31, 2024	As at April 1, 2023	Amortisation charge for the year	Translation adjustment	Disposals	As at March 31, 2024
Computer software	558.35	196.45	2.78	(1.88)	755.70	421.27	93.80	1.35	-	239.28
Technical know how fees	166.69	5.35	2.26	-	174.30	124.08	31.73	0.20	-	18.29
Customer relationship	201.88	-	-	-	201.88	196.58	0.83	-	-	4.47
Patents and others	361.67	-	-	-	361.67	119.88	31.37	-	-	210.42
Non compete fees	112.85	-	0.08	-	112.93	86.09	9.25	0.08	-	17.51
Capitalised development cost	764.44	75.04	0.94	(44.26)	796.16	490.56	199.86	0.40	(36.05)	141.39
Grand Total	2,165.88	276.84	6.06	(46.14)	2,402.64	1,438.46	366.84	2.03	(36.05)	631.36
										727.42

Note 4.2 (i) : Intangible assets under development as at March 31, 2024

Particulars	Amount
Opening balance as at April 01, 2023	137.38
Add: Addition during the year	175.14
Less: Capitalised during the year	276.84
Closing balance as at March 31, 2024	35.68

Intangible assets under development mainly pertain to development costs.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Ageing schedule for intangible assets under development as at March 31, 2024 is as follows :

(₹ in Million)

Particulars	Projects with ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Projects in Progress	13.06	3.30	0.26	-	16.62
(ii) Projects temporarily suspended *	-	-	16.41	2.65	19.06
Total	13.06	3.30	16.67	2.65	35.68

* Completion schedule of projects temporarily suspended as at March 31, 2024:

(₹ in Million)

Particulars	To be capitalised in				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Two Wheeler Lighting Design Project	19.06	-	-	-	19.06

5 Non-current investments

Particulars	Face value per share	Number of Shares or Securities as at		(₹ in Million) as at	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Investment in fully-paid equity instruments valued at Fair Value through Profit or Loss (unquoted)					
The Saraswat Co-Operative Bank Limited	₹ 10.00	12,500	13,500	0.13	0.14
AMP Energy C&I Five Private Limited (Tamil Nadu)	₹ 10.00	7,64,610	7,64,610	7.65	7.65
AMP Energy C&I Six Private Limited (Karnataka)	₹ 10.00	36,050	36,050	0.36	0.36
AMP Energy C&I Twenty Private Limited (Maharashtra)	₹ 10.00	38,16,000	38,16,000	10.63	38.16
AMP Energy C&I Twenty One Private Limited (Maharashtra)	₹ 10.00	64,80,000	64,80,000	18.06	64.80
AMP Energy C&I Twenty Two Private Limited (Maharashtra)	₹ 10.00	16,20,000	16,20,000	4.51	16.20
AMPIN Energy C&I Thirty Three Private Limited (Maharashtra)	₹ 10.00	79,20,000	-	79.20	-
AMP Energy Green Thirteen Private Limited (Uttar Pradesh)	₹ 10.00	54,000	-	0.54	-
AMP Energy Green Thirteen Private Limited (Uttar Pradesh) (Compulsory Convertible Debentures)	₹ 1,000.00	4,860	-	4.86	-
AMPIN Energy C&I Thirty Four Private Limited (Maharashtra)	₹ 10.00	18,00,000	-	18.00	-
AMP Energy C&I Six Private Limited (Compulsory Convertible Debentures)	₹ 1,000.00	3,245	3,245	3.25	3.25
Investment in Government securities valued at amortised cost (unquoted)					
National Saving Certificates				0.08	0.08
Others					
Share Application Money in AMP Energy Green Thirteen Private Limited				-	5.38
Total non-current investment				147.27	136.02

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

6 Non-current - Other financial assets (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Bank deposits with maturity of more than 12 months from balance sheet date [lien with bank is ₹ 0.14 Million (March 31, 2024 : ₹ 0.14 Million)]	19.52	18.84
Security deposits (considered good, unsecured)	179.68	181.18
Insurance claim receivable	2.36	-
Total non-current other financial assets	201.56	200.02

7 Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Capital advances	308.65	69.47
Provision for capital advance	(2.51)	(11.72)
Net capital advances	306.14	57.75
Government grant receivable	179.52	444.23
Prepaid expenses	159.88	96.86
Others	98.47	51.46
Total other non-current assets	744.01	650.30

8 Inventories

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Raw materials [includes material in transit of ₹ 110.30 million (March 31, 2024: ₹ 38.54 million)]	3,312.62	2,929.99
Work-in-progress	1,164.41	1,106.37
Finished goods [includes finished goods in transit of ₹ 591.80 million (March 31, 2024: ₹ 639.22 million)]	2,374.88	2,134.08
Stores and spares	291.62	249.22
Loose tools [includes loose tools in transit Nil (March 31, 2024: Nil)]	90.45	242.95
Packing material	93.64	81.81
Total inventories	7,327.62	6,744.42

9 Current investments

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Investment in Mutual Funds (valued at Fair Value through Profit or Loss) (quoted)		
HSBC Overnight Direct Fund [Number of Units : Nil , (March 31, 2024: 4,92,358.19)]	-	616.88
HSBC Liquid Direct Fund [(Number of units : 1,44,839.659, March 31, 2024 : 1,43,926.30)]	374.31	346.29
Total current investments	374.31	963.17
Aggregate market value of quoted investments	374.31	963.17

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for the year ended March 31, 2025

10 Trade receivables (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables	6,914.11	5,005.64
Receivable from related parties (refer note 46)	181.31	177.47
Less: Allowances for doubtful debts	(297.82)	(264.68)
Total	6,797.60	4,918.43
Break-up of trade receivables		
Unsecured, considered good	6,797.60	4,918.43
Trade Receivables credit impaired	297.82	264.68
Total	7,095.42	5,183.11
Less: Impairment Allowance (Allowance for doubtful debts)	(297.82)	(264.68)
Total	6,797.60	4,918.43
Presented as -		
Current Portion	6,797.60	4,918.43
Non-Current Portion	-	-

For outstanding Trade Receivables, the ageing schedule is as follows :

As at March 31, 2025

(₹ in Million)

Particulars	Unbilled receivables*	Outstanding for following periods from the due date of payment						Total
		Not due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	113.70	5,218.42	1,374.20	46.06	44.94	0.27	0.01	6,797.60
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired (refer note a below)	-	-	40.93	0.70	173.91	36.46	45.82	297.82
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total	113.70	5,218.42	1,415.13	46.76	218.85	36.73	45.83	7,095.42

*Unbilled trade receivables majorly include price variation adjustment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

As at March 31, 2024

(₹ in Million)

Particulars	Unbilled receivables*	Outstanding for following periods from the due date of payment						Total
		Not due	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	46.05	3,180.01	1,649.95	23.35	15.43	1.33	2.31	4,918.43
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	115.17	64.69	7.79	33.43	43.60	264.68
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total	46.05	3,180.01	1,765.12	88.04	23.22	34.76	45.91	5,183.11

*Unbilled trade receivables majorly include price variation adjustment.

Credit risk

There are no trade receivables which have significant increase in credit risk as at March 31, 2025 and March 31, 2024 other than disclosed above.

Credit period

Trade receivables are non-interest bearing and are generally on terms of 30 to 215 days.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 46.

- A) KTM AG, one of the customer of the group, filed for insolvency and the Court admitted restructuring with self administration in Austria. Considering these developments, the group has recognised a provision for the expected credit loss of trade receivables as exceptional item amounting to ₹30.62 million for the year ended March 31, 2025.

Factored Receivables

- a. The carrying amounts of trade receivables include receivable which are subject to a "with recourse" factoring arrangement. Under the arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained credit risk and late payment risk. The Group therefore continues to recognise the transferred assets in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The relevant carrying amount (refer note 22) as at March 31, 2025 is ₹ 279.83 million (March 31, 2024: 160.08 million).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

- b. Further, pursuant to arrangement with various banks, the Group has also sold to the bank certain of its Trade Receivables on a "non-recourse" basis. The receivables sold were mutually agreed upon with the respective bank after considering the creditworthiness and contractual terms with the customers. The Group has transferred substantially all the risks and rewards of ownership of such receivables sold to the respective banks, and accordingly, the same were derecognized in the Balance Sheet. As at March 31, 2025, the amount of trade receivables derecognized pursuant to the aforesaid arrangement is ₹ 6,993.36 million (March 31, 2024 : ₹ 6,139.71 million).

11 (a) Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash in hand	0.18	0.27
Bank balances		
- in current accounts	629.56	532.89
Deposits with original maturity of less than three months	485.03	571.20
Total cash and cash equivalents	1,114.77	1,104.36

11 (b) Other bank balances

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Deposits with original maturity more than three months but less than twelve months	518.59	198.56
Total other bank balances	518.59	198.56

12 Loans (Current) (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Loans to employees	0.12	0.18
Total current loans	0.12	0.18

13 Other financial assets (Current)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Derivative instruments at Fair Value through Profit and Loss		
Foreign exchange forward contracts	-	1.40
Non-derivative financial assets at amortised cost		
Interest receivable other than on fixed deposits	0.53	0.53
Security deposits	142.86	76.97
Surrender value of keyman insurance receivable	-	193.37
Total other current financial assets	143.39	272.27

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

14 Other current assets

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Advance to suppliers	427.14	393.09
Contract assets *	173.64	152.96
Prepaid expenses	213.81	186.72
Export and other incentives	20.63	29.48
Balance with government authorities	316.29	492.46
Government grant receivable	2,226.32	1,324.24
Others	176.84	170.59
Total other current assets	3,554.67	2,749.54

* Pertains to revenue recognised in respect of tooling contracts

15 Share capital

(₹ in Million)

Particulars	Number of Shares as at		As at	As at
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Authorized:				
Equity shares of ₹ 1 each (previous year ₹ 1 each)	25,45,00,000	25,45,00,000	254.50	254.50
Equity shares of ₹10 each (previous year ₹10 each) on account of amalgamation of Varroc Polymers Limited with the Company	54,90,000	54,90,000	54.90	54.90
Preference shares of ₹ 1 each (previous year ₹ 1 each)	25,00,00,000	25,00,00,000	250.00	250.00
			559.40	559.40
Issued, subscribed and paid-up:				
Equity shares of Re.1 each (previous year ₹ 1 each) fully paid up	15,27,86,400	15,27,86,400	152.79	152.79
	15,27,86,400	15,27,86,400	152.79	152.79

(a) Movement in issued share capital

Particulars	Numbers As at March 31, 2025	₹ in Million As at March 31, 2025	Numbers As at March 31, 2024	₹ in Million As at March 31, 2024
Equity shares				
Outstanding at the beginning of the year	15,27,86,400	152.79	15,27,86,400	152.79
Add/ (Less) : Changes during the year	-	-	-	-
Outstanding at the end of the year	15,27,86,400	152.79	15,27,86,400	152.79

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(b) Rights, preferences and restrictions attached to Equity Shares

The Company has equity shares having a par value of ₹ 1 per share (previous year ₹ 1 per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at March 31, 2025		As at March 31, 2024	
	Numbers of shares Face value ₹ 1	% of shareholding	Numbers of shares Face value ₹ 1	% of shareholding
Equity Shares				
Mr. Tarang Jain	6,07,29,800	39.75%	6,07,29,800	39.75%
TJ Holdings Trust	3,38,50,000	22.16%	3,38,50,000	22.16%
Naresh Chandra Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
Suman Jain Holdings Trust	1,00,00,000	6.55%	1,00,00,000	6.55%
HDFC Trustee Company Limited-HDFC Flexi Cap Fund *	81,81,424	5.35%	44,06,179	2.88%

* Based on legal ownership of the shares. There are multiple beneficial holders for this holding which are individually less than 5%.

(d) Details of shares held by Promoters in the Company

Name of the Shareholder	As at March 31, 2025		As at March 31, 2024		Change During the year	
	Numbers of shares	% of shareholding	Numbers of shares	% of shareholding	Numbers of shares	% of shareholding
	Face value ₹ 1		Face value ₹ 1		Face value ₹ 1	
Equity Shares						
Promoter						
Mr. Tarang Jain*	6,07,29,800	39.75%	6,07,29,800	39.75%	-	0.00%

*Mr. Tarang Jain additionally holds 3,38,50,000 Equity Shares in his capacity as the Trustee of TJ Holdings Trust.

(e) The Company during the preceding five years:

- Has not allotted shares pursuant to contracts without payment received in cash.
- Has not issued shares by way of bonus shares.
- Has not bought back any shares.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

16 Other Equity

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Reserves and surplus		
Retained earnings		
Balance at the beginning of the year	(8,229.62)	(13,594.09)
Add/ (Less) : Profit/(loss) for the year	612.30	5,260.24
Add/ (Less) : Remeasurement of post-employment benefit obligation (net of tax)	(23.08)	104.23
Balance at the end of the year	(7,640.40)	(8,229.62)
General reserve		
Balance at the beginning of the year	4,194.73	4,194.73
Balance at the beginning and at end of the year	4,194.73	4,194.73
Capital Redemption Reserve		
Balance at the beginning of the year	11.30	11.30
Balance at the beginning and at end of the year	11.30	11.30
Capital Reserve		
Balance at the beginning of the year	5,335.08	5,335.08
Balance at the beginning and at end of the year	5,335.08	5,335.08
Statutory reserves		
Balance as at beginning of the year	410.80	410.80
Balance at the beginning and at end of the year	410.80	410.80
Securities premium		
Balance at the beginning of the year	13,024.03	13,024.03
Balance at the beginning and at end of the year	13,024.03	13,024.03
Total reserves and surplus	15,335.54	14,746.32
Other reserves		
Foreign Currency Translation Reserve		
Balance at the beginning of the year	71.26	227.35
Add / (Less) : Exchange differences in translating the financial statements of foreign operations	91.05	(156.09)
Balance at the end of the year	162.31	71.26
Total other reserves	162.31	71.26
Total other equity	15,497.85	14,817.58

Nature and purpose of other reserves

General reserve

General reserve is the retained earning of the Group which is kept aside out of the Group's profits to meet future (known or unknown) obligations.

Capital redemption reserve

Capital redemption reserve is not available for distribution as dividend.

Capital Reserve

Capital reserve is not available for distribution as dividend.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Statutory reserves

Statutory reserves are created based on statutory requirements of respective region and hence is not available for distribution as dividend.

Securities premium

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

16A Proposed Dividend on Equity Shares

Proposed dividend for the year ended March 31, 2025 of ₹ 152.79 million at Re 1 per share (March 31, 2024 Nil). Proposed dividend is subject to approval at annual general meeting and is not recognised as a liability at March 31, 2025

17 Non-current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Debentures		
25,000 8.60% Non-convertible debentures of ₹ 1,00,000 each	1,544.70	2,162.70
Term loans		
Rupee loans from banks and financial institutions	1,585.26	4,260.20
Foreign currency loans from banks and financial institutions	19.63	69.72
Unsecured		
Foreign currency loans from banks	45.73	24.62
Total non-current borrowings	3,195.32	6,517.24

Maturity profile of non-current borrowings as on March 31, 2025

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non-Current					Total of Non- current
			2026-27	2027-28	2028-29	2029-30	More than 5 years	
Non-Convertible Debentures	8.60%	618.00	618.00	618.00	308.70	-	-	1,544.70
Rupee loans from banks and financial institutions	7.60 % to 9.45%	1,623.03	893.45	601.00	90.81	-	-	1,585.26
Foreign currency loans from banks and financial institution	Refer note (a) below	77.23	19.64	11.43	11.43	11.43	11.43	65.36
Total		2,318.26	1,531.09	1,230.43	410.94	11.43	11.43	3,195.32

Note (a) : The foreign currency loans from bank and financial institutions have an effective interest rate of 2.56% to 4.00%, 1 m Euribor+ 1.50% and 12m Euribor + 3.00%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Maturity profile of non-current borrowings as on March 31, 2024

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non-Current					Total of Non-current
			2025-26	2026-27	2027-28	2028-29	More than 5 years	
Non-Convertible Debentures	8.60%	305.50	618.00	618.00	618.00	308.70	-	2,162.70
Rupee loans from banks and financial institutions	6.75 % to 11.50%	3,096.76	2,353.76	906.02	721.01	279.41	-	4,260.20
Foreign currency loans from banks	Refer note (a) below	95.10	75.19	19.15	-	-	-	94.34
Deferred Sales Tax Loan	Interest free	5.16	-	-	-	-	-	-
Total		3,502.52	3,046.95	1,543.17	1,339.01	588.11	-	6,517.24

Note (a) : The foreign currency loans from bank have an effective interest rate of 4.00%, 1m Euribor + 1.25% - 1.50%, 12m Euribor + 3.00%.

Nature of Security

Indian entities

1) Rupee Term Loans from Banks are secured by:

(a) HSBC Bank

- (i) Working Capital Term Loan (WCTL) of ₹ 400.00 Million and ₹ 435.00 Million having outstanding balance of ₹ 100.00 Million and ₹200.00 Million respectively, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) are secured by way of second pari-passu charge on current assets of the Company along with other banks. Further secured by second charge on movable fixed assets of the Company situated at:

- (1) Varroc Engineering Limited, Plant IV - Plot No. M-140-141, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra
- (2) Varroc Engineering Limited, Corporate Office, Plot No. L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra
- (3) Varroc Engineering Limited, Pant Nagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand

- (ii) Term Loan of ₹ 1,000 Million availed in November 2023 outstanding balance as on March 31, 2025. ₹ 906.25 million

- (1) Varroc Engineering Limited, Plant IV - Plot No. M-140-141, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra
- (2) Varroc Engineering Limited, Corporate Office, Plot No. L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra
- (3) Varroc Engineering Limited, Pant Nagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(b) ICICI Bank

- (i) ICICI BANK Rupee Term Loan of ₹ 1,250 Million having outstanding balance of ₹747.62 Million is secured on exclusive charge basis by way of mortgage of immovable properties situated at:

- (1) B-3020 & 3040, Marvel Edge, Viman Nagar, Pune, Maharashtra
- (2) Plot No. 35-A, Udyog Vihar, Greater Noida, Uttar Pradesh
- (3) 58th Mile Stone, Opp. Mittal Orchards, Village Binola, Dist. Gurgaon, Haryana State
- (4) Plot No. 136-B, Harohalli Industrial Area, Kanakapura Taluk, Ramanagara Distt. Karnataka
- (5) Plot No. 271 & 272(P), Nara Sapura Industrial Area, Nara Sapura, Dist. Kolar – 563133 Karnataka State

(c) IndusInd Bank

- (i) IndusInd Bank Ltd Rupee Term loan of ₹ 1,000 Million (balance as on 31st March 2025 ₹ 468.75 Million) is secured on exclusive first charge by way of Hypothecation of Fixed Assets of the following plants of Company situated at :

- (1) Plot No. E-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431136 (M.S.) : Movable Fixed Assets
- (2) Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501 (M.S.) : R&D Centre Movable Fixed Assets
- (3) Gat No. 12/1 and Gat No. 12/2 situated at Village Shivaji Nagar , Tal. Sakri, Dist. Dhule (M.S.) : Movable Fixed Assets
- (4) Plot No. 103/4, Maswad, GIDC, Expansion Estate, Halol-II, Dist. Panchmahal, Gujarat – 389 350 : Movable and Immovable Fixed Assets
- (5) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune : Movable Fixed Assets
- (6) Plot No. K-103, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) - 431136 (M.S.)

- (ii) IndusInd Bank Ltd Rupee Term loan of ₹ 1,250 Million (balance as on 31st March 2025 ₹ 125.00 Million) is secured on exclusive first charge by way of Hypothecation on Movable and Immovable Fixed Assets of the following plants of Company situated at :

- (1) Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune - 412106 (M.S.) : Immovable Fixed Assets
- (2) Plot No. E-88, MIDC, Ranjangaon, Tal. Shirur, Dist. Pune (M.S.) : Movable Fixed Assets
- (3) Gut No. 99, Village Pharola, Tal. Paithan, Dist. Chhatrapati Sambhaji Nagar (Aurangabad) - 431105 : Immovable Fixed Assets

- (iii) IndusInd Bank Ltd Rupee Term loan of ₹ 750.00 Million (balance as on 31st March 2025 ₹ 300.00 Million) is secured on exclusive first charge by way of Hypothecation on Immovable Fixed Assets of the following plants of Company situated at :

- (1) Survey No 154/1, 154/3 And 155/2, Karsanpura, Mandal, Ahmedabad, Gujarat, 382130.
- (2) Plot No. 601-A&B Sector-III, Industrial Area, Pithampur, Dist. Dhar – 454775.
- (3) Survey No. 128-1B & 129-1B, Ezhichur Village, Sriperambudur taluk, Kancheepuram Dist. (Chennai) 603204

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(d) Saraswat Co. Operative Bank

- (i) Saraswat Co. operative Bank Ltd. Term loan of ₹ 750.00 Million (balance as on March 31, 2025. ₹ 291.67 Million is secured on exclusive charge by way of mortgage of immovable properties situated at:-

(1) Plot no E-88 ,MIDC, Ranjangaon, Tal.Shirur, Dist. Pune Maharashtra.

(2) Plot No M-165-167, MIDC, Waluj Chhatrapati Sambhaji Nagar (Aurangabad) 431136 Maharashtra.

2) 8.60% Non-convertible debentures of ₹100,000 each (Balance as on March 31, 2025 ₹ 2,187.50 Million) are Secured by:

Exclusive charge by way of Hypothecation on the specific identified movable properties of the Company situated at:

- (1) Varroc Engineering Limited, VEL III, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra
- (2) Varroc Engineering Limited, VEL VII (Valves), Plot No. L-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431136, Maharashtra
- (3) Varroc Engineering Limited, VEL VII (Forging), Plot No. L-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431136, Maharashtra
- (4) Varroc Engineering Limited, Lighting Plant, Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra
- (5) Varroc Engineering Limited, Lighting Plant, Plot No. 1(P), Gut No. 51 to 59, Village Bhambholi, Tal. Khed, Dist. Pune– 410501, Maharashtra

3) Borrowings pertaining to following charges have been repaid, however company is in process of filing charge satisfaction documents as on March 31, 2025

- a. Tata Capital: Immovable fixed assets located at Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand.
- b. ICICI Bank:
 - 1) Immovable fixed assets located at Plot No. C-3 in the Chakan Industrial Area, Phase-II and within village limits of Bhamboli Taluka, sub-district Khed, district Pune.
 - 2) Movable fixed assets located at:
 - (i) Plot No. 271 and 272 Part, Narasapara, Industrial Area, Yandrakayipura, Kolar, Karnataka, 563133
 - (ii) 136 B, Harohalli Industrial Area, Phase - 2, Kanakapura Tal. Dist. Ramanagara, Bengaluru Karnataka, 562112
 - (iii) Survey No. 128-1B & 129-1B, Ezhichur Village, Sriperambudurtaluk, Kancheepuram Dist. 603204 (Chennai)
 - (iv) Plot No. 601-A&B Sector-III, Industrial Area, Pithampur, Dist. Dhar – 454775.

Overseas entities

Secured loans

Foreign currency loan from banks

- 1) Credit facilities at Varroc Electronics Romania SRL are secured by way of specific charge on assets purchased from these facilities and additionally secured by Corporate Guarantee by Varroc Engineering Limited.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

- 2) In case of Foreign subsidiary located in Italy (Varroc Italy S.p.A.) , loans are secured by way of specific charge on assets purchased from these loans.

Unsecured Loans

Holding Company has provided corporate guarantee against foreign currency loans to Varroc Electronics Romania SRL (for loan outstanding as on March 31, 2024) & Industrial Meccanica E Stampaggio S.p.a.

Debt covenants :

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net borrowings to EBITDA ratio and debt service coverage ratio. Group is in compliance with these debt covenants as at March 31, 2025.

As on March 31, 2025, the asset cover in respect of the Non-Convertible Debentures is 1.57 times of the total due amount which is greater than the requirement of 1.1 times of the said Secured Non-Convertible Debentures.

18 Non current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Payable for capital goods	2.55	1.22
Employee benefits payable	-	3.40
Redemption liability related to non-controlling interest	13.27	13.27
Total non-current other financial liabilities	15.82	17.89

19 Non-current provisions

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
Employee defined benefit obligation (refer note 39)	33.81	23.55
Compensated absences	153.42	129.05
Others		
Others (refer note 25)	0.49	10.04
Total non-current provisions	187.72	162.64

20 Deferred tax assets/(liabilities) (Net)

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax Liabilities (Gross)		
Depreciation and amortisation	940.25	979.71
Others	250.61	122.53
	1,190.86	1,102.24
Offset with deferred tax asset to the extend they relate to same governing law	(1,144.07)	(795.69)
Deferred tax liabilities (Net)	46.79	306.55

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax assets (Gross)		
Government grants	8.09	71.59
Expenses allowable under Income Tax on payment basis	117.10	105.27
Provision for doubtful debts and advances	48.86	50.32
Losses available for offsetting against future taxable income (refer note below)	1,407.14	2,484.08
Merger expenses	39.52	-
Others	386.40	51.68
	2,007.11	2,762.94
Offset with deferred tax liabilities to the extent they relate to same governing law	(1,144.07)	(795.69)
Deferred tax assets (Net)	863.04	1,967.25
Closing deferred tax assets/(liabilities) (Net)	816.25	1,660.70
Movement in deferred tax assets/(liabilities)		
Opening deferred tax assets/(liabilities) (Net)	1,660.70	(1,099.15)
Recognised in the Statement of Profit and Loss		
Deferred tax (expense)/credit	(836.68)	2,774.84
Recognised in other comprehensive income	(0.49)	(5.81)
Exchange Differences	(7.28)	(9.18)
Closing deferred tax assets/(liabilities) (Net)	816.25	1,660.70

Note :

During the year ended March 31, 2024, Varroc Engineering Limited ('VEL') and Varroc Polymers Limited ('VPL'), wholly owned subsidiary, now merged with VEL as explained in Note 53(b), had derecognised (written-off) loans given to VarrocCorp Holding B.V. ('VCHBV'), Netherlands including interest on such loans aggregating to ₹ 13,533.33 million after making requisite submissions to AD Bank. The Group had claimed this write-off of loans as an allowable business loss, considering that these loans extended to VCHBV were in the nature of trade investments to derive benefits for the Group's businesses rather than for earning dividend/capital appreciation. The Group obtained legal opinions from two independent senior counsels who supported their view on claiming this write-off of loans as an allowable business loss.

Accordingly, the group considered this loss as tax deductible for computation of current tax provision to the extent of ₹ 437.14 million and for recognition of deferred tax asset of ₹ 2,968.93 million in VPL & VEL respectively, towards the loss during the year ended March 31, 2024.

These loans pertained to funding of Varroc Lighting Systems ('VLS') entities (erstwhile subsidiaries of VCHBV) which were fully provided for during the period ended September 30, 2022, in respective standalone financial statements of VEL and VPL when the VLS business was sold to Compagnie Plastic Omnium SE, France.

Further, VEL shifted to new tax regime under section 115BAA of Income Tax Act, 1961 from financial year ended March 31, 2024. As a result, MAT credit of ₹ 265.34 million was written off and deferred tax liability to the extent of ₹ 254.54 million was reversed on account of lower tax rate under new regime, which were included in the total tax expense for the year ended March 31, 2024.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

21 Other non-current liabilities

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Advances received from customers	0.25	13.11
Total other non-current liabilities	0.25	13.11

22 Current borrowings

A. Short term borrowings

(₹ in Million)

Particulars	Maturity Date	Repayment Terms	Interest rate	As at March 31, 2025	As at March 31, 2024
Secured					
Cash credit	On demand	On demand	Refer note (a) below	376.05	297.83
Working capital facilities					
Working capital loans	Various	Various	Euribor 1m+ 0.35%	-	36.06
Factored receivables (refer note 10)	Various	Various	Refer note (b) below	279.83	160.08
Unsecured					
Working capital facilities					
Pre-shipment credit (PCRE) from banks	Various	6 Month	8.45% to 8.75%	-	957.99
Pre-shipment credit (PCFC) from banks	Various	6 Month	3.68% to 3.75%	500.19	-
Short-term loan from banks	Various	Various	4.71% to 8.19%	2,318.11	622.06
From financial institutions (PO financing)	Various	90 days	8.75%	500.00	-
Total short term borrowings (A)				3,974.18	2,074.02

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

B. Current maturities of non-current borrowings

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Debentures		
25,000 number of 8.60% Non Convertible Debentures of ₹ 1,00,000 each (refer note 17 for security details)	618.00	305.50
Loans and facilities		
From banks		
Rupee loans	1,623.03	2,546.91
Foreign currency loans	64.50	68.24
From financial institution		
Rupee loans	-	549.85
Unsecured		
Deferred sales tax loan	-	5.16
Foreign currency loans	12.73	26.86
Total current maturities of non-current borrowings (B)	2,318.26	3,502.52
Total current borrowings (A+B)	6,292.44	5,576.54

Note (a) : The cash credit facilities have interest rates of 8.85 % to 9.50%, 1m Euribor + 0.35% to 2.5% and 3m Euribor + 2% to 4.30%

Note (b) : Trade receivables are factored at an interest rate of 3m Euribor + 1.95%+ Commission 0.25% and 3.65% to 5.66%

Varroc Engineering Limited ('the Holding Company'), Varroc Polymers Limited (now merged with the Holding Company as described in Note 53(b)) and Durovalves India Private Limited have sanctioned borrowings facilities from banks or financial institutions on the basis of security of current assets, and quarterly returns or statements of current assets filed by these Companies during the current and previous year with banks or financial institutions are in agreement with the books of accounts except as mentioned in Note 37a & 37b.

Working capital facilities availed from banks, are secured by charge by way of hypothecation of stocks of raw materials, work in process, finished goods, consumables, stores and spares, packing materials, receivables and mortgage of certain land and buildings of the group (refer note 17).

Net debt reconciliation

(₹ in Million)

Particulars	March 31, 2025	March 31, 2024
Net Debt		
Non-current borrowings (includes current maturities of non-current borrowings (refer note 17 and 22))	(5,513.58)	(10,019.76)
Current borrowings (refer note 22)	(3,974.18)	(2,074.02)
Lease Liabilities (refer note 3.2)	(1,696.64)	(1,803.41)
Interest accrued but not due (refer note 24)	(21.83)	(31.63)
Liquid investments (refer note 9)	374.31	963.17
Cash and cash equivalents (refer note 11 (a))	1,114.77	1,104.36
Net debt	(9,717.15)	(11,861.29)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Reconciliation of Net Debt as at March 31, 2025

(₹ in Million)

Particulars	As at April 1, 2024	Additions	Cashflows	Interest Expenses	Interest Paid	Gain on sale of investments	Translation Difference	As at March 31, 2025
Non-current borrowings	(10,019.76)	-	4,543.04	-	-	-	(36.86)	(5,513.58)
Current borrowings	(2,074.02)	-	(1,805.53)	-	-	-	(94.63)	(3,974.18)
Lease Liabilities	(1,803.41)	(99.81)	214.15	(130.21)	130.21	-	(7.57)	(1,696.64)
Interest accrued but not due	(31.63)	-	-	(1,572.08)	1,581.88	-	-	(21.83)
Liquid Investments	963.17	-	(625.44)	-	-	36.58	-	374.31
Cash and cash equivalent	1,104.36	-	(0.54)	-	-	-	10.95	1,114.77

Reconciliation of Net Debt as at March 31, 2024

(₹ in Million)

Particulars	As at April 1, 2023	Additions	Cashflows	Interest Expenses	Interest Paid	Gain on sale of investments	Translation Difference	As at March 31, 2024
Non-current borrowings	(13,726.49)	-	3,748.55	-	-	-	(14.96)	(10,019.76)
Current borrowings	(2,623.49)	-	526.17	-	-	-	(3.56)	(2,074.02)
Lease Liabilities	(1,711.16)	(390.74)	290.88	(130.94)	130.94	-	7.61	(1,803.41)
Interest accrued but not due	(172.33)	-	-	(1,938.56)	2,079.26	-	-	(31.63)
Liquid Investments	300.05	-	644.37	-	-	18.75	-	963.17
Cash and cash equivalent	3,023.13	-	(1,921.32)	-	-	-	2.54	1,104.36

23 Trade payables

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Current		
Total outstanding dues of Micro and Small Enterprises*	1,804.56	1,361.36
Total outstanding dues other than Micro and Small Enterprises		
Trade payables to related parties (refer note 46)	92.08	42.88
Others	11,365.22	10,680.40
Total current trade payables	13,261.86	12,084.64

*Pertains to Indian entities

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

For outstanding Trade Payable, the ageing schedule is as follows :

As at March 31, 2025

(₹ in Million)

Particulars	Unbilled *	Outstanding for following periods from the due date of payment					Total
		Not due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed dues - Micro & Small Enterprises	27.26	1,671.63	104.64	0.28	0.42	0.33	1,804.56
(ii) Undisputed dues - Others	1,192.18	8,761.22	1,303.20	103.97	38.58	58.15	11,457.30
(iii) Disputed dues - Micro & Small Enterprises	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	1,219.44	10,432.85	1,407.84	104.25	39.00	58.48	13,261.86

* Pertains to goods/services received by the Group pending for invoice processing as at closing date.

As at March 31, 2024

(₹ in Million)

Particulars	Unbilled *	Outstanding for following periods from the due date of payment					Total
		Not due	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed dues - Micro & Small Enterprises	19.58	1,334.91	6.00	0.42	0.45	-	1,361.36
(ii) Undisputed dues - Others	943.12	7,843.19	1,798.21	57.55	65.43	15.78	10,723.28
(iii) Disputed dues - Micro & Small Enterprises	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	962.70	9,178.10	1,804.21	57.97	65.88	15.78	12,084.64

* Pertains to goods/services received by the Group pending for invoice processing as at closing date.

24 Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Financial liabilities at amortised costs		
Interest accrued but not due on borrowings	21.83	31.63
Payable for capital goods	728.69	372.34
Customer security deposits	92.62	92.83
Unclaimed dividends	0.13	0.13
Employee benefits payable	1,061.96	1,013.12
Corporate Credit card	244.07	-
Others (including ₹ 439.91 million provision towards arbitration costs as per ICC order- refer Note 50(a))	802.12	-
Financial liabilities at fair value through PL		
Foreign exchange forward contracts	16.20	-
Total other financial liabilities	2,967.62	1,510.05

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

25 Current provisions

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for Employee benefits		
Employee defined benefit obligation (refer note 39)	116.54	94.36
Compensated absences	115.72	120.72
Others		
Provision for warranties *	71.95	70.09
Others #	0.73	16.91
Total current provisions	304.94	302.08

(₹ in Million)

Particulars	Warranties		Others	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Balance as at the beginning of the year	70.09	93.08	26.95	29.43
Add: Additions during the year	129.51	68.39	4.74	24.30
Less: Utilization/Reversed during the year	(127.75)	(91.40)	(30.48)	(26.79)
Add/(less): Foreign exchange translation difference	0.09	0.02	0.01	0.01
Balance as at the end of the year	71.95	70.09	1.22	26.95
Current Portion	71.95	70.09	0.73	16.91
Non Current Portion	-	-	0.49	10.04
Total	71.95	70.09	1.22	26.95

* Provision for warranties : The Group provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period. The impact of discounting of these provisions is not material.

Other provision includes provision for coupon schemes and provisions related to tooling contract. These coupons are expected to be settled within 2-3 years. Management estimates these provision based on historical claim information and any recent trends. The impact of discounting of these provisions is not material.

26 Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Advance received from customers	854.96	694.24
Statutory dues payable	573.74	540.40
Other payables	337.95	282.88
Total other current liabilities	1,766.65	1,517.52

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

27 Deferred government grant

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Balance as at the beginning of the year	355.52	449.92
Received/ recognised during the year	187.75	263.43
Released to statement of profit and loss	(213.08)	(357.83)
Balance as at the end of the year	330.19	355.52
Presented as :		
Current Portion	103.94	101.28
Non-Current Portion	226.25	254.24
Total	330.19	355.52

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue.

28 Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from contracts with customer	80,024.75	73,498.99
Other operating revenue	1,516.09	2,020.38
Total	81,540.84	75,519.37

Revenue from contracts with customer

A Disaggregated revenue information

(₹ in Million)

Segment	For the year ended March 31, 2025			For the year ended March 31, 2024		
	Automotive	Others	Total	Automotive	Others	Total
Timing of revenue recognition						
Goods/ Services transferred at a point in time						
Finished goods						
Electrical & automotive lighting auto parts	32,197.24	-	32,197.24	31,478.35	-	31,478.35
Polymer auto parts	26,293.85	-	26,293.85	24,156.03	-	24,156.03
Steel forged products	5,861.16	-	5,861.16	5,881.65	-	5,881.65
Engine valves	3,386.76	-	3,386.76	3,035.21	-	3,035.21
After market auto parts	7,730.51	-	7,730.51	6,044.27	-	6,044.27
Others	-	1,915.69	1,915.69	-	752.16	752.16
Toolings	1,713.74	-	1,713.74	678.80	-	678.80
Job Work	294.45	208.92	503.37	76.59	1,056.64	1,133.23

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Segment	For the year ended March 31, 2025			For the year ended March 31, 2024		
	Automotive	Others	Total	Automotive	Others	Total
Goods/ Services transferred over time						
Toolings	78.06	-	78.06	236.74	-	236.74
Sale of Services (including Engineering Services)	344.37	-	344.37	102.55	-	102.55
Total revenue from contracts with customers	77,900.14	2,124.61	80,024.75	71,690.19	1,808.80	73,498.99
Revenue by region						
India	71,246.59	-	71,246.59	63,947.11	-	63,947.11
Asia Pacific	1,846.36	-	1,846.36	1,834.77	-	1,834.77
Europe	3,462.16	1,774.13	5,236.29	4,519.65	1,510.49	6,030.14
North America	898.13	319.14	1,217.27	459.69	298.31	758.00
Others	446.90	31.34	478.24	928.97	-	928.97
Total revenue from contracts with customers	77,900.14	2,124.61	80,024.75	71,690.19	1,808.80	73,498.99

- B** Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

(₹ in Million)

Particulars	For the year ended March 31, 2025			For the year ended March 31, 2024		
	Automotive	Others	Total	Automotive	Others	Total
Revenue						
External Customer	79,338.94	2,201.90	81,540.84	73,577.33	1,942.04	75,519.37
Inter-segment	-	-	-	-	-	-
	79,338.94	2,201.90	81,540.84	73,577.33	1,942.04	75,519.37
Less: Other operating revenue	1,438.80	77.29	1,516.09	1,887.14	133.24	2,020.38
Total revenue from contracts with customers	77,900.14	2,124.61	80,024.75	71,690.19	1,808.80	73,498.99

- C** Contract balances

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables	6,797.60	4,918.43
Contract assets	173.64	152.96
Contract liabilities	855.21	707.35

Trade receivables are non-interest bearing and are generally on terms of 30 to 215 days.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities include advances received from customers for performing engineering design and development services.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Set out below is the amount of revenue recognised from:

(₹ in Million)

Particulars	March 31, 2025	March 31, 2024
Amount of revenue recognised from amounts included in contract liabilities at the beginning of the year	707.35	567.71

D Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue as per contracted price	80,382.58	73,839.21
Adjustments		
Discount	(357.83)	(340.22)
Revenue from contract with customers	80,024.75	73,498.99

E Performance obligation

Revenue from contracts with customers include revenue from finished goods, tooling and job work services.

Information about the above Group's performance obligations are summarised below:

Finished goods/ Engineering services

For the sale of finished goods the performance obligation is generally satisfied upon its delivery and payment is generally due within 30 to 215 days from delivery.

Product development/engineering services are considered as related to sale of parts rather than a separate performance obligation. As a result, revenue from engineering services is recognised over the period of production from the date of start of production. Costs incurred in respect of providing engineering services are recognised as intangible assets and amortised over the period of production from the date of start of production. Payments received from customers in respect of product development/engineering services are presented as contract liabilities.

The Group provides normal warranty provisions on some of its products sold, in line with the industry practice. The Group considers that the contractual promise made to the customer in the form of warranties for the parts supplied does not meet the definition of separate performance obligation as it does not give rise to additional service.

Supply of toolings

Development of toolings for the customers has been identified by the group to be a separate performance obligation. Further, the group has determined that the performance obligation in respect of development of toolings primarily pertaining to automotive lighting business is generally satisfied over time. For other tooling contracts, the performance obligation is satisfied at a point in time or over time based on the specific terms of the contract. The revenue is recognised at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

Job work

Job work revenue is recognised when the work is completed and billed to customer.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Other operating revenue

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Government Grant (refer note below)	847.69	1,347.54
Scrap sales	370.90	427.02
Wind and solar power generation	98.39	108.88
Export Incentives	66.08	76.51
Others	133.03	60.43
Total other operating revenue	1,516.09	2,020.38

Note :

During the previous year ended March 31, 2024, the Group received eligibility certificates (ECs) in respect of three plants in Aurangabad/Pune under the Maharashtra Electronic Policy 2016 effective from April 1, 2022 and valid for 10 years. Under these ECs, the Company is eligible to claim incentive in the form of refund of SGST paid on eligible sales from the respective plants. The Group has considered these as grants related to income under Ind AS 20 by recognizing the same as income in profit and loss based on SGST paid for the year. The amount of income recognised in the previous year in respect of the aforesaid ECs was ₹ 989.71 million pertaining to the period April 1, 2022 to March 31, 2024.

29 Other income

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest Income		
- from financial assets measured at amortised cost	24.42	63.25
- Others	25.97	11.52
- On Unwinding of discount on security deposits	4.78	5.64
Net gain on disposal of property, plant and equipment / intangible assets	26.32	64.29
Net gain on sale of investments	36.58	18.75
Liabilities no longer required written back	0.60	8.48
Increase in surrender value of keyman insurance policy	18.33	27.85
Miscellaneous income	39.82	75.98
Total Other income	176.82	275.76

29A Foreign exchange gain/(loss) (net)

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Foreign exchange gain	138.98	179.65
Foreign exchange loss	(18.59)	(34.04)
Total Foreign exchange gain/(loss) (net)	120.39	145.61

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

30 Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Raw material at the beginning of the year	2,929.98	3,147.42
Add : Purchases	52,773.68	47,231.43
	55,703.66	50,378.85
Less : Raw material at the end of the year	3,312.62	2,929.98
Total cost of materials consumed	52,391.04	47,448.87

31 Changes in stock of finished goods and work-in-progress

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening balance		
Work-in-progress	1,106.37	1,030.55
Finished goods	2,134.08	2,094.30
Total opening balance	3,240.45	3,124.85
Closing balance		
Work-in-progress	1,164.41	1,106.37
Finished goods	2,374.88	2,134.08
Total closing balance	3,539.29	3,240.45
Total changes in inventories of work-in-progress and finished goods	(298.84)	(115.60)

32 Employee benefit expense

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages and bonus	7,809.40	7,204.89
Contribution to gratuity and other funds (refer note 39)	622.52	535.04
Staff welfare expenses	445.19	352.28
Total employee benefit expense	8,877.11	8,092.21

33 Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest and finance charges on debt and borrowings	1,518.50	1,714.25
Interest and finance charges paid/payable for lease liabilities	130.21	130.94
Other borrowing costs	53.58	93.37
Total finance costs	1,702.29	1,938.56

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

34 Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of property, plant and equipment	2,674.56	2,729.78
Amortisation of intangible assets	287.70	366.84
Amortisation of right of use assets	270.95	271.56
Total depreciation and amortisation expenses	3,233.21	3,368.18

35 Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Consumption of stores and spares and loose tools	1,030.13	1,018.04
Consumption of packing materials	928.97	929.09
Repairs to		
Buildings	18.58	22.69
Machinery	477.40	461.01
Others	623.39	549.36
Telephone and communication expenses	60.31	67.91
Water and electricity charges	2,126.67	2,132.38
Rental charges	310.83	248.57
Rates and taxes	52.63	62.38
Contract labour cost	3,327.70	2,998.08
Legal and professional fees	812.59	985.72
Travelling and conveyance	450.16	404.13
Insurance	128.78	133.47
Corporate social responsibility expenditure *	40.91	30.18
Provision for doubtful loans, advances and debts (Net)	6.95	220.29
Sales promotion, marketing and advertisement cost	175.51	161.71
Research and development expenses	108.01	85.46
Freight and forwarding expenses	1,137.85	1,015.73
Warranties	130.65	68.39
IT related cost	201.14	181.56
Miscellaneous expenses	655.21	727.73
Total other expenses	12,804.37	12,503.88

* Includes amount of ₹ 33.15 million (March 31, 2024 : ₹ 24.43 million) contributed to Varroc Foundation in which some of the directors are trustee.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

36 Income tax expense

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current tax (including Short/ (excess) provision in respect of earlier years)	159.15	393.49
Deferred tax expense	836.68	(2,774.84)
Income tax expense	995.83	(2,381.35)
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before tax, exceptional items & share of net profits of investments accounted for using equity method	3,128.87	2,704.64
Tax at the Indian tax rate of 25.168% (March 31, 2024 : 25.168%)	787.47	680.70
Tax effect of amounts which have been excluded in calculating taxable income:		
Non-deductible expenses for tax purposes:		
Non deductible depreciation	16.42	14.87
Other non-deductible expenditure	11.91	111.41
Other adjusting items:		
Effect of tax expenses on account of income/ expenses pertaining to previous years	(80.95)	43.79
Deferred tax asset not recognised on losses	326.69	143.10
Deduction for loan and interest write-off against which provision for impairment was created in previous year *	-	(3,374.13)
Effect of change in deferred tax rate under new regime	-	(252.95)
Expenses related to divestment- accounted in FY 22-23	-	(20.61)
MAT Credit written off *	-	265.34
Difference in Indian & Overseas tax rates	(12.35)	6.29
Other	(53.36)	0.84
Income tax expense	995.83	(2,381.35)

* Refer note 20 for deduction for write-off of loans & interest thereon along with change in tax regime.

Note 37 (a) : Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Group in respect of its Indian Subsidiaries for the year ended March 31, 2025:

I Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2024	4,418.91	4,578.08	(159.17)	(159.17)	-	-
2	Sept 30, 2024	5,062.90	5,225.09	(162.19)	(162.19)	-	-
3	Dec 31, 2024	5,009.48	5,219.93	(210.45)	(210.45)	-	-
4	March 31, 2025	4,466.09	4,652.46	(186.37)	(186.37)	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 2)	Post closure adjustments (Note 3)	
1	June 30, 2024	2,405.37	6,131.12	(3,725.75)	(3,723.00)	(2.75)	-
2	Sept 30, 2024	3,302.88	7,163.90	(3,861.02)	(3,861.02)	-	-
3	Dec 31, 2024	2,523.80	6,405.10	(3,881.30)	(3,881.30)	-	-
4	March 31, 2025	3,161.25	6,968.61	(3,807.36)	(3,795.26)	(12.10)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments (Note 5)	
1	June 30, 2024	7,972.58	6,920.92	1,051.66	1,068.91	(17.25)	-
2	Sept 30, 2024	8,539.71	7,606.97	932.74	936.95	(4.21)	-
3	Dec 31, 2024	8,092.99	6,812.92	1,280.07	1,197.55	82.52	-
4	March 31, 2025	8,155.48	7,039.70	1,115.78	1,061.64	54.14	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Difference primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days, and export customer balance revaluation. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 3 Re-classification entry pertaining to netting off of receivables against payables.

Note 4 Mainly includes inter company creditors and provision for expenses and import vendor revaluation.

Note 5 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

II Varroc Polymers Limited (formerly known as 'Varroc Polymers Private Limited')

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2024	1,415.34	1,459.83	(44.49)	(44.49)	-	-
2	Sept 30, 2024	1,643.50	1,695.81	(52.31)	(52.31)	-	-
3	Dec 31, 2024	1,693.32	1,727.75	(34.43)	(34.43)	-	-
4	March 31, 2025	1,365.90	1,442.73	(76.83)	(76.83)	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2024	1,282.56	3,373.53	(2,090.97)	(2,090.97)	-	-
2	Sept 30, 2024	1,240.71	3,711.74	(2,471.03)	(2,471.03)	-	-
3	Dec 31, 2024	1,070.55	3,352.73	(2,282.18)	(2,282.03)	(0.15)	-
4	March 31, 2025	2,066.55	3,991.23	(1,924.68)	(1,924.68)	-	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments (Note 2)	
1	June 30, 2024	4,197.66	3,605.59	592.07	592.10	(0.03)	-
2	Sept 30, 2024	4,443.41	3,885.41	558.00	557.98	0.02	-
3	Dec 31, 2024	4,127.30	3,604.51	522.79	522.79	-	-
4	March 31, 2025	4,435.13	4,206.83	228.30	212.30	16.00	-

Note 1 Includes 'Provision on Inventory' added back to the net inventor balance.

Note 2 Includes post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 4 Majorly includes provision for expenses including GST payable, provision for vendor rate increase decrease, pending GRIR accounts, and forex restatement.

III Durovalves India Private Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 1)	Net difference
1	June 30, 2024	162.56	164.12	(1.56)	(1.56)	-
2	Sept 30, 2024	173.30	175.16	(1.86)	(1.86)	-
3	Dec 31, 2024	190.02	193.11	(3.09)	(3.09)	-
4	March 31, 2025	194.62	196.71	(2.09)	(2.09)	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 2)	Net difference
1	June 30, 2024	367.73	368.40	(0.67)	(0.67)	-
2	Sept 30, 2024	397.14	383.98	13.16	13.16	-
3	Dec 31, 2024	340.14	328.52	11.62	11.62	-
4	March 31, 2025	357.80	312.97	44.83	44.83	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 3)	Net difference
1	June 30, 2024	284.09	212.07	72.02	72.02	-
2	Sept 30, 2024	246.64	186.99	59.65	59.65	-
3	Dec 31, 2024	222.17	176.61	45.56	45.56	-
4	March 31, 2025	213.78	177.08	36.70	36.70	-

Note 1 Includes 'Provision on Inventory' added back to inventory.

Note 2 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 3 Majorly includes provision for expenses including GST payable, Provision for vendor rate increase decrease, pending GRIR accounts, Employee reimbursement and forex restatement.

Note 37 (b) : Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Group in respect of its Indian Subsidiaries for the year ended March 31, 2024:

I Varroc Engineering Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments	
1	June 30, 2023	4,248.51	4,367.81	(119.30)	(119.30)	-	-
2	Sept 30, 2023	4,250.42	4,443.58	(193.16)	(193.16)	-	-
3	Dec 31, 2023	4,255.13	4,424.75	(169.62)	(169.62)	-	-
4	March 31, 2024	3,892.65	4,190.13	(297.48)	(297.48)	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference (Note 3)
					Components not considered for the purpose of reporting (Note 2)	Post closure adjustments (Note 4)	
1	June 30, 2023	3,295.97	5,713.00	(2,417.03)	(2,284.62)	-	(132.41)
2	Sept 30, 2023	2,707.11	6,041.15	(3,334.04)	(3,153.38)	-	(180.66)
3	Dec 31, 2023	2,231.92	5,748.93	(3,517.01)	(3,373.22)	-	(143.79)
4	March 31, 2024	2,262.89	5,565.23	(3,302.34)	(3,244.12)	(50.67)	(7.55)

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 5)	Post closure adjustments (Note 6)	
1	June 30, 2023	7,686.14	6,218.92	1,467.22	1,472.59	(5.37)	-
2	Sept 30, 2023	7,803.17	6,570.61	1,232.56	1,246.39	(13.83)	-
3	Dec 31, 2023	7,602.29	6,365.43	1,236.86	1,249.39	(12.53)	-
4	March 31, 2024	7,274.22	6,465.45	808.77	808.77	-	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Difference primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days, and export customer balance revaluation. Further, factoring balance has been disclosed separately in the statement which is netted off in the financial statements.

Note 3 Difference is on account of export cut off sales reversal as per Ind AS 115. Also includes some external customer which were identified as intercompany at the time of reporting to banks.

Note 4 Re-classification entry pertaining to netting off of receivables against payables.

Note 5 Mainly includes inter company creditors and provision for expenses and import vendor revaluation.

Note 6 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

II Varroc Polymers Limited (formerly known as 'Varroc Polymers Private Limited')

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2023	921.52	939.61	(18.09)	(18.09)	-	-
2	Sept 30, 2023	984.52	977.54	6.98	6.98	-	-
3	Dec 31, 2023	1,136.39	1,158.38	(21.99)	(21.99)	-	-
4	March 31, 2024	1,178.84	1,242.56	(63.72)	(63.72)	-	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2023	1,216.80	1,858.98	(642.18)	(642.18)	-	-
2	Sept 30, 2023	1,189.93	1,839.87	(649.94)	(646.74)	(3.20)	-
3	Dec 31, 2023	2,061.83	2,614.77	(552.94)	(555.27)	2.33	-
4	March 31, 2024	1,363.98	3,389.19	(2,025.21)	(2,023.86)	(1.35)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments (Note 2)	
1	June 30, 2023	3,719.99	2,964.49	755.50	755.50	-	-
2	Sept 30, 2023	3,876.94	3,330.94	546.00	546.00	-	-
3	Dec 31, 2023	3,653.07	3,077.86	575.21	575.21	-	-
4	March 31, 2024	3,821.87	3,554.73	267.14	306.80	(39.66)	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Includes post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 4 Majorly includes provision for expenses including GST payable, provision for vendor rate increase decrease, pending GRIR accounts, and forex restatement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

III Durovalves India Private Limited

1. Inventories

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 1)	Net difference
1	June 30, 2023	163.27	157.12	6.15	6.15	-
2	Sept 30, 2023	170.36	168.85	1.51	1.51	-
3	Dec 31, 2023	180.05	181.72	(1.67)	(1.67)	-
4	March 31, 2024	155.75	158.04	(2.29)	(2.29)	-

2. Trade Receivables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 2)	Net difference
1	June 30, 2023	458.11	334.39	123.72	123.72	-
2	Sept 30, 2023	343.80	340.69	3.11	3.11	-
3	Dec 31, 2023	316.75	394.62	(77.87)	(77.87)	-
4	March 31, 2024	335.27	349.41	(14.14)	(14.14)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items: Components not considered for the purpose of reporting (Note 3)	Net difference
1	June 30, 2023	174.37	122.26	52.11	52.11	-
2	Sept 30, 2023	204.10	138.09	66.01	66.01	-
3	Dec 31, 2023	174.40	122.83	51.57	51.57	-
4	March 31, 2024	221.77	171.22	50.55	50.55	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance.

Note 2 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 3 Majorly includes provision for expenses including GST payable. Also, provision for vendor rate increase decrease, pending GRIR accounts, Employee reimbursement and forex restatement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 38 : Contingent liabilities

A) Contingent liabilities not provided for :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
a) Claim against the group not acknowledged as debt (Refer note (i))		
Disputed Excise, Sales, Service Tax and Goods and Service Tax matters	1,568.14	1,334.93
Income Tax matters	383.75	227.48
(b) Employees related disputes	50.83	49.27
(c) Export Promotion Capital Goods (EPCG) (Export obligation against the above ₹ 859.15 Million (March 31, 2024 : ₹ 862.83 Million))	143.19	144.28
(d) Provident Fund liability	Refer note (ii) below	Refer note (ii) below

- (i) The Group is contesting Excise, Service Tax and Goods and Service Tax & Income tax related demand/notices and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands/notices raised. The management believes that the ultimate outcome of the proceedings will not have a material adverse effect on the Group's financial position and results of the operations. The Group has deposited ₹ 49.61 million (previous year ₹ 48.45 million) with the tax authorities against the above matters to comply with the order of the tax authorities.
- (ii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. As a matter of caution, the Group has made a provision on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

B) Contingent liabilities disclosed above include the following litigations :

- a) On November 5, 2024, the Group received a GST Order from Additional Commissioner of CGST & Central Excise for appropriation of GST dues amounting to ₹ 629 million along with equivalent penalty and applicable interest relating to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023. The Group has paid the principal demand, however, considering merits of the case, management believes that it has grounds to successfully defend and litigate the GST Order with respect to applicable interest and penalty for the aforementioned period. The Group has initiated appellate proceedings against this GST Order, pending conclusion of which no adjustments have been made in respect of this matter in the financial statements for the year ended March 31, 2025.
- b) On January 03, 2025, the Group received a GST Order from Commercial Tax Officer (Divisional GST office, Karnataka) consisting of demand for GST dues amounting to ₹ 0.03 million along with interest of ₹ 302.67 million and penalty of ₹ 564.19 million relating to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023. The Group has paid the principal demand, however, considering merits of the case, management believes that it has grounds to successfully defend and litigate the GST Order with respect to the interest and penalty for the aforementioned period. The Group has initiated appellate proceedings against this GST Order, pending conclusion of which no adjustments have been made in respect of this matter in the financial statements for the year ended March 31, 2025.

C) Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 39 : Employee benefit obligation

A Defined contribution plans :

The Group has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. Contributions are made to defined contribution plans in foreign entities as per regulations of the respective region. The expense recognised during the year towards defined contribution plan are as under:

The expense recognised during the year towards defined contribution plan are as under :

(₹ in Million)

Particulars	March 31, 2025	March 31, 2024
(a) Indian Entities		
(I) Contribution to Employees' provident fund	194.37	166.77
(II) Contribution to Employees' family pension fund	85.41	82.44
Total (a)	279.78	249.21
(b) Foreign Entities		
Contribution to defined employees contribution plan	-	-
Total (b)	-	-

B Defined Benefit Plan (Gratuity) (Indian entities)

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary plus Dearness Allowance per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Change in present value of benefit obligations :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Liability at the beginning of the year	861.91	740.47
Service cost	105.01	89.54
Interest expense	59.88	52.46
Transfer of obligation	(0.74)	-
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	1.37	23.08
Benefits paid	(59.56)	(43.64)
Liability at the end of the year	967.87	861.91

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(b) Change in fair value of plan assets :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Fair value of plan assets at the beginning of the year	776.48	667.79
Adjustments to opening fund	-	1.83
Interest income	56.85	50.99
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	3.40	0.54
Contributions	85.70	103.22
Mortality Charges and Taxes	(5.24)	(6.07)
Benefits paid	(59.56)	(41.82)
Fair value of plan assets at the end of the year	857.63	776.48

(c) The net liability disclosed above relates to funded plan is as follows :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of funded obligations	967.87	861.91
Fair value of plan assets	857.63	776.48
(Surplus)/Deficit of funded plan	110.24	85.43

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses :

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Service cost	105.01	89.54
Net interest (income)/expense	3.03	1.47
Transfer in/(out)	(0.74)	-
Net gratuity cost	107.30	91.01

(e) Expenses to be recognized in statement of other comprehensive income :

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Remeasurement		
Experience (Gain)/ Loss on plan liabilities	(10.55)	4.93
Financial (Gain)/ Loss on plan liabilities	10.90	19.58
(Gain)/Loss from change in demographic assumptions	1.11	-
Experience (Gain)/ Loss on plan assets	(4.18)	1.56
Financial (Gain)/ Loss on plan assets	0.79	(2.10)
Total expenses to be recognized in statement of Other Comprehensive Income	(1.93)	23.97

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

- (f) Valuation in respect of gratuity plan has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions :

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate	6.60%	7.20%
Salary growth rate	10.00%	10.00% - 10.50%
Expected rate of return on plan assets	7.20%	7.30%
Expected average remaining working life of employees (in years) *	5.28- 6.35	4.69 - 5.03
Withdrawal Rate		
Service below 5 years	15.00% - 17.00%	19.00% - 21.00%
Service 5 years & above	15.00% - 17.00%	19.00% - 21.00%

The group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India .

*It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Quantitative sensitivity analysis for significant assumptions are as follows :

Particulars	As at March 31, 2025	As at March 31, 2024
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-5.03%	-4.60%
(ii) 1% decrease in discount rate	5.55%	5.03%
(iii) 1% increase in rate of salary escalation	4.24%	3.79%
(iv) 1% decrease in rate of salary escalation	-3.98%	-3.57%
(v) 1% increase in rate of withdrawal rate	-0.72%	-0.62%
(vi) 1% decrease in rate of withdrawal rate	0.81%	0.67%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Particulars	March 31, 2025	March 31, 2024
Major categories of Plan Assets (as % of Total Plan Assets)		
Funds managed by insurer (in %)	100%	100%
Funds managed by insurer (₹ in Million)	857.63	776.48
Actual Return on plan assets (₹ in Million)	60.24	51.52
Average Duration		
Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate)	5.27 to 6.10 years	5.27 to 6.10 years

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Maturity profile of defined benefit obligation :

The following benefits payments are expected for each of the next five years and the aggregate five years thereafter :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Within 1 year	167.32	167.77
1-2 year	145.62	140.44
2-3 year	140.91	142.96
3-4 year	142.36	135.27
4-5 year	143.11	135.70
5-10 years	696.88	611.33

Expected contributions for the next year

The Group (with respect to its Indian Entities) intends to contribute approximately ₹ 105.48 million towards its gratuity fund during the year ending March 31, 2026. During the year ended March 31, 2025, the Group has contributed ₹ 85.70 million to its gratuity fund (during year ended March 31, 2024 : ₹ 103.22 million).

C Pension Plans (Overseas Entities)

The group operates defined benefit pension plan in Italy. The plans is salary pension plan, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members length of services and their salary in the final years leading up to retirement.

The group funds the pension liability as per legal requirements of respective countries. Plan assets are governed by local regulations and practice in each country, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Change in present value of benefit obligations :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Liability at the beginning of the year	172.46	304.19
Interest expense	6.02	12.37
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	22.89	(124.24)
Benefits paid	(22.01)	(21.61)
Effect of Foreign exchange rate	4.41	1.75
Liability at the end of the year	183.77	172.46

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(b) Change in fair value of plan assets :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Fair value of plan assets at the beginning of the year	139.98	141.50
Interest income	5.16	5.84
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	(1.79)	(2.64)
Contributions	16.13	15.85
Benefits paid	(19.29)	(21.61)
Effect of foreign exchange rate	3.47	1.04
Fair value of plan assets at the end of the year	143.66	139.98

(c) The net liability disclosed above relates to funded plan is as follows :

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of funded obligations	183.77	172.46
Fair value of plan assets	143.66	139.98
Deficit of funded plan	40.11	32.48

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses :

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Service cost	-	-
Past service cost	-	-
Net interest (income)/expense	0.86	6.53
Net gratuity cost	0.86	6.53

(e) Expenses to be recognized in statement of other comprehensive income :

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Remeasurement		
Experience (Gain)/ Loss on plan liabilities	12.22	0.44
Demographic (Gain)/ Loss on plan liabilities	-	(0.83)
Financial (Gain)/ Loss on plan liabilities	10.66	(123.84)
Experience (Gain)/ Loss on plan assets	1.10	5.84
Financial (Gain)/ Loss on plan assets	0.70	(3.21)
Total expenses to be recognized in statement of other comprehensive income	24.68	(121.60)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

- (f) Valuation in respect of above pension plan has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Italy

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate	3.90%	3.70%
Salary growth rate	2.10%	1.20%
Weighted average duration of defined benefit obligation (years)	8.89 - 10.70	11.14 - 14.89

Change in Assumption:

Particulars	As at March 31, 2025	As at March 31, 2024
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 0.1% increase in discount rate	-1.36%	-1.01%
(ii) 0.1% decrease in discount rate	0.42%	1.02%
(iii) 0.1% increase in rate of salary escalation	0.18%	0.95%
(iv) 0.1% decrease in rate of salary escalation	-0.18%	-0.94%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 0.1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Maturity profile of defined benefit obligation:

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Within 1 year	5.27	5.32
1-2 year	20.51	5.32
2-3 year	4.99	18.93
3-4 year	10.53	4.96
4-5 year	18.11	10.73
5-10 years	68.27	73.19

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Expected contributions for the next year

The Group (with respect to its Foreign Entities) intends to contribute approximately ₹ 9.24 million towards its TFR fund during the year ending March 31, 2026. During the year ended March 31, 2025, the Group has contributed ₹ 16.41 million to its TFR fund (during year ended March 31, 2024 : ₹ 16.30 million).

RISK EXPOSURE AND ASSET LIABILITY MATCHING

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under as companies take on uncertain long-term obligations to make future benefit payments.

1) Liability Risks

Asset-Liability Mismatch Risk :

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

Discount Rate Risk :

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Future Salary Escalation and Inflation Risk :

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often resulting higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets pertaining to Indian entities are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

For Overseas entities, the group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Notes to the Consolidated Financial Statements

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Note 40 : Fair value measurement

Financial instruments by category

(₹ in Million)

Particulars	March 31, 2025		March 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Amortised cost				
Investments				
- Government securities	0.08	0.08	0.08	0.08
Loans	0.12	0.12	0.18	0.18
Trade receivables	6,797.60	6,797.60	4,918.43	4,918.43
Cash and cash equivalents	1,114.77	1,114.77	1,104.36	1,104.36
Other bank balances	518.59	518.59	198.56	198.56
Other financial assets	344.95	344.95	470.89	470.89
FVPL				
Investments				
- Equity instruments	147.19	147.19	130.56	130.56
- Mutual funds	374.31	374.31	963.17	963.17
- Others	-	-	5.38	5.38
Derivative contracts	-	-	1.40	1.40
Total financial assets	9,297.61	9,297.61	7,793.01	7,793.01
Financial liabilities				
Amortised cost				
Fixed Rate borrowings	5,766.72	5,752.63	3,846.95	3,824.83
Other borrowings	3,721.04	3,721.04	8,246.83	8,246.83
Lease liabilities	1,696.64	1,696.64	1,803.41	1,803.41
Security deposits	92.62	92.62	92.83	92.83
Trade payables	13,261.86	13,261.86	12,084.64	12,084.64
Acceptances	663.30	663.30	152.47	152.47
Payable for capital goods	731.24	731.24	373.56	373.56
Employee benefits payable	1,061.96	1,061.96	1,016.52	1,016.52
Other financial liabilities	1,081.42	1,081.42	45.03	45.03
FVPL				
Derivative contracts	16.20	16.20	-	-
Total financial liabilities	28,093.00	28,078.91	27,662.24	27,640.12

(i) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for financial assets/liabilities as at March 31, 2025 :	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at fair value				
Investments - Equity instruments	-	0.13	147.06	147.19
Investments - Mutual funds	374.31	-	-	374.31
Total	374.31	0.13	147.06	521.50
Financial Liabilities measured at fair value				
Foreign exchange forward contracts	-	16.20	-	16.20
Total	-	16.20	-	16.20

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(₹ in Million)

Financial Assets and liabilities which are measured at amortised cost for which fair values are disclosed at March 31, 2025 :	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in Government Securities	0.08	-	-	0.08
Total financial assets	0.08	-	-	0.08
Financial Liabilities				
Other borrowings	-	3,721.04	-	3,721.04
Fixed rate borrowings	-	5,766.72	-	5,766.72
Lease liabilities	-	1,696.64	-	1,696.64
Total financial liabilities	-	11,184.40	-	11,184.40

(₹ in Million)

Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2024 :	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at fair value				
Investments - Equity instruments	-	0.14	130.42	130.56
Investments - Mutual funds	963.17	-	-	963.17
Derivative contracts	-	1.40	-	1.40
Others	-	-	5.38	5.38
Total	963.17	1.54	135.80	1,100.51

(₹ in Million)

Financial Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31, 2024 :	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in Government Securities	0.08	-	-	0.08
Total financial assets	0.08	-	-	0.08
Financial Liabilities				
Fixed rate borrowings	-	3,846.95	-	3,846.95
Other borrowings	-	8,246.83	-	8,246.83
Lease liabilities	-	1,803.41	-	1,803.41
Total financial liabilities	-	13,897.19	-	13,897.19

(ii) Valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair value of the financial instruments included in the above tables :

- The fair values of the mutual funds are based on price quotations at the reporting date.
- The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality

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for the year ended March 31, 2025

counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves, etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

Commentary

- The carrying amounts of trade receivables, loans, other financial assets, cash and bank balances, trade payables/acceptances and other financial liabilities are considered to be the same as their fair values due to their short-term nature. The fair values of non-current financial assets and non-current financial liabilities also approximate their carrying values.

The borrowings which are at floating rate of interest, fair values as at March 31, 2025 approximate their carrying values.

- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.
- Investment in equity instruments fair valued at Level 3 pertains to investment in equity shares of various special purpose vehicle (SPV) entities under solar power generation agreements with AMP Energy. These investments have been made in current and previous financial years and are expected to generate benefits in the form of savings in energy costs over the contracted period.

As at March 31, 2025, project for AMP Energy C&I Twenty Pvt Ltd, AMP Energy C&I Twenty one Pvt Ltd and AMP Energy C&I Twenty Two Pvt Ltd are operational. The underlying project of other SPVs is under construction. Management has assessed that based on the present value of estimated future cash flows from the said project, the carrying value approximates its fair value.

Note 41 : Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk : currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, receivables, payables, deposits, investments and derivative financial instruments.

(a) Foreign currency risk

The Group operates internationally and the business is also transacted in several currencies. Consequently the Group is exposed to foreign exchange risk mainly in the North America and Europe. The exchange rate between

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for the year ended March 31, 2025

the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected positively/adversely as the rupee appreciates/depreciates against these currencies. The Group evaluates exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Group follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency. The Group has designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure.

The group's exposure to foreign currency risk as of March 31, 2025 expressed in INR, is as follows :

(₹ in Million)

Particulars	USD	EURO	JPY	Other	Total
Financial assets					
Trade receivables	517.02	177.81	-	0.24	695.07
Other assets	-	10.02	-	-	10.02
Financial liabilities					
Borrowings	-	500.19	-	-	500.19
Other financial liabilities	0.29	-	-	193.47	193.76
Trade payables	751.64	31.68	85.60	107.28	976.20
Net assets/(liabilities)	(234.91)	(344.04)	(85.60)	(300.51)	(965.06)

The group's exposure to foreign currency risk as of March 31, 2024 expressed in INR, is as follows :

(₹ in Million)

Particulars	USD	EURO	JPY	Other	Total
Financial assets					
Trade receivables	329.80	146.67	-	0.23	476.70
Other assets	-	2.90	-	-	2.90
Financial liabilities					
Borrowings	-	6.72	-	-	6.72
Trade payables	699.09	78.06	13.89	26.09	817.13
Net assets/(liabilities)	(369.29)	64.79	(13.89)	(25.86)	(344.25)

Sensitivity

For the year ended March 31, 2025 and March 31, 2024, every 5% percentage point appreciation/depreciation in the exchange rate between the INR and U.S. Dollar would have affected the Group's incremental operating margins by approximately ₹ 11.75 Million and ₹ 18.46 Million respectively and between the INR and Euro by approximately ₹ 17.20 Million and ₹ 3.24 Million.

Sensitivity analysis is computed based on the changes in receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

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Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the group profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

For the year ended	Currency	Increase/ decrease in basis points	Variable rate Cash Credit and Term loans balances	Effect on Profit before Tax
March 31, 2025	INR	+100	3,721.04	(37.21)
March 31, 2025	INR	-100	3,721.04	37.21
March 31, 2024	INR	+100	8,241.67	(82.42)
March 31, 2024	INR	-100	8,241.67	82.42

c) Other price risk

The Group does not have material investments in equity securities other than investments in Joint Ventures. Hence equity price risk is considered to be low. Further, the Group's operating activities require the ongoing purchase of various commodities for manufacture of automotive parts. However, the movement in commodity prices are substantially adjusted through price differences as per customer contracts and hence commodity price risk for the Group is also considered to be low.

B Credit Risk Management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group only deals with parties which have good credit rating/worthiness given by external rating agencies or based on the Group's internal assessment.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, Group's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2025, receivable from Group's top 11 customers accounted for approximately 80.34% (March 31, 2024 : top 13 customers accounted for approximately 80.50%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in note 10.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's corporate treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. Credit limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2025 and March 31, 2024 is the carrying amounts as disclosed in note 11.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

C Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows. As of March 31, 2025, cash and cash equivalents are held with major banks.

Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual payments.

As at March 31, 2025 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Non- derivative				
Borrowings	468.43	5,824.01	3,183.89	11.43
Lease liabilities**	-	366.40	1,242.53	590.28
Trade Payables	-	13,261.86	-	-
Acceptances	-	663.30	-	-
Other financial liabilities	92.62	2,614.73	15.82	-

**Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

As at March 31, 2024 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Non- derivative				
Borrowings	175.00	5,401.54	6,517.24	-
Lease liabilities**	-	328.93	1,221.37	829.63
Trade Payables	-	12,084.64	-	-
Acceptances	-	152.47	-	-
Other financial liabilities	92.83	1,417.22	17.89	-

**Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Note 42 : Capital Management

(a) Risk management

The group's capital comprises equity share capital, security premium, retained earnings and other equity attributable to shareholders.

The group's objectives when managing capital are to :

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares .

Notes to the Consolidated Financial Statements

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The Group monitors debt-equity ratio, which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and bank balances & investments in liquid funds. Equity includes equity share capital and other equity attributable to equity shareholders. The debt-equity ratio at the end of the reporting period was as follows :

Particulars	(₹ in Million)	
	As at March 31, 2025	As at March 31, 2024
(A) Net debt		
Non-current borrowings (refer note 17)	3,195.32	6,517.24
Current maturities of non-current borrowings (refer note 22 (b))	2,318.26	3,502.52
Current borrowings (refer note 22 (a))	3,974.18	2,074.02
Less : Cash and cash equivalents and other bank balances (refer note 11 (a) and 11 (b))	(1,633.36)	(1,302.92)
Less : Liquid investments (refer note 9)	(374.31)	(963.17)
Net debt (A)	7,480.09	9,827.69
(B) Total Equity		
Equity share capital (refer note 15)	152.79	152.79
Other equity (refer note 16)	15,497.85	14,817.58
Total Equity (B) **	15,650.64	14,970.37
(C) Net debt to Equity ratio (C = A/B)	0.48	0.66

**Total equity does not include share of non-controlling interest.

No changes were made in the objectives, policies or processes for managing capital of the Group during the year.

Loan covenant

The group capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements (refer note 17 for details).

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for the year ended March 31, 2025

Note 43 : Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2025

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average price/ strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts-USD/CNY	146.20	-	-	12.67	April 30, 2025	1:1	(CNY/USD) 7.31	12.67	(12.67)
Foreign exchange forward contracts-EUR	372.51	-	0.94	0.49	Various Dates*	1:1	₹ 93.12	(0.45)	0.45
Foreign exchange forward contracts-USD	-	314.46	-	4.47	Various Dates*	1:1	₹ 87.26	4.47	(4.47)

*Maturity Dates vary on account of multiple hedging contracts which range from April 30, 2025 to September 30, 2025.

March 31, 2024

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date*	Hedge ratio	Weighted average price/ strike price/ rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Fair value through P&L									
Foreign exchange forward contracts - EUR	364.58	-	0.84	-	Various dates*	1:1	₹ 90.69	(0.84)	0.84
Foreign exchange forward contracts - USD	74.99	479.65	0.68	0.13	Various dates*	1:1	₹ 83.37	(0.56)	0.56

*Maturity Dates vary on account of multiple hedging contracts which range from April 30, 2024 to September 30, 2024.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 44 : Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), which is the Board of Directors.

The “Automotive” segment consists of the business of automobile products consisting of auto parts for two-wheelers, three-wheelers and four-wheelers and related design, development and engineering activities and other services. “Others” comprise of forging components for off road vehicles and components for mining and oil drilling industry which is below the thresholds for reporting as separate operating segment. Investment in Joint Venture and corresponding share of profit from joint venture is considered under unallocated assets and profit respectively.

(a) Operating segment

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2025			For the year ended March 31, 2024		
		Automotive	Others	Total	Automotive	Others	Total
1	Segment revenue						
	Revenue from operations (continuing operations)	79,338.94	2,201.90	81,540.84	73,577.33	1,942.04	75,519.37
	Total revenue from operations	79,338.94	2,201.90	81,540.84	73,577.33	1,942.04	75,519.37
2	Expenses						
	Continuing operations						
	Cost of goods sold	51,103.05	989.15	52,092.20	46,798.67	534.60	47,333.27
	Employee benefits expense	8,355.82	521.29	8,877.11	7,578.14	514.07	8,092.21
	Depreciation and amortisation expenses	3,005.68	227.53	3,233.21	3,126.83	241.35	3,368.18
	Other expenses	12,062.85	741.52	12,804.37	11,771.43	732.45	12,503.88
	Exceptional item	226.64	-	226.64	-	-	-
	Other income (allocable)	(226.36)	(20.46)	(246.82)	(308.96)	(37.64)	(346.60)
	Discontinued operations	-	-	-	209.20	-	209.20
3	Segment results before other income (unallocable), finance cost and tax						
	- Continuing operations	4,811.26	(257.13)	4,554.13	4,611.22	(42.79)	4,568.43
	- Discontinued operations	-	-	-	(209.20)	-	(209.20)
4(i)	Unallocable other income after share of net profit of joint ventures [₹ 37.09 million for the year ended March 31, 2025 & ₹ 443.96 million for the year ended March 31, 2024] (Net of unallocated expense)						
	- Continuing operations			(1,159.25)			518.73
	- Discontinued operations			-			-
4(ii)	Finance costs						
	- Continuing operations			1,702.29			1,938.56
	- Discontinued operations			-			-
4(iii)	Profit before tax						
	- Continuing operations			1,692.59			3,148.60
	- Discontinued operations			-			(209.20)

Notes to the Consolidated Financial Statements

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Sr. No.	Particulars	As at March 31, 2025			As at March 31, 2024		
		Automotive	Others	Total	Automotive	Others	Total
5	Segment assets	38,310.66	2,260.65	40,571.31	35,137.59	1,977.98	37,115.57
	Unallocable assets						
	Term deposits (Cash and cash equivalents, other bank balances and other non-current financial assets)			1,023.14			788.61
	Current investments			374.31			963.17
	Other Current Financial assets			0.53			-
	Investments accounted for using the equity method			166.20			4,201.03
	Income tax assets (net)			178.18			433.08
	Deferred Tax Asset (net)			863.04			1,967.25
	Non Trade investment			147.27			136.02
	Assets classified as held for sale			3,395.15			-
	Total Assets			46,719.13			45,604.73
6	Segment liabilities	20,582.86	590.30	21,173.16	17,523.77	363.93	17,887.70
	Unallocable liabilities						
	Borrowings (Non -Current, Current Maturities and Short term Borrowings)			9,487.76			12,093.78
	Other non-current liabilities and Other current liabilities			21.83			31.63
	Deferred Tax Liabilities (net)			46.79			306.55
	Income tax liabilities (net)			10.23			23.24
	Total Liabilities			30,739.77			30,342.90
7	Other Information						
	Cost to acquire fixed assets	2,710.65	156.76	2,867.41	3,179.79	167.07	3,346.86

(b) Geographical information

(i) Segment revenue by geographical area based on geographical location of customers:

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
1	India	72,669.00	65,819.06
2	Asia Pacific	1,846.42	1,834.77
3	Europe	5,329.91	6,178.57
4	North America	1,217.27	758.00
5	Others	478.24	928.97
	Total	81,540.84	75,519.37

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

- (ii) Total of non-current assets pertaining to - Property, plant and equipment, Capital work-in-progress, Other intangibles assets, Intangible assets under development, Right of use assets, Goodwill and other non-current assets

(₹ in Million)

Sr. No.	Particulars	March 31, 2025	March 31, 2024
1	India	18,623.93	18,236.56
2	Asia Pacific	805.27	649.45
3	Europe	2,507.46	2,830.45
	Total	21,936.66	21,716.46

- (c) Revenue from 1 customer amounted to ₹ 36,403.36 million (March 31, 2024: ₹ 32,431.22 million) arising from sales in the automotive segment.

Note 45 A : Interests in Subsidiaries

The list of subsidiaries as at March 31, 2025 is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Particulars	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Direct subsidiaries					
Varroc Polymers Limited*	India	-	100%	-	-
Durovalves India Private Limited	India	72.78%	72.78%	27.22%	27.22%
Varroc European Holding B.V.	Netherlands	100%	100%	-	-
VarrocCorp Holding B.V.	Netherlands	100%	100%	-	-
Varroc Japan Co. Limited	Japan	100%	100%	-	-
Varroc Connect Private Limited (formerly known as CarlQ Technologies Private Limited)	India	95%	95%	5%^	5%^
Step down subsidiaries					
Industrial Meccanica E	Italy	100%	100%	-	-
Stampaggio S.p.a.					
Varroc Italy S.p.A.	Italy	100%	100%	-	-
Varroc Vietnam Co. Ltd.	Vietnam	100%	100%	-	-
Varroc Romania S.A.	Romania	98.23%	98.23%	1.77%^	1.77%^
Varroc Lighting Systems Bulgaria EOOD	Bulgaria	100%	100%	-	-
Varroc Electronics Romania SRL	Romania	100%	100%	-	-
Varroc Poland s.p.z.oo	Poland	100%	100%	-	-
Varroc Germany GmbH	Germany	100%	100%	-	-

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for the year ended March 31, 2025

Particulars	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	China	100%	100%	-	-
Varroc Czech Republic SRO ^{^^}	Czech Republic	100%	100%	-	-
Varrec (Thailand) Co., Ltd. ^{^^^}	Thailand	100%	-	-	-

*Merged with Varroc Engineering Limited pursuant to order passed by National Company Law Tribunal (NCLT) dated January 10, 2025 with appointed date of April 01, 2024 (refer note 53b)

[^] Voting rights of the subsidiaries are held by the Group.

^{^^} Subsidiary incorporated in FY 2023-24

^{^^^} Subsidiary incorporated in FY 2024-25

Principal activities

All the group companies are primarily engaged in the business of auto components and services in the automotive industry to Indian and global customers.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 45 B : Additional information as on March 31, 2025 required by Schedule III of the Companies Act, 2013

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent									
	Varroc Engineering Limited	111.88%	17,877.47	395.91%	2,758.51	-5.40%	3.66	361.27%	2,762.17
Indian Subsidiaries									
1	Durovalves India Private Limited	5.44%	868.88	32.40%	225.75	0.62%	(0.42)	29.47%	225.33
2	Varroc Connect Private Limited (formerly known as CarlQ Technologies Private Limited)	-0.64%	(102.02)	-13.16%	(91.72)	2.42%	(1.64)	-12.21%	(93.36)
Foreign Subsidiaries									
1	VarrocCorp Holding B.V.	44.04%	7,037.80	-4.67%	(32.55)	0.00%	-	-4.26%	(32.55)
2	Varroc Lighting Systems Bulgaria EOOD	-3.12%	(498.66)	-4.57%	(31.86)	-	-	-4.17%	(31.86)
3	Varroc Japan Co. Ltd	0.09%	14.11	0.34%	2.36	0.00%	-	0.31%	2.36
4	Varroc European Holding B.V	-18.09%	(2,891.46)	-25.26%	(176.03)	0.00%	-	-23.02%	(176.03)
5	Industria Meccanica e Stampaggio S.p.A.	-0.27%	(43.02)	-44.38%	(309.20)	36.85%	(24.99)	-43.71%	(334.19)
6	Varroc Italy S.p.A.	6.92%	1,106.40	36.99%	257.72	-0.46%	0.31	33.75%	258.03
7	Varroc Romania S.A.	0.42%	66.49	0.28%	1.96	0.00%	-	0.26%	1.96
8	Varroc Vietnam Co. Ltd.	5.55%	886.22	21.96%	153.04	0.00%	-	20.02%	153.04
9	Varroc Electronics Romania SRL	0.70%	112.59	-68.75%	(479.01)	0.00%	-	-62.65%	(479.01)
10	Varroc Poland s.p.z.oo	0.11%	17.16	-13.30%	(92.67)	0.00%	-	-12.12%	(92.67)
11	Varroc Germany GmbH	-1.14%	(182.52)	-1.02%	(7.14)	0.00%	-	-0.93%	(7.14)
12	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co.,Ltd.	0.46%	73.98	-10.74%	(74.81)	0.00%	-	-9.78%	(74.81)
13	Varroc Czech Republic SRO	0.00%	-	0.00%	-	0.00%	-	0.00%	-
14	Varrec (Thailand) Co. Ltd. ^	0.17%	27.53	-1.40%	(9.76)	0.00%	-	-1.28%	(9.76)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Joint Venture									
	(Investment accounted as per equity method)								
1	Varroc TYC Corporation, BVI	21.25%	3,395.15	4.00%	27.85	0.00%	-	3.64%	27.85
2	Nuova CTS S.r.l	0.59%	94.24	0.44%	3.05	0.00%	-	0.40%	3.05
3	Varroc Dell'Orto Private Limited	0.45%	71.96	0.89%	6.19	0.00%	-	0.81%	6.19
	Non-controlling interests in subsidiaries	2.06%	328.72	12.12%	84.46	0.24%	(0.16)	11.03%	84.30
	Subtotal		28,261.02		2,216.14		(23.24)		2,192.90
	Adjustment arising out of consolidation	-76.86%	(12,281.66)	-218.06%	(1519.38)	-134.27%	91.05	-186.81%	(1,428.33)
	Total	100%	15,979.36	100.00%	696.76	100.00%	67.81	100.00%	764.57

^{^^} Subsidiary incorporated in FY 2024-25

Note 45 B : Additional information as on March 31, 2024 required by Schedule III of the Companies Act, 2013

(This disclosure pertains to continuing and discontinued operations together)

(This disclosure pertains to continuing and discontinued operations together)										(₹ in Million)
Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income		
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount	
Parent										
	Varroc Engineering Limited	59.66%	9,104.62	67.11%	3,570.67	-18.57%	(9.79)	67.59%	3,560.88	
Indian Subsidiaries										
1	Varroc Polymers Limited	42.55%	6,493.53	31.56%	1,679.20	-9.31%	(4.91)	31.78%	1,674.29	
2	Durovalves India Private Limited	6.93%	1,057.12	4.21%	224.00	-4.50%	(2.37)	4.21%	221.63	
3	CarlQ Technologies Private Limited	-0.06%	(8.66)	-0.35%	(18.85)	-2.21%	(1.16)	-0.38%	(20.01)	

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Sr. No.	Name of the entity in the group	Net assets (Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Foreign Subsidiaries									
1	VarrocCorp Holding B.V.	45.87%	7,001.11	286.50%	15,244.06	0.00%	-	289.37%	15,244.06
2	Varroc Lighting Systems Bulgaria EOOD	-3.34%	(509.03)	-0.76%	(40.36)	-	-	-0.77%	(40.36)
3	Varroc Japan Co. Ltd	0.07%	11.29	0.01%	0.76	0.00%	-	0.01%	0.76
4	Varroc European Holding B.V.	-17.34%	(2,646.55)	-3.14%	(167.22)	0.00%	-	-3.17%	(167.22)
5	Industria Meccanica e Stampaggio S.p.A.	1.96%	298.89	-2.08%	(110.80)	153.25%	80.79	-0.57%	(30.01)
6	Varroc Italy S.p.A.	7.48%	1,141.20	0.80%	42.72	77.41%	40.81	1.59%	83.53
7	Varroc Romania S.A.	0.42%	64.05	-0.49%	(26.26)	0.00%	-	-0.50%	(26.26)
8	Varroc Vietnam Co. Ltd.	6.96%	1,062.85	3.82%	203.21	0.00%	-	3.86%	203.21
9	Varroc Electronics Romania SRL	3.45%	526.94	-2.80%	(149.10)	0.00%	-	-2.83%	(149.10)
10	Varroc Poland s.p.z.oo	-0.77%	(117.65)	-1.01%	(53.97)	0.00%	-	-1.02%	(53.97)
11	Varroc Germany GmbH	-1.12%	(171.01)	-1.85%	(98.42)	0.00%	-	-1.87%	(98.42)
12	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd	0.29%	44.83	-0.46%	(24.37)	0.00%	-	-0.46%	(24.37)
13	Varroc Czech Republic SRO^^	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Discontinued operations (refer note 51)		0.00%	-	-3.93%	(209.20)	0.00%	-	-3.97%	(209.20)
Joint Venture									
(Investment accounted as per equity method)									
1	Varroc TYC Corporation, BVI	26.50%	4,044.50	8.06%	428.79	0.00%	-	8.14%	428.79
2	Nuova CTS S.r.l	0.59%	90.77	0.08%	4.34	0.00%	-	0.08%	4.34
3	Varroc Dell'Orto Private Limited	0.43%	65.76	0.20%	10.84	-0.02%	(0.01)	0.21%	10.83
Non-controlling interests in subsidiaries									
Subtotal		1.91%	291.46	1.14%	60.51	-1.63%	(0.86)	1.13%	59.65
Adjustment arising out of consolidation		-82.46%	(12,584.19)	-286.61%	(15,249.80)	-294.41%	(155.22)	-292.42%	(15,405.02)
Total		100%	15,261.83	100.00%	5,320.75	100.00%	(52.72)	100.00%	5,268.03

^{^^} Subsidiary incorporated in FY 2023-24

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 46 : Related Party Disclosure

a. Related parties and their relationships

1 Joint Ventures

Nuova CTS S.r.l, Italy
 Varroc TYC Corporation, British Virgin Islands
 Varroc TYC Auto Lamps Co. Ltd., China
 (Subsidiary of Varroc TYC Corporation, BVI)
 Varroc TYC Auto Lamps Co. Ltd. CQ, China
 (Subsidiary of Varroc TYC Auto Lamps Co. Ltd., China)
 Varroc Dell'Orto Private Limited, India

2 Key Management Personnel

Chairman & Managing Director
 Whole time Directors

Mr. Tarang Jain
 Mr. Arjun Jain
 Mr. Rohit Prakash (up to August 31, 2023)
 Mr. Tarun Tyagi (up to November 13, 2024)
 Mr. Vidyadhar Limaye (w.e.f. November 13, 2024)

Independent Directors

Mr. Gautam Khandelwal
 Mr. Marc Szulewicz
 Mrs. Vijaya Sampath
 Mr. Vinish Kathuria

Non-Executive Director
 Additional - Non Executive and
 Independent Director
 Group Chief Financial Officer
 Company Secretary

Mr. Dhruv Jain
 Mrs. Liselott Kilaas (w.e.f. March 27, 2025)
 Mr. K. Mahendra Kumar
 Mr. Ajay Sharma

3 Enterprises or entities owned or controlled by/ over which the Directors and/or key management personnel (and/or their relatives) of the Company, Subsidiaries or Associate Companies or Joint Venture Companies or Entities, exercise significant influence/ control, with whom transactions have taken place

Endurance Technologies Limited
 Endurance Adler S.P.A.
 Scarpa & Colombo S.r.l, Italy
 Freccia International S.r.l, Italy
 MS Consulting S.A.R.L.
 Varroc Foundation
 Dell'Orto S.P.A.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

b. Transactions with related parties and balances at period end :

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
		For the year ended March 31, 2025	For the year ended March 31, 2024	As at March 31, 2025		As at March 31, 2024	
				Receivable	Payable	Receivable	Payable
A]	Sale of goods, services and fixed assets*						
	Endurance Technologies Ltd	4.19	4.22	1.06	-	0.18	-
	Endurance Adler S.P.A.	-	2.06	-	-	-	-
	Varroc Dell'Orto Private Limited	187.05	166.18	35.94	-	76.46	-
	Nuova CTS S.r.l, Italy	5.06	1.07	1.46	-	0.25	-
	Scarpa & Colombo S.r.l, Italy	134.52	124.14	91.94	-	75.21	-
	Freccia International S.r.l, Italy	21.00	36.73	27.27	-	15.74	-
	Varroc TYC Auto Lamps Co. Ltd. CQ, China	233.23	-	-	-	1.90	-
B]	Purchase of goods, services and fixed assets*						
	Nuova CTS S.r.l, Italy	83.75	91.60	-	20.33	-	12.94
	Endurance Technologies Ltd	48.96	25.76	-	8.47	-	3.54
	Varroc TYC Auto Lamps Co. Ltd. China	-	-	-	0.27	-	0.27
	Scarpa & Colombo S.r.l, Italy	5.31	5.21	-	12.63	-	11.60
C]	Royalty received						
	Varroc TYC Auto Lamps Co. Ltd., China	209.99	-	20.41	-	-	-
D]	Professional charges/ Commission paid						
	Mr. Gautam Khandelwal	1.54	1.92	-	1.54	-	1.92
	Mr. Marc Szulewicz	1.32	1.35	-	1.32	-	1.35
	Mrs. Vijaya Sampath	2.20	2.20	-	2.20	-	2.20
	Mr. Vinish Kathuria	1.96	2.12	-	1.96	-	2.12
E]	Consultancy charges paid						
	MS Consulting services	-	3.11	-	-	-	0.68
F]	Directors sitting fees						
	Mr. Gautam Khandelwal	1.96	1.58	-	0.60	-	0.18
	Mr. Marc Szulewicz	0.98	0.90	-	0.20	-	-
	Mrs. Vijaya Sampath	1.30	1.30	-	0.40	-	0.09
	Mr. Vinish Kathuria	1.54	1.38	-	0.30	-	0.09
G]	Key Managerial Personnel remuneration #						
	Mr. Tarang Jain	122.23	103.63	-	-	-	-
	Mr. Arjun Jain	27.46	26.52	-	-	-	-
	Mr. Dhruv Jain	14.58	14.22	-	-	-	-
	Mr. K. Mahendra Kumar	36.24	33.58	-	-	-	-
	Mr. Ajay Sharma	15.23	14.34	-	-	-	-
	Mr. Rohit Prakash	-	17.63	-	-	-	-
	Mr. Tarun Tyagi	8.87	9.03	-	-	-	-
	Mr. Vidyadhar Limaye	4.85	-	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
		For the year ended March 31, 2025	For the year ended March 31, 2024	As at March 31, 2025		As at March 31, 2024	
				Receivable	Payable	Receivable	Payable
H]	Dividend received						
	Nuova CTS S.r.l, Italy	-	13.47	-	-	-	-
I]	Reimbursement of expenses (received/ receivable)						
	Varroc Dell'Orto Private Limited	0.77	1.55	-	-	1.51	-
	Scarpa & Colombo S.r.l, Italy	0.02	-	-	-	-	-
J]	Reimbursement of expenses (paid/ payable)						
	Scarpa & Colombo S.r.l, Italy	4.32	10.38	-	-	-	-
	Freccia International S.r.L, Italy	0.72	0.73	-	0.84	-	0.30
K]	Management consultancy fees received/ receivable						
	Varroc Dell'Orto Private Limited	7.94	12.43	2.76	-	5.81	-
L]	Rent received/ receivable						
	Varroc Dell'Orto Private Limited	2.50	2.27	0.47	-	0.41	-
M]	Corporate Social Responsibility (CSR)						
	Varroc Foundation	33.15	24.43	-	-	-	-
N]	Dividend paid						
	Scarpa & Colombo S.r.l, Italy	30.16	30.17	-	25.64	-	-
	Freccia International S.r.L, Italy	16.88	16.88	-	13.30	-	-
O]	Sale of fixed assets to Key Managerial Personnel						
	Mr. Tarang Jain	-	8.08	-	-	-	-
	Mr. Rohit Prakash	-	1.48	-	-	-	-
P]	Royalty Paid						
	Dell'Orto S.P.A.	11.39	20.48	-	2.08	-	5.60
Q]	Service Fees (R&D Services)						
	Varroc TYC Auto Lamps Co. Ltd. CQ, China	3.48	-	-	-	-	-
R]	Sale Commission paid/ payable						
	Scarpa & Colombo S.r.l, Italy	4.32	4.25	-	-	-	-

Notes :

* All the amounts exclusive of taxes, if any.

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 47 : Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in Million)

Particulars	March 31, 2025	March 31, 2024
Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	2,027.92	1,414.59

Note 48 : Earnings per share

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Earnings per share (EPS) for continuing operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	612.30	5,469.44
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	4.01	35.80
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	612.30	5,469.44
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees) (C/D)	4.01	35.80
B. Earnings per share (EPS) for discontinued operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	-	(209.20)
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	-	(1.37)
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	-	(209.20)
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees) (C/D)	-	(1.37)
C. Earnings per share (EPS) for continuing and discontinued operations		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	612.30	5,260.24
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	4.01	34.43
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	612.30	5,260.24
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (D)	15,27,86,400	15,27,86,400
Diluted EPS (Amount in Rupees) (C/D)	4.01	34.43

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 49 : Interests in Joint Ventures

Set out below are the Joint Ventures of the group as at March 31, 2025 :

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2025	As at March 31, 2024
(i) Varroc TYC Corporation, BVI and its subsidiaries	China/ British Virgin Islands	50%	Joint Venture	Equity Method		
Gross Investment					3,395.15	4,044.50
Less: Transferred to Asset held for sale (Refer footnote to note 50(iii))					(3,395.15)	-
Net investment					-	4,044.50
(ii) Nuova CTS S.r.l	Italy	50%	Joint Venture	Equity Method	94.24	90.77
(iii) Varroc Dell'Orto Private Limited	India	50%	Joint Venture	Equity Method	71.96	65.76
Total					166.20	4,201.03

The joint venture entities are primarily engaged in the business of auto components and services in the automotive industry.

Commitments and contingent liabilities in respect of joint ventures:

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Commitments – Joint Ventures		
Varroc TYC Corporation, BVI and its subsidiaries	Refer footnote to note 50(iii)	Refer footnote to note 50(iii)

Note 50 : Interests in Joint Ventures

Summarised financial information for Joint Ventures

The summarised financial information for Joint Ventures disclosed below, reflects the amounts presented in the financial statements of the relevant joint ventures and not Varroc's share of those amounts.

(i) Summarised balance sheet

(₹ in Million)

Particulars	Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	As at March 31, 2025 (Unaudited)	As at March 31, 2024 (Unaudited)	As at March 31, 2025	As at March 31, 2024
Current assets				
Cash and cash equivalents	18.87	18.23	67.26	113.00
Other assets	49.84	45.47	160.51	170.18
Total current assets	68.71	63.70	227.77	283.18
Total non-current assets	16.27	20.20	2.55	1.68
Current liabilities				
Financial liabilities	20.02	23.36	76.57	147.13

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(₹ in Million)

Particulars	Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	As at March 31, 2025 (Unaudited)	As at March 31, 2024 (Unaudited)	As at March 31, 2025	As at March 31, 2024
Other liabilities	5.40	7.95	8.22	5.15
Total current liabilities	25.42	31.31	84.79	152.28
Non-current liabilities				
Financial liabilities	-	-	-	-
Other liabilities	0.42	0.40	1.62	1.06
Total non-current liabilities	0.42	0.40	1.62	1.06
Net assets	59.14	52.19	143.91	131.52

(ii) Summarised statement of profit and loss

(₹ in Million)

Particulars	Varroc TYC Corporation, BVI (Consolidated) (refer note a)		Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	For the year ended March 31, 2025 (Unaudited)	For the year ended March 31, 2024 (Unaudited)	For the year ended March 31, 2025 (Unaudited)	For the year ended March 31, 2024 (Unaudited)	For the year ended March 31, 2025	For the year ended March 31, 2024
Total income	12,127.38	25,343.02	124.27	122.41	559.85	398.53
Cost of goods sold	8,512.40	17,937.34	20.39	19.81	497.28	334.84
Depreciation and amortisation	515.63	1,442.54	4.39	4.46	0.59	0.83
Finance costs	73.74	64.13	0.26	0.65	0.16	0.13
Employee benefit expenses	876.18	1,694.33	44.21	40.26	14.90	11.31
Other expenses	2,093.50	3,286.60	47.07	37.84	31.22	22.13
Profit before tax	55.93	918.08	7.95	19.39	15.70	29.29
Income tax expense/ (credit)	0.24	60.50	1.85	10.72	3.84	7.61
Profit for the year	55.69	857.58	6.10	8.67	11.86	21.68
Other comprehensive income	-	-	-	-	0.51	(0.02)
Total comprehensive income for the year	55.69	857.58	6.10	8.67	12.37	21.66
Group's share of profit for the year	27.85	428.79	3.05	4.34	6.19	10.83
Dividends received	-	-	-	26.95	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(iii) Reconciliation of carrying amounts

(₹ in Million)

Particulars	Varroc TYC Corporation, BVI (Consolidated)		Nuova CTS S.r.l		Varroc Dell'Orto Private Limited	
	As at March 31, 2025	As at March 31, 2024 (refer note b)	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Closing net assets		8,026.80	59.14	52.19	143.91	131.52
Group's share in %	(Refer note a)	50%	50%	50%	50%	50%
Group's share in INR		4,013.40	29.57	26.10	71.96	65.76
Goodwill		31.10	64.67	64.67	-	-
Carrying amount	-	4,044.50	94.24	90.77	71.96	65.76

- a) On December 11, 2024, the Group received an order from the International Chamber of Commerce, Singapore ('ICC') in respect of the ongoing arbitration between VarrocCorp 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 has 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 has written down this investment to ₹ 3,395.15 million which is its fair value less costs to sell. The resulting estimated impairment loss of ₹ 806.82 million for the year ended March 31, 2025 respectively has been disclosed as an Exceptional item in the financial statements. Subsequent to the year end, the Group has received above consideration on May 07, 2025 and transferred its investments in China JV.

Further, the Group's share of net profits of VTYC of ₹ 27.85 million for the period upto September 30, 2024 (i.e. the quarter ending immediately preceding the ICC order and only till which date the Group's share of profits of VTYC have been consolidated) which is included in the Group's consolidated profits is based on the limited information available with management and such information has not been subjected to audit. The auditors in their audit report have included a qualification in respect of this matter.

On April 21, 2025, the Group received final order from ICC in respect of the above arbitration wherein the Group has been directed to pay to TYC Group legal costs pertaining to the arbitration incurred by TYC Group amounting to ₹ 439.91 million. The group has recognised a provision for this cost as at March 31, 2025 and the same has been disclosed as an Exceptional item in the financial statements for the year ended March 31, 2025. The Company is analyzing the Final Award, and is assessing the legal options available in this regard.

- b) During the year ended March 31, 2024 the Group was undertaking negotiations with TYC Group for resolution of certain matters regarding operation of the China JV, pending which the Group was unable to obtain audited financial and other information from China JV. Hence the Group's investment in China JV carried at ₹ 4,044.50 million as at March 31, 2024 and the Group's share of China JV's net profits of ₹ 428.79 million which was included in the Group's consolidated profits for the year ended March 31, 2024 were based on the limited information available with management and such information was not subjected to audit.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 51 : Discontinued operations

Varroc Engineering Limited ("VEL") and VarrocCorp Holding BV, Netherlands ("VCHBV", wholly owned subsidiary of VEL) (together referred to as "Sellers") entered into a Securities Purchase Agreement dated April 29, 2022 as amended dated July 01, 2022, October 05, 2022 and May 12, 2023 (collectively referred to as "SPA") with Compagnie Plastic Omnium SE, France (referred to as "Buyer"), to divest the Sellers 4-Wheeler lighting business in the Americas and Europe ("VLS Business"). The equity value agreed under the SPA was Euro 69.5 million (subject to closing adjustments as provided under the SPA) and accordingly the loss on sale of VLS Business was included in the profit/loss from discontinued operations for the year ended March 31, 2023.

The Buyer submitted the final adjustments but failed to provide the necessary supporting details to enable the Sellers to understand these adjustments. Hence, Sellers sent a Dispute Notice in accordance with the SPA disputing the proposed adjustments. Subsequently, both the Buyer and the Sellers entered into Settlement Agreement on July 14, 2023 whereby both the parties have agreed to settle the disagreements on closing adjustments and the final equity value agreed under the Settlement Agreement was Euro 54.5 million. Accordingly, VCHBV received the remaining consideration amount of Euro 13 million on July 17, 2023 pursuant to this final settlement with Buyer.

Profit/loss from discontinued operations for the year ended March 31, 2024 pertains to adjustments pursuant to revised equity value as per above settlement agreement and expenses directly related to sale of investment in VLS business.

Further, the management assessed that such sale of VLS business satisfies the criteria prescribed under Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" for classification as discontinued operation. The income and expenses of continuing operations include transactions with discontinued operation, which does not have impact on "Profit / (loss) for the period from continuing and discontinued operations" as disclosed in Consolidated financial results.

A. Summarised financial information of the discontinued operations

i) Results of VLS Business are presented below :

(₹ in Million)

Particulars	For the year ended March 31, 2024
Total income	-
Total expenses	209.20
Profit before tax	(209.20)
Tax expense	-
Profit/(loss) for the year	(209.20)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 52 (a) : Ultimate Beneficiary

For the year ended March 31, 2025

During the Financial Year 2024-25, Varroc Engineering Limited ('Funding party') has loaned to VarrocCorp Holding B.V. The Netherlands ('Intermediary'), which is a wholly owned subsidiary. The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount (₹ in Million)	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	Amount (₹ in Million)	Name of ultimate beneficiary
Various Dates	Loan	344.04	VarrocCorp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	168.08	Varroc Poland s.p.z.o.o
						44.92	Varroc Electronics Romania SRL
						4.77	Varroc Bulgaria EOOD
						9.60	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.
					Loans	21.00	Varroc Poland s.p.z.o.o
						2.50	Varroc Bulgaria EOOD
						44.78	Varroc Electronics Romania SRL
						37.91	Varroc Germany GmbH
						10.48	Varroc European Holding B.V.,The Netherlands
13-03-2025	Loan	86.36	Varroc European Holding B.V.,The Netherlands	Various Dates	Investment in equity shares*	28.47	Varroc Poland s.p.z.o.o
						37.96	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.
						14.24	Varroc Electronics Romania SRL
					Loan*	5.69	Varroc Germany GmbH

* These amounts were initially advanced to Varroc Corp Holding B.V., which in turn advanced these to disclosed ultimate beneficiaries

Name of Ultimate Beneficiary	Registration Number	Relation	Address
Varroc Poland sp. z o o	KRS 988333	Subsidiary	ul. Jana Dekerta 24, Diamante Plaza Building, 30-703 Kraków, Poland
Varroc Bulgaria EOOD	203834182	Subsidiary	Hoskovo district,Dimitravgrand municipality krepost 6410,139 Haskovska Str,Bulgaria
Varroc Electronics Romania SRL	J35/200/2019	Subsidiary	Ghiroda Village, Calea Lugojului no. 148, Timis, Romania
Varroc Germany GmbH	'HRB 45416	Subsidiary	eos office center Bielefeld, Meyer zu Erpen KG, Herforder Street 69, 33602 Bielefeld, Germany
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	91320411MA26BWUB42	Subsidiary	B313-331, 3rd Floor, Building B, New Technology Innovation Building, No. 901, Liaoh Rd., New District, Changzhou City
Varroc European Holding B.V.	34262203	Subsidiary	Schiphol Boulevard 133, Tower F-4, 1118BG Schiphol, Amsterdam
VarrocCorp Holding B.V., The Netherlands	54784891	Subsidiary	World Trade Center/Toren F-4, Schiphol Boulevard 133, 1118 BG Schiphol, the Netherlands,

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Varroc Engineering Limited has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

Varroc Engineering Limited has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

Varroc Engineering Limited has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Note 52 (b) : Ultimate Beneficiary

For the year ended March 31, 2024

During the Financial Year 2023-24, Varroc Polymers Limited ('Funding party') has given loan to VarrocCorp Holding B.V., The Netherlands ('Intermediary'), which is a wholly owned subsidiary of the Funding Party's holding company (Varroc Engineering Limited). The Intermediary has utilised the money received for further investments and grant of loans to its subsidiaries ('Ultimate beneficiaries'). Details of such loans and further investments and loans are as follows:

Date of original funding	Nature of Original funding	Amount (₹ in Million)	Name of intermediary	Date of further loan/ investment during the year	Nature of funding	Amount (₹ in Million)	Name of ultimate beneficiary
Various Dates	Loan	961.07	VarrocCorp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	466.72	Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)
						85.21	Varroc Poland s.p.z.oo
						42.42	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.
						0.90	Varroc Czech Republic SRO
						66.73	Varroc Germany GmbH
				Inter Corporate Loans		45.26	Varroc Poland s.p.z.oo
						53.98	Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)
						4.93	Varroc European Holding B.V.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Name of Ultimate Beneficiary	Registration Number	Relation	Address
Varroc Electronics Romania SRL (formerly known as Varroc Lighting Systems Electronics Romania SRL)	J35/200/2019	Subsidiary	Ghiroda Village, Calea Lugojului no. 148, Timis, Romania
Varroc Poland s.p.z.oo	KRS 988333	Subsidiary	ul. Jana Dekerta 24, Diamante Plaza Building, 30-703 Kraków, Poland
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	91320411MA26BWUB42	Subsidiary	B313-331, 3rd Floor, Building B, New Technology Innovation Building, No. 901, Liaohe Rd., New District, Changzhou City
Varroc Czech Republic SRO	195 37 646	Subsidiary	Varroc Czech Republic s.r.o., registered office at Místecká 286, 742 58 Příbor, Czech Republic
Varroc Germany GmbH	HRB 45416	Subsidiary	eos office center Bielefeld, Meyer zu Erpen KG, Herforder Street 69, 33602 Bielefeld, Germany
Varroc Lighting Systems Bulgaria EOOD	203834182	Subsidiary	Haskovo district, Dimitrovgrad municipality, Krepost 6410, 139 Haskovska Str. Bulgaria
Varroc European Holding B.V.	34262203	Subsidiary	Schiphol Boulevard 133, Tower F-4, 1118BG Schiphol, Amsterdam

Varroc Polymers Limited has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act for the above transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

Varroc Polymers Limited has not advanced or loaned or invested funds, apart from those disclosed above, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

During the Financial Year 2023-24, no other Group companies (those incorporated in India), other than as reported above, have advanced or loaned or invested funds, to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

No Group companies (those incorporated in India), other than as reported above, have received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that such Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 53 (a) : Audit Trail

The Company, its subsidiaries and joint ventures incorporated in India [except Varroc Connect Private Limited ('VCPL'), formerly known as CarlQ Technologies Private Limited] use SAP ECC R6 as the accounting software. SAP ensures an audit trail, providing standard functionality and logging in all changed data in the system. This functionality and audit trail feature in SAP has been operational throughout the year for all relevant transactions recorded through the application in the Company and its subsidiaries incorporated in India (except VCPL). Further, there were no instances of the audit trail feature being tampered with in respect of the accounting software during the year.

Normal / regular users are not granted nor have direct SAP back-end database (DB) or super user level access which would allow them to make any changes to financial documents directly which have already been posted through the application. However, changes to the database by a super user specifically does not carry the feature of a concurrent real time audit trail.

Additionally, the audit trail of prior year has been preserved by the Company, its subsidiaries and joint ventures incorporated in India (except VCPL) as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective year.

The Company, its subsidiaries and joint ventures incorporated in India have used an accounting software which is operated by a third party software service provider, for maintaining its payroll records. In the absence of necessary evidence regarding audit trail in the Service Organisation Controls report received by Group, management is unable to comment whether the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the payroll processing software or whether there were any instances of the audit trail feature being tampered with. Additionally, management is also unable to comment whether the audit trail has been preserved by the Company as per the statutory requirements for record retention.

VCPL has used an accounting software which does not have a feature of recording audit trail (edit log).

Note 53 (b) : Amalgamation of Varroc Polymers Limited with the Holding Company

Pursuant to provisions of Section 230-232 of the Companies Act, 2013, the Board of Directors of the Company on May 17, 2024 had approved the scheme of amalgamation of Varroc Polymers Limited ('VPL') (a wholly owned subsidiary of the Holding Company) with Varroc Engineering Limited ('VEL') (the Holding Company) with appointed date of April 01, 2024 ('the Scheme'). National Company Law Tribunal ('NCLT') approved the above scheme vide its order dated January 10, 2025 and the merger became effective on February 1, 2025 on filing of the NCLT order with the Registrar of Companies. The merger has been accounted as business combination of entities under common control as per Appendix C to Ind AS 103 - Business Combinations.

The aforesaid scheme has no impact on the Consolidated Financial Statements of the Group since the scheme of merger was between the Holding Company and its wholly owned subsidiary.

Exceptional items for the year ended March 31, 2025 includes an amount of ₹ 196.02 million pertaining to estimated expenses directly attributable to merger of VPL with the Holding Company.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 54: Material partly-owned subsidiaries:

A) Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

(₹ in Million)

Name	Country of incorporation and operation	As on March 31, 2025	As on March 31, 2024
Durovalves India Private Limited	India	27.22%	27.22%

Information regarding non-controlling interest

(₹ in Million)

Particulars	As on March 31, 2025	As on March 31, 2024
Accumulated balances of material non-controlling interest:		
Durovalves India Private Limited	324.97	287.75
Profit/(loss) allocated to material non-controlling interest:		
Durovalves India Private Limited	84.27	60.33

B) The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

i) Summarised statement of profit and loss of Durovalves India Private Limited:

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Total income	2,062.26	1,848.37
Cost of goods sold	701.85	642.53
Depreciation and amortisation	94.44	87.65
Finance costs	0.01	2.58
Employee benefit expenses	347.40	331.80
Other expenses	504.42	483.86
Profit before tax	414.14	299.95
Income tax	103.96	75.95
Profit for the year	310.18	224.00
Other comprehensive income	(0.58)	(2.37)
Total comprehensive income for the year	309.60	221.63
Attributable to non-controlling interests	84.27	60.33
Dividends paid/payable to non-controlling interests	47.04	47.05

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

ii) Summarised balance sheet of Durovalves India Private Limited:

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024
Current assets		
Cash and cash equivalents	65.80	55.36
Other assets	1,088.54	890.54
Total current assets	1,154.34	945.90
Total non-current assets	414.83	471.94
Current liabilities		
Financial liabilities	282.79	269.38
Other liabilities	65.61	48.36
Total current liabilities	348.40	317.74
Non-current liabilities		
Financial liabilities	1.44	0.11
Other liabilities	25.48	42.87
Total non-current liabilities	26.92	42.98
Net assets	1,193.85	1,057.12
Attributable to:		
Owners of parent	868.88	769.37
Non-controlling interest	324.97	287.75

iii) Summarised cash flow information of Durovalves India Private Limited:

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Operating	293.48	482.54
Investing	(157.24)	(402.84)
Financing	(125.80)	(175.41)
Net increase/(decrease) in cash and cash equivalents	10.44	(95.71)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

Note 55 : Other Statutory Information

- 1 The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- 2 The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 3 The Group does not have any transactions with companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.
- 4 The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5 The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 6 The Group has not been declared as wilful defaulter by any bank or financial institution or any other lender.

As per our report of even date

For and on behalf of the Board of Directors

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

Tarang Jain

Chairman and Managing Director

(DIN 00027505)

Gautam Khandelwal

Director

(DIN 00270717)

per Paul Alvares

Partner

Membership No : 105754

Place : Pune

Date : May 29, 2025

K. Mahendra Kumar

Group CFO

Place : Pune

Date : May 29, 2025

Ajay Sharma

Company Secretary

(M No. ACS 9127)

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, 2025

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

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (₹ in Million except EPS)	Adjusted Figures (audited figures after adjusting for qualifications) (₹ in Million)
1.	Turnover / Total income (continuing operations)	81,717.66	N/A
2.	Total Expenditure (continuing operations)	78,588.79	N/A
3.	Net Profit/(Loss) (continuing operations)	696.76	N/A
4.	Earnings Per Share (continuing operations)	₹ 4.01	N/A
5.	Total Assets	46,719.13	N/A
6.	Total Liabilities	30,739.77	N/A
7.	Net Worth	15,979.36	N/A
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification:

Sl. No.	Particulars	Remarks
a.	Details of Audit Qualification:	Following qualification has been given by the Auditors in the audit report on Consolidated financial statements of the Company: As disclosed in note 50 to the consolidated financial statements, the financial results and other financial information for the year ended March 31, 2025 in respect of Varroc TYC Corporation BVI ("China JV"), a joint venture accounted for under the equity method, considered for the purpose of preparation of the consolidated financial statements, is unaudited. Hence, we are unable to determine the impact of Group's share of profit/loss from China JV and of the impairment loss recognised for China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the year ended March 31, 2025 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2025, had the financial results/ other financial information of China JV been audited.
b.	Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive (Appearing since the year ended Mar 31, 2023)
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	N/A

Sl. No.	Particulars	Remarks
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	N/A
	(ii) If management is unable to estimate the impact, reasons for the same:	The Group's share of net profits of VTYC of ₹ 27.85 million (approx. 1.65% of Profit/(loss) before tax) which is included in the Group's consolidated profits is based on management certified accounts and was not subjected to audit. Due to the ongoing arbitration as explained below, the Group was unable to get the financial and other information of VTYC audited from auditors. On December 11, 2024, the Group received an order from the International Chamber of Commerce, Singapore ('ICC') in respect of the ongoing arbitration between VarrocCorp 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 has been directed to transfer its 50% shareholding in VTYC to TYC BVI Entity for a consideration of RMB 310.50 million. Subsequent to the year end, the Group has received above consideration on May 07, 2025 and transferred its investments in China JV
	(iii) Auditors' Comments on (i) or (ii) above:	As explained to us by the management, due to the ongoing arbitration with the JV partner for resolution of certain matters regarding the operation of the JV which were concluded on December 11, 2024, due to which the Group was unable to obtain audited financials and other information from China JV, in the absence of which we are unable to determine the possible impact of Group's share of profit/loss from China JV and of the impairment loss recognised for China JV on the consolidated profit/loss before tax, profit/loss after tax, total comprehensive income and earnings per share for the year ended March 31, 2025 and Group's share of net assets of China JV on the investment in China JV as at March 31, 2025.

III. Signatories

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number:324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

Place : Pune

Date : May 29, 2025

For and behalf of the Board

Tarang Jain

Chairman & Managing Director

Place : Pune

Date : May 29, 2025

K. Mahendra Kumar

Group CFO

Place : Pune

Date : May 29, 2025

Gautam Khandelwal

Chairman of Audit Committee

Place : Pune

Date : May 29, 2025

FORM AOC-1

STATEMENT CONTAINING SAILENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATES COMPANIES / JOINT VENTURES
[Pursuant to first proviso of Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

(A) SUBSIDIARY COMPANIES

Name of Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment (Refer note 1)	Turnover	Profit Before Tax	Provision For Tax (Net of Write back)	Profit after Tax	% Share Holding
Durovalves India Private Limited	₹	-	43.21	1,150.64	1,569.17	375.32	378.85	2,016.33	414.14	103.96	310.18	72.78%
Varroc Connect Private Limited (formerly known as CarIQ Technologies Private Limited)	₹	-	0.33	(102.35)	32.48	134.50	-	51.29	(86.15)	5.57	(91.72)	95.00%
VarrocCorp Holding B.V.	€	92.38	9,581.29	(2,543.49)	8,693.64	1,655.84	4,083.01	-	(32.07)	0.48	(32.55)	100.00%
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	CNY	11.79	237.18	(163.20)	130.27	56.29	35.95	21.66	(74.81)	-	(74.81)	100.00%
Varroc Lighting Systems Bulgaria EOOD	€	92.38	126.37	(625.03)	23.88	522.54	-	-	(31.86)	-	(31.86)	100.00%
Varroc Japan Co. Ltd	¥	0.5701	0.06	14.05	21.06	6.95	-	35.82	3.06	0.70	2.36	100.00%
Varroc European Holding B.V.	€	92.38	1,429.60	(4,321.06)	893.25	3,784.71	-	-	(164.82)	11.21	(176.03)	100.00%
Industria Meccanica e Stampaggio S.p.A.	€	92.38	388.02	(431.04)	2,055.29	2,098.31	94.24	2,201.90	(307.48)	1.72	(309.20)	100.00%
Varroc Italy S.p.A.	€	92.38	237.32	869.08	2,155.19	1,048.79	507.43	1,587.87	256.91	(0.81)	257.72	100.00%
Varroc Romania S.A.	LEU	18.56	102.84	(35.15)	805.70	738.01	-	547.79	6.27	4.28	1.99	98.23%
Varroc Vietnam Co. Ltd.	VND	0.0033	62.93	823.29	1,354.53	468.31	-	1,257.96	181.51	28.47	153.04	100.00%
Varroc Electronics Romania SRL	€	92.38	1,224.68	(1,112.09)	1,397.60	1,285.01	-	650.94	(479.01)	-	(479.01)	100.00%
Varroc Poland s.p.z.oo	PLN	22.05	315.36	(298.20)	70.68	53.52	-	241.93	(92.67)	-	(92.67)	100.00%
Varroc Germany GmbH	€	92.38	2.24	(184.76)	113.25	295.77	-	102.95	(7.14)	-	(7.14)	100.00%
Varrec (Thailand) Co., Ltd	THB	2.52	35.95	(8.42)	295.51	267.98	-	0.06	(9.76)	-	(9.76)	100.00%

Note :

1) Investment shown at fair value net of provision, where applicable.

(B) ASSOCIATES AND JOINT VENTURES

Name of Associates/ Joint Ventures	Latest Audited Balance Sheet Date	Share of Associates / Joint Ventures held by the Company year end			Networth Attributable to Shareholding as per latest Balance sheet (₹ in million)	Profit/ (loss) for the year		Description of how there is significant influence	Reason why the Associate/Joint Venture is not consolidated
		No. of shares	Amount of Investment in Associates/ Joint Venture (₹ in million)	Extent of Holding %		Considered in consolidation (₹ in million)	Not considered in Consolidation (₹ in million)		
Nuova CTS S.r.l, Italy	Refer note 3	25,000	92.38	50%	94.24	3.05	3.05	-	Consolidated as per equity method
Varroc TYC, BVI	Refer note 2	10,94,59,427	1,293.15	50%	3,395.15	27.85	27.85	NA	Consolidated as per equity method
Varroc Dell'Orto Private Limited	March 31, 2025	15,25,000	15.25	50%	71.96	6.19	6.19	-	Consolidated as per equity method

Note :

1) Reporting period for Varroc TYC Auto Lamps Co. Ltd., Varroc TYC, BVI and Varroc TYC Auto Lamps CQ China is January to December. For all other entities, the same is April to March.

2) On December 11, 2024, the Group received an order from the International Chamber of Commerce, Singapore ('ICC') in respect of the ongoing arbitration between VarrocCorp 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 has 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 has written down this investment to ₹ 3,395.15 million which is its fair value less costs to sell. The resulting estimated impairment loss of ₹ 806.82 million for the year ended March 31, 2025 respectively has been disclosed as an Exceptional item in the financial statements. Subsequent to the year end, the Group has received above consideration on May 07, 2025 and transferred its investments in China JV.

Further, the Group's share of net profits of VTYC of ₹ 27.85 million for the period upto September 30, 2024 (i.e. the quarter ending immediately preceding the ICC order and only till which date the Group's share of profits of VTYC have been consolidated) which is included in the Group's consolidated profits is based on the limited information available with management and such information has not been subjected to audit. The auditors in their audit report have included a qualification in respect of this matter.

3) The financial statements of Nuova CTS S.r.l, Italy were not subject to audit for FY 2024-25.

For and on behalf of the Board of Directors

Tarang Jain

Chairman & Managing Director
(DIN 00027505)

Gautam Khandelwal

Director
(DIN 00270717)

K. Mahendra Kumar

Group CFO

Ajay Sharma

Company Secretary
(M No: ACS 9127)

Place : Pune

Date : May 29, 2025

Notice to Members

NOTICE is hereby given that the 37th Annual General Meeting of the Members of Varroc Engineering Limited will be held on Thursday, August 21, 2025, at 11:00 a.m. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact, the following business. The venue of the meeting shall be deemed to be Registered office of the Company situated at L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) - 431 136, Maharashtra, India:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS

To receive, consider and adopt:

- (a) THE AUDITED STANDALONE FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025, AND THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON AND IN THIS REGARD, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2025, along with reports of the Board of Directors and Independent Auditors thereon as circulated to the Members of the Company, be and are hereby received, considered, approved and adopted."

- (b) THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025, AND THE REPORT OF THE AUDITORS THEREON AND IN THIS REGARD, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2025, along with report of the Independent Auditors thereon as circulated to the Members of the Company, be and are hereby received, considered, approved and adopted."

2. DECLARATION OF FINAL DIVIDEND FOR THE FINANCIAL YEAR 2024-25

To declare Dividend on Equity Shares of the Company and in this regard, if thought fit, to pass with or without modifications(s) the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT pursuant to the recommendation of the Board of Directors of the Company and applicable provisions of the Companies Act, 2013 read with applicable Rules thereunder (including any statutory modifications or reenactment thereof for the time being in force), the Final Dividend at the rate of ₹ 1 /- (Rupee One only) per Equity Share of ₹ 1/- each on the paid-up Equity Share capital of the Company, aggregating to ₹15,27,86,400/- be and is hereby declared and to be paid to the members of the Company for the Financial Year ended March 31, 2025."

3. APPOINTMENT OF MR. TARANG JAIN (DIN:00027505) AS A DIRECTOR , LIABLE TO RETIRE BY ROTATION

To appoint Mr. Tarang Jain (DIN:00027505), as a Director, who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Tarang Jain (DIN: 00027505), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

4. APPOINTMENT OF MR. DHRUV JAIN (DIN: 09710448), AS A DIRECTOR , LIABLE TO RETIRE BY ROTATION

To appoint Mr. Dhruv Jain (DIN: 09710448), as a Director, who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Dhruv Jain (DIN: 09710448), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

5. APPOINTMENT OF MR. AKSHAYKUMAR CHUDASAMA (DIN 00010630) AS AN INDEPENDENT DIRECTOR OF THE COMPANY

To consider the appointment of Mr. Akshaykumar Chudasama (DIN:-00010630) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION :-**

“RESOLVED THAT Mr. Akshaykumar Chudasama (DIN:-00010630) who was appointed as an Additional Director (Non-Executive, Independent) of the Company, with effect from May 29, 2025, by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee in terms of Section 161 and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) read with the Articles of Association of the Company, who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Act and the Rules made thereunder including and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘SEBI Listing Regulations’) (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Members of the Company, be and is hereby accorded for appointment of Mr. Akshaykumar Chudasama (DIN:-00010630) as an Independent Director of the Company, not liable to retire by rotation, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations and is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority and has submitted a declaration to that effect, and is eligible for appointment as a Non-Executive Independent Director of the Company, to hold office for a term of five (5) years commencing from May 29, 2025 to May 28, 2030.”

“RESOLVED FURTHER THAT any Director of the Company and / or Company Secretary of the Company be and are hereby severally authorised to do all the acts, deeds, matters as in their absolute discretion, as they may consider, necessary, expedient or desirable, in order to give effect to this Resolution and as necessary for the appointment of Mr. Akshaykumar Chudasama (DIN:-00010630) as an Independent Director of the Company, including filing of necessary forms with the Regulatory Authorities and executing and signing all relevant documents, agreements, certificates etc., as may be required in order to give effect to these Resolutions.”

6. APPOINTMENT OF MR. PADMANABH SINHA (DIN-00101379) AS AN INDEPENDENT DIRECTOR OF THE COMPANY

To consider the appointment of Mr. Padmanabh Sinha (DIN:00101379) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION :-**

“RESOLVED THAT Mr. Padmanabh Sinha (DIN: 00101379) who was appointed as an Additional Director (Non-Executive, Independent) of the Company, with effect from July 18, 2025, by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee in terms of Section 161 and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) read with the Articles of Association of the Company, who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Act and the Rules made thereunder including and the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘SEBI Listing Regulations’) (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Members of the Company, be and is hereby accorded for appointment of Mr. Padmanabh Sinha (DIN: 00101379), as an Independent Director of

the Company, not liable to retire by rotation, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) of SEBI Listing Regulations and is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority and has submitted a declaration to that effect, and is eligible for appointment as a Non-Executive Independent Director of the Company, to hold office for a term of five (5) years commencing from July 18, 2025 to July 17, 2030."

"RESOLVED FURTHER THAT any Director of the Company and / or Company Secretary of the Company be and are hereby severally authorised to do all the acts, deeds, matters as in their absolute discretion, as they may consider, necessary, expedient or desirable, in order to give effect to this Resolution and as necessary for the appointment of Mr. Padmanabh Sinha (DIN: 00101379), as an Independent Director of the Company, including filing of necessary forms with the Regulatory Authorities and executing and signing all relevant documents, agreements, certificates etc., as may be required in order to give effect to these Resolutions."

7. APPOINTMENT OF M/S UMA LODHA & CO., A PEER REVIEWED FIRM AS SECRETARIAL AUDITOR OF THE COMPANY AND FIXATION OF REMUNERATION

To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, other applicable laws/statutory provisions, if any, as amended from time to time and based on the recommendation of the Audit Committee and the approval of the Board of Directors of the Company, consent of the Company be and is hereby accorded for appointment of M/s Uma Lodha & Co., sole proprietorship of Ms. Uma Lodha, Company Secretary in Practice a peer reviewed firm (Firm Registration No.: S1997MH019700), bearing certificate no. 6629/2025 as the Secretarial Auditor of

the Company, who have confirmed their eligibility to be appointed as Secretarial Auditors of the Company in terms of Regulation 24A (1A) of the SEBI Listing Regulations to carry out Secretarial Audit and to avail any other services, certificates, or reports as may be permissible under applicable laws, for consecutive 5 years, i.e. from the FY 2025-26 to FY 2029-30, on such remuneration / fees plus applicable taxes, and other out-of-pocket expenses and other expenses and on such terms and conditions as may be determined and mutually agreed by and between the Board of Directors (including its committees thereof) and the Secretarial Auditors.

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee thereof), be and are hereby authorised to decide and finalize the terms and conditions of appointment, including the remuneration of the Secretarial Auditor, from time to time, and to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, desirable and/or expedient in connection therewith or incidental thereto, to give effect to the foregoing resolution"

8. APPROVAL FOR THE RATIFICATION OF REMUNERATION OF COST AUDITOR OF THE COMPANY

To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the remuneration amounting to ₹ 4,00,000/- (Rupees Four Lakh only) plus applicable taxes thereon and reimbursement of out-of-pocket expenses incurred in connection with the Audit, payable to M/s. S. R. Bhargave & Co., Cost Accountants (Firm Registration No. M - 000218), appointed by the Board of Directors of the Company on recommendation of the Audit Committee as Cost Auditor of the Company, to conduct the Audit of the Cost Records of the Company for the Financial Year ending March 31, 2026 or extended Financial Year, as the case may be, be and is hereby ratified."

“RESOLVED FURTHER THAT any Director and/or Group Chief Financial Officer and/or Company Secretary of the Company be and are hereby severally authorised to do all acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

9. ISSUE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Chapter IV of the Companies (Share Capital and Debentures) Rules 2014 and any other applicable Rules [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], and subject to the provisions of the Articles of Association of the Company and subject to compliance with such other provisions of law as may be applicable, approval of the Members be and is hereby accorded to the Board of Directors of the Company (‘the Board’, which term shall include its duly empowered Committee(s) constituted/to be constituted by it for this purpose), to offer or invite subscriptions for Secured / Unsecured Non-Convertible Debentures (‘Debentures’), of an amount not exceeding ₹500 Crore (Rupees Five Hundred Crore only) in one or more series/tranches, on Private Placement Basis, on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company, including as to when the Debentures be issued, the consideration for the issue, utilisation of the issue proceeds and all matters connected therewith or incidental thereto PROVIDED THAT the total amount that may be so raised in the aggregate, by such offer or invitation for subscriptions of the Debentures, and outstanding at any point of time, shall be within the overall borrowing limit as approved by the Members under Section 180(1) (c) of the Act;

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps including delegation of powers to any Committee and/or officials of the Company, as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to do all such acts, deeds, matters and things as may

be necessary or expedient for or in connection with this Resolution and to settle any question or difficulty that may arise in this regard in the best interest of the Company.”

10. APPROVAL FOR THE RE-CLASSIFICATION OF AUTHORISED SHARE CAPITAL AND CONSEQUENT AMENDMENT TO THE CAPITAL CLAUSE IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 13, 61, 64 and all other applicable provisions, if any, of the Companies Act, 2013 (along with any Rules framed thereunder, including any statutory modification(s) or re-enactment thereof for time being in force and as may be enacted from time to time) (‘Act’), applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and further amendments thereto and the provisions of the Memorandum of Association and the Articles of Association of the Company and subject to such other approvals, consent, permissions and sanctions as may be necessary from the appropriate authorities or bodies, consent of the Members of the Company be and is hereby accorded for reclassifying the existing Authorised Share Capital of the Company by way of the sub-division of each of the Equity Share of the Company having a Face Value of ₹10/- each into 10 (Ten) Equity Shares having a Face Value of ₹1/- each (‘Sub-division’);

“RESOLVED FURTHER THAT after Sub-division, Clause V(1)(a) of the Memorandum of Association of the Company be and is hereby altered and substituted as follows:

The Authorised Share Capital of the Company is ₹ 55,94,00,000/- (Rupees Fifty-Five Crore Ninety-Four Lakhs only) comprising of:

- (a) ₹ 30,94,00,000 (Rupees Thirty Crore and Ninety-Four Lakhs only) divided into 30,94,00,000 Equity Shares of ₹ 1/- each;
- (b) ₹ 25,00,00,000 (Rupees Twenty-Five Crore only) divided into 25,00,00,000 Preference Shares of ₹ 1 /- each

with power to increase or reduce the capital of the Company and to consolidate and divide the

shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company.

“RESOLVED FURTHER THAT approval of the Company be further accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection at their absolute discretion including seeking all necessary approvals to give effect to this Resolution, if any required and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary deeds, documents, applications, returns and writings as may be necessary, proper, desirable or expedient, including making necessary e-filings with the Registrar of Companies / Ministry of Corporate Affairs, and/ or necessary disclosures with the Stock Exchanges in connection with this and to comply with all other requirements in this regard, if any required and/or submission of documents with any other authority.”

“RESOLVED FURTHER THAT reclassified Equity Shares shall rank pari-passu to the existing shares in all respect and that all the provisions contained in the Articles of Association of the Company.”

“RESOLVED FURTHER THAT the copies of the foregoing resolutions certified to be true copies by any Director or the Group Chief Financial Officer or the Company Secretary of the Company be furnished to such persons and be filed with the Registrar of Companies and/or any other Statutory or Regulatory or Governmental authorities, as may be deemed necessary.”

11. AMENDMENT IN MAIN OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 4, 13, 15 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Incorporation) Rules, 2014 and other applicable rules and regulations made

thereunder, including any statutory modification(s) or reenactment(s) thereof for the time being in force, other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such approvals, permissions and sanction of Registrar of Companies, appropriate authorities, departments or bodies if any required and as and to the extent necessary, consent of the members of the Company be and is hereby accorded for alteration and amendment in the existing Object Clause of the Memorandum of Association (“the MOA”) of the Company in the following manner:

Clause III (A) of the MOA be altered by substituting the existing sub-clause 1 and 2 with a new sub-clause 1 and 2 as stated hereunder:

1. To carry on business as manufacturers, processors, importers, exporters, assemblers, Research & developers, sub-assemblers, repairers, distributors, sellers, buyers, marketers, hirers, exchangers, alterers, improvers, moulders, contractors, sub-contractors, job-workers, dealers, merchants, producers, traders, fabricators, wholesalers, retailers, agents of all types/kinds of parts, components and accessories for automobiles of any description whether mechanical, electrical, electronic, polymers including painted parts, metallic or otherwise of automobiles and non-automobiles and electrical, electronic, and computer products, parts, components and accessories for use/ application in industrial/ white/ consumer goods or otherwise and do all such processing or other activities and things as are usual or necessary in relation to or in connection with the said business activities.
2. To carry on in India or abroad whether by itself or in collaboration, the business of designers, developers, manufacturers, fabricators, assemblers and sub-assemblers, processors, agents, importers, exporters, holders, stockists, distributors, dealers, buyers and sellers, re-sellers, traders, contractors, sub-contractors, merchants, repairers and suppliers of all kinds of equipments, modules, circuits, systems, machines, tools, moulds, dies, jigs, fixtures, patterns, designs, plants, apparatus, utensils, hardware materials, polymer products, implements, spare parts, subassemblies, accessories, intake manifolds and components of all description whether mechanical, electrical, electronic or otherwise

having automotive and non-automotive applications including reflex reflectors, lamps, lighting control systems, switches and instruments of all descriptions for application in automobiles, off-road vehicles, electric motors and generators, transformers, switchgear, meters, instruments, wires and cables, lighting equipments, lamps which shall mean and include headlamps, tail lamps and other automotive lighting products, fans, fittings, electro-medical and x-ray apparatus, heaters, radiators, ovens, refrigerators, air-conditioning equipments and appliances and various other kinds of electrical machinery, instruments, apparatus and spare parts, accessories, implements, components, subassemblies and parts thereof and providers of after sales services for the said items.

“RESOLVED FURTHER THAT any of the Directors of the Company and/or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things, execute all necessary deeds, documents, applications, returns and writings as may be necessary, proper, desirable or expedient and necessary, or expedient, including filing the requisite forms with Registrar of Companies/ Ministry of Corporate Affairs and/or necessary disclosures with the Stock Exchanges in connection with this and/or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

12. APPROVAL FOR TRANSACTIONS UNDER SECTION 185 AND 186 OF THE COMPANIES ACT, 2013

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION:-**

“RESOLVED THAT pursuant to Section 185 and 186 and all other applicable provisions of the Companies Act, 2013 read with the relevant Rules, circulars or clarifications made thereunder (including any statutory modification(s) or re-enactment thereof

for the time being in force), and subject to such approvals, consents, sanctions and permissions as may be required from regulatory authorities, consent of the shareholders of the Company be and is hereby accorded for the following transactions, collectively not exceeding ₹ 2,000/- crores (Rupees Two Thousand Crores Only):

1. To give any loan or advance or inter-corporate deposit including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken or to be taken by any entity which is a Subsidiary, Wholly Owned Subsidiary(ies) or Associate(s) or joint venture(s) or group entity(ies) of the Company, whether existing or proposed to be incorporated, or any other entities or persons in which any of the Directors of the Company is interested or deemed to be interested as defined and specified under the Section 185 of the Act (collectively referred to as the ‘Entities’), in their absolute discretion deem beneficial and in the best interest of the Company, provided that such loans are utilized by the borrowing Company for its principal business activities.
2. (i) to give any loan to any person or other body corporate or entity including Subsidiary, Wholly Owned Subsidiary(ies) or Associate(s) or joint venture(s) or group entity(ies) of the Company; and/or
 - (ii) to give any guarantee and/or provide security to any person(s), any Body Corporate including Subsidiary, Wholly Owned Subsidiary(ies) or Associate(s) or joint venture(s) or group entity(ies) of the Company, Bank, Financial Institutions or any other institution, in India or outside in respect of or against any loan(s)/facility(ies) or to secure any financial arrangement(s) of any nature, by any other person(s), any Body(ies) Corporate, and/or
 - (iii) to acquire by way of subscription, purchase, conversion, or otherwise, any securities and/or any other financial instruments of anybody corporate or entity including Subsidiary, Wholly Owned Subsidiary(ies) or Associate(s) or joint venture(s) or group entity(ies) of the Company;

whether in India or outside, which may or may not be subsidiary(ies) of the Company as the Board may think fit, pursuant to the Section 186 of the Act and notwithstanding that the aggregate of the loans or guarantees or securities so far given or to be given and/ or securities so far acquired or to be acquired by the Company may collectively (for sub clause (i) (ii) and (iii) of aforesaid clause 2) exceed the limits prescribed under Section 186 of the Act”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board or any Committee thereof (with further powers to delegate) be and is hereby authorized to do all such acts, deeds, things and matters as it may in its absolute discretion deem necessary, proper, or desirable and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution and to settle any question or doubt that may arise in relation thereto.”

13. RE-APPOINTMENT TO MR. TARANG JAIN (DIN: 00027505), AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY AND PAYMENT OF REMUNERATION

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014 (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which expression shall include any Committee thereof or person(s) authorized by the Board) and relevant provisions of Articles of Association of the Company and other requisite approvals, if any required, and subject to compliance with such other provisions of law as may be applicable, approval of the members,

be and is hereby accorded for re-appointment of Mr. Tarang Jain (DIN: 00027505), as Chairman and Managing Director of the Company for a period of three years commencing from June 01, 2025, up to May 31, 2028 on the terms and conditions including payment of remuneration as under:-

Term of Appointment: 3 years i.e., from June 01, 2025, up to May 31, 2028.

Term of Remuneration: 3 years i.e., from June 01, 2025, up to May 31, 2028.

Remuneration/Salary:

1. BASIC SALARY

Basic Salary in the scale of ₹ 45,00,000/- to ₹ 60,00,000/- per month, with power to grant annual increment by the Board of Directors as they may deem fit, based on the recommendation of the Nomination and Remuneration Committee.

2. ALLOWANCES

- i. House Rent Allowance, 50% of Basic Salary payable monthly
- ii. Other allowances in the scale of ₹ 7,50,000/- to ₹ 25,00,000/- payable monthly

3. PERQUISITES

- A. Health Insurance Policy for Chairman and Managing Director spouse and dependent children, premium whereof shall not exceed ₹ 15,00,000/- per annum and/ or reimbursement of medical expenses incurred in India for self, spouse and dependent children, where no cashless facility is available.
- B. Payment/re-imbursement of medical expenses if any, incurred abroad for self, spouse and dependent children including hospitalization, nursing home and surgical charges, air-fare, boarding/lodging for patient and attendant.
- C. Payment/Reimbursement of membership fees (including life membership) for three clubs.
- D. Payment/Reimbursement of membership fees (including life membership) for three credit cards.

- E. Provision of car with Driver for official as well as personal use.
- F. Provisions of telephone, Telefax and other communication facilities at residence for personal and official use.
- G. Provision for security services, labor, gardener, sweeper and such other personnel as may be required for the maintenance and upkeep at his residence subject to a ceiling of one-month basic salary per annum.
- H. Contribution towards Provident Fund as per the rules of the Company.
- I. Gratuity as per the rules of the Company.
- J. Payment / Re-imbursement of entertainment expenses incurred in the course of business of the Company.
- K. Leave with full pay as per Rules of the Company; un-availed leave shall not be uncashed.
- L. Other benefits and reimbursements as may be applicable to senior executives of the Company.

4. VALUATION OF PERQUISITES, ETC.

The perquisites/allowances shall be valued as per the Income-tax Rules, wherever applicable, in the absence of such rules, perquisites / allowances shall be valued at actual cost.

5. VARIABLE PAY

The variable pay will be decided at the end of the year as per the policy of the Company based on the net profit of the Company and considering the overall permissible statutory limits for managerial remuneration.

6. LONG TERM INCENTIVE (LTI) AS PER THE POLICY OF THE COMPANY

The perquisites/allowances shall be valued as per the Income-tax Rules, wherever applicable, in the absence of such rules, perquisites / allowances shall be valued at actual cost. Provided that the total Annual Remuneration (including annual increments) payable to Mr. Tarang Jain (DIN: 00027505), shall not exceed Rupees Twenty -

Five Crore per Financial Year during the tenure for which remuneration is approved. PROVIDED FURTHER THAT the limits referred to herein shall not apply to those components of his perquisites which, as per Company Policy in force from time to time, are reimbursable at actuals."

"RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out above shall nevertheless be paid and allowed to Mr. Tarang Jain (DIN: 00027505), as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such year, subject to the provisions prescribed under Section 197 read with Schedule V to the Companies Act, 2013 and rules framed thereunder and any other applicable provisions of the Act or any statutory modification or re-enactment thereof."

"RESOLVED FURTHER THAT any Director of the Company and / or Company Secretary of the Company be and are hereby severally authorised to do all the acts, deeds and things in their absolute discretion, as they may consider, necessary, expedient or desirable, for the re-appointment and payment of remuneration to Mr. Tarang Jain (DIN: 00027505), as Chairman and Managing Director of the Company, including filing of necessary forms with the Regulatory Authorities and executing and signing all relevant documents, agreements, certificates etc., as may be required in order to give effect to these Resolutions."

"RESOLVED FURTHER THAT the Board of Directors may from time to time subject to the applicable provisions of the Companies Act, 2013 and Rules made thereunder, re-designate him and/ or reallocate his duties and responsibilities, vary/ alter/modify terms of appointment including salary, perquisites perks and other benefits payable to him and/or increase/reduce the remuneration including salary, allowances, perquisites, etc. as they deem fit provided the overall remuneration payable to him shall not exceed the aforesaid ceiling limit, based on the recommendation of the Nomination and Remuneration Committee without seeking any further approval of the Shareholders or further reference to the Company in General Meeting."

14. RE-APPOINTMENT OF MR. ARJUN JAIN (DIN: 07228175) AS WHOLE TIME DIRECTOR OF THE COMPANY AND PAYMENT OF REMUNERATION

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014 (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company (hereinafter referred to as the 'Board' which expression shall include any Committee thereof or person(s) authorized by the Board) and relevant provisions of Articles of Association of the Company and other requisite approvals, if any required, and subject to compliance with such other provisions of law as may be applicable, approval of the members, be and is hereby accorded for re-appointment of Mr. Arjun Jain (DIN:07228175) as a Whole Time Director of the Company for a period of Three years commencing from August 07, 2025 up to August 6, 2028, on the terms and conditions including payment of remuneration as under:

Term of Appointment: 3 years i.e., from August 07, 2025, up to August 6, 2028

Term of Remuneration: 3 years i.e., from August 07, 2025, up to August 6, 2028

Remuneration/Salary:

A. BASIC SALARY

Basic Salary in the scale of ₹7,00,000/- to ₹ 15,00,000/- per month, with power to grant annual increment by the Board of Directors as they may deem fit, based on the recommendation of Nomination and Remuneration Committee.

B. ALLOWANCES

- a. House Rent Allowance payable monthly, equivalent to 50% of basic salary;

- b. Other allowances in the scale of ₹ 8,00,000 to ₹ 20,00,000/- per month;
- c. Reimbursement of Leave Travel Expenses ₹10,000/- per month or such other sum as may be provided to Senior Executives of the Company.
- d. Other payments and reimbursements, if any, shall not exceed ₹ 2,00,000/- per month;

C. PERQUISITES

- a. Health Insurance Policy as per the policy of the Company and/or reimbursement of medical expenses incurred in India where no cashless facility is available.
- b. Payment/re-imbursement of medical expenses if any, incurred abroad including hospitalization, nursing home and surgical charges, air-fare, boarding/lodging for patient and attendant.
- c. Provision of Car with Driver for official as well as personal use.
- d. Contribution towards Provident Fund as per the rules of the Company.
- e. Gratuity as per rules of the Company.
- f. Payment / Re-imbursement of entertainment expenses incurred in the course of business of the Company.
- g. Leave with full pay as per the Rules of the Company; unavailed leave can be encashed as per the rules of the Company.
- h. Other benefits and re-imbursements as may be applicable to senior executives of the Company.

D. VARIABLE PAY:

Based on the performance evaluation, Mr. Arjun Jain (DIN:07228175) will be entitled to a variable pay equivalent to 25% of his gross salary payable at the end of the year, and/or as revised further as per the Policy/Rules of the Company

E. LONG TERM INCENTIVE (LTI) AS PER THE POLICY OF THE COMPANY

F. VALUATION OF PERQUISITES, ETC.

The perquisites/allowances shall be valued as per the Income-tax Rules, wherever applicable, in the absence of such rules, perquisites/allowances shall be valued at actual cost.

Provided that the total Annual Remuneration (including annual increments) payable to Mr. Arjun Jain (DIN:07228175) shall not exceed Rupees Eight crore per Financial Year during the tenure for which remuneration is approved. PROVIDED FURTHER THAT the limits referred to herein shall not apply to those components of his perquisites which, as per Company Policy in force from time to time, are reimbursable at actuals;"

"RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out above shall nevertheless be paid and allowed to Mr. Arjun Jain (DIN:07228175) as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such year, subject to the provisions prescribed under Section 197 read with Schedule V to the Companies Act, 2013 and rules framed thereunder and any other applicable provisions of the Act or any statutory modification or re-enactment thereof."

"RESOLVED FURTHER THAT any Director of the Company and / or Company Secretary of the Company be and are hereby severally authorised to do all the acts, deeds and things in their absolute discretion, as they may consider, necessary, expedient or desirable, for this re-appointment and payment of remuneration to Mr. Arjun Jain (DIN:07228175), as Whole Time Director of the Company, including filing of necessary forms with the Regulatory Authorities and executing and signing all relevant documents, agreements, certificates etc., as may be required in order to give effect to these Resolutions."

"RESOLVED FURTHER THAT the Board of Directors may from time to time subject to the applicable provisions of the Companies Act, 2013 and Rules made thereunder, re-designate him and/ or reallocate his duties and responsibilities, vary/ alter/modify terms of appointment including salary, perquisites perks and other benefits payable to him

and/or increase/reduce the remuneration including salary, allowances, perquisites, etc. as they deem fit provided the overall remuneration payable to him shall not exceed the aforesaid ceiling limit, based on the recommendation of the Nomination and Remuneration Committee without seeking any further approval of the Shareholders or further reference to the Company in General Meeting."

15. APPOINTMENT OF MR. DHRUV JAIN (DIN - 09710448) AS WHOLE TIME DIRECTOR OF THE COMPANY AND PAYMENT OF REMUNERATION

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION:-**

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Dhruv Jain (DIN - 09710448) who was appointed as a Non-Executive Director of the Company effective from September 1, 2022, be and is hereby appointed as an Executive Director of the Company, liable to retire by rotation with effect from June 1, 2025."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014 (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company (hereinafter referred to as the 'Board' which expression shall include any Committee thereof or person(s) authorized by the Board) and relevant provisions of Articles of Association of the Company and other requisite approvals, if any required, and subject to compliance with such other provisions of law as may be applicable, approval of the members, be and is hereby accorded for appointment of Mr. Dhruv Jain (DIN - 09710448) as Whole Time Director ["WTD"] of the Company, liable to retire by rotation, for a period of (3) three years commencing from June

1, 2025 to May 31, 2028 on the terms and conditions including payment of remuneration as under:

TERM OF APPOINTMENT: 3 years i.e., from June 1, 2025 to May 31, 2028.

TERM OF REMUNERATION: 3 years i.e., from June 1, 2025 to May 31, 2028.

REMUNERATION / SALARY:

A. BASIC SALARY

Basic Salary in the scale of ₹ 5,80,000/- to ₹ 8,50,000/- per month, with power to grant annual increment by the Board of Directors as they may deem fit, based on the recommendation of the Nomination and Remuneration Committee.

B. ALLOWANCES

- (a) House Rent Allowance payable monthly, equivalent to 50% of a basic salary;
- (b) Other allowances (including miscellaneous allowance) on the scale of ₹ 3,00,000/- to ₹ 10,00,000/- per month;
- (c) Reimbursement of Leave Travel Expenses ₹ 10,000/- per month or as per the policy of the Company.
- (d) Other payments and reimbursements, if any, shall not exceed ₹ 2,00,000/- per month;

C. PERQUISITES

- i. Health Insurance Policy as per the policy of the Company and/or reimbursement of medical expenses incurred in India/abroad where no cashless facility is available, as per the policy of the Company.
- ii. Provision of the Car with a Driver for official as well as personal use, as may be applicable to Senior Executives of the Company.
- iii. Contribution towards Provident Fund as per the Rules of the Company.
- iv. Gratuity as per the rules of the Company.
- v. Payment/Re-imbursement of entertainment expenses incurred in the normal course of business of the Company, as per the policy of the Company.

- vi. Leave with full pay as per the Rules of the Company, un-availed leave can be encashed as per the rules of the Company.
- vii. Payment/Reimbursement of membership fees (including life membership) for Clubs.
- viii. Payment/Reimbursement of membership fees (including life membership) for Credit Cards.
- ix. Provisions of telephone, Telefax and other communication facilities at residence for personal and official use.
- x. Other benefits and reimbursements, if any, including Long Term Incentives as may be applicable to senior executives of the Company.

D. VARIABLE PAY

Based on the performance evaluation, Mr. Dhruv Jain (DIN - 09710448) will be entitled to a variable pay equivalent to 25% of his gross salary payable at the end of the year, or as revised further as per the Rules of the Company.

E. LONG-TERM INCENTIVE (LTI) AS PER THE POLICY OF THE COMPANY.

F. VALUATION OF PERQUISITES ETC.

The perquisites/allowances shall be valued as per the Income-tax Rules, wherever applicable, in the absence of such Rules, perquisites/allowances shall be valued at actual cost. Provided that the total annual remuneration (including annual increments) is payable to Mr. Dhruv Jain (DIN - 09710448) shall not exceed Rupees Five Crore per Financial Year during the tenure for which remuneration is approved. PROVIDED FURTHER THAT the limits referred to herein shall not apply to those components of his perquisites which, as per Company Policy in force from time to time, are reimbursable at actuals."

"RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out above shall nevertheless be paid and allowed to Mr. Dhruv Jain (DIN - 09710448) as minimum remuneration for any Financial Year in case of absence or inadequacy of profits for such year, subject to the provisions prescribed under Section 197 read with Schedule

V to the Companies Act, 2013 and Rules framed thereunder and any other applicable provisions of the Act or any statutory modification or re-enactment thereof, if and when required.”

“**RESOLVED FURTHER THAT** any Director of the Company and / or Company Secretary of the Company be and are hereby severally authorised to do all the acts, deeds and things in their absolute discretion, as they may consider, necessary, expedient or desirable, for this appointment and payment of remuneration to Mr. Dhruv Jain (DIN - 09710448), as Whole Time Director of the Company, including filing of necessary forms with the Regulatory Authorities and executing and signing all relevant documents, agreements, certificates etc., as may be required in order to give effect to these Resolutions.”

“**RESOLVED FURTHER THAT** the Board of Directors may from time to time subject to the applicable provisions of the Companies Act, 2013 and Rules made thereunder, re-designate him and/ or reallocate his duties and responsibilities, vary/ alter/modify terms of appointment including salary, perquisites perks and other benefits payable to him and/or increase /reduce the remuneration including

salary, allowances, perquisites, etc. as they deem fit provided the overall remuneration payable to him shall not exceed the aforesaid ceiling limit, based on the recommendation of the Nomination and Remuneration Committee without seeking any further approval of the Shareholders or further reference to the Company in General Meeting.”

By Order of the Board of Directors
For **Varroc Engineering Limited**

Ajay Sharma
Group General Counsel &
Company Secretary
ACS: 9127

Date:- July 18, 2025
Place: Chhatrapati Sambhaji Nagar
(Erstwhile Aurangabad)

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

NOTES:

1. The Government of India, Ministry of Corporate Affairs has allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispensed the personal presence of the members at the meeting. Accordingly, the Ministry of Corporate Affairs ('MCA') vide its various relevant General circulars including Circulars bearing Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, No. 22/2020 dated June 15, 2020, No. 33/2020 dated September 28, 2020; No. 39/2020 dated December 31, 2020; No.02/2021 dated January 13, 2021, No. 10/2021 dated June 23, 2021; No. 20/2021 dated December 8, 2021; 21/2021 dated December 14, 2021, No 2/2022 dated May 5, 2022, and 10/2022 dated December 28, 2022, No. 9/2023 dated September 25, 2023; and No 9/2024 dated September 19, 2024 ("read together with other circulars issued by MCA in this regard (collectively referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') vide its various relevant circulars including circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, Circular No. SEBI/HO/DDHS/P/CIR/2022/0063 dated May 13, 2022, SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/001 dated January 5, 2023, SEBI/HO/CRD/PoD-2/P/CIR/2023/4 dated January 5, 2023, Circular No.09/2023 dated September 25, 2023, Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 3, 2024 and read together with all other circulars issued by SEBI in this regard ('SEBI Circulars') has permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue.

In terms of these MCA and SEBI Circulars, applicable provisions of the Act (including any statutory modifications or re-enactments thereof for the time being in force) read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and pursuant to Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the 37th AGM of the Company is being held through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing a facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM. The proceedings of the 37th AGM shall be deemed to be conducted at the Registered Office of the Company at L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) - 431 136, Maharashtra, India.

2. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 in respect of business under item no 5 to 15 as set out above and to be transacted at the AGM are annexed herewith and to be transacted at the AGM are annexed herewith and the relevant details in respect of the Directors seeking appointment/re-appointment at this AGM as required under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('Secretarial Standard') are annexed hereto. Requisite declarations have been received from the Directors and the Secretarial Auditors seeking appointment/re-appointment.
3. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS /HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH AND THE FACILITY TO APPOINT PROXY TO ATTEND AND CAST VOTE FOR THE MEMBERS IS NOT AVAILABLE FOR THIS AGM. HOWEVER, THE BODY CORPORATES ARE ENTITLED TO APPOINT AUTHORISED REPRESENTATIVES TO ATTEND THE AGM THROUGH VC/ OAVM AND PARTICIPATE THEREAT AND CAST THEIR VOTES THROUGH E-VOTING. SINCE THE AGM WILL BE CONDUCTED THROUGH VC / OAVM, PROXY FORM AND ATTENDANCE SLIP INCLUDING ROUTE MAP ARE NOT ANNEXED TO THIS NOTICE.**
4. Institutional / Corporate Members (i.e., other than individuals / HUF, NRI, etc.) intending to appoint their authorized representatives pursuant to Section 113 of the Companies Act, 2013 ('the Act'), to attend the AGM through VC/OAVM or to vote through remote e-Voting are required to send a scanned copy (PDF/ JPG Format) of their respective Board or governing body Resolution/Authorization etc., authorizing their representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/

Authorization shall be sent to the Company at investors@varroc.com with a copy marked to evoting@nsdl.com. or any queries can be dropped to MUFG Intime India Private Limited (Formerly Link Intime India Pvt. Ltd) Registrar and Share Transfer Agent at https://web.in.mpms.mufig.com/helpdesk/Service_Request.html and/or an email can also be marked to rnt.helpdesk@in.mpms.mufig.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

5. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company as of the cut-off date will be entitled to vote at the AGM.
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDS:

7. In line with the "Green Initiative in the Corporate Governance" launched by the Ministry of Corporate Affairs and pursuant to the SEBI circulars allowing paperless compliances by recognizing emails as one of the modes of services of Notice/documents on the Shareholders, Notice of AGM along with the Annual Report for FY 2024-25 is being sent only through electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s). The Notice of AGM along with Annual Report for FY 2024-25, is available on the website of the Company at www.varroc.com, on the website of Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL at www.evoting.nsdl.com. The Company shall send a physical copy of the Integrated Annual Report to those Members who specifically request for the same at investors@varroc.com mentioning their Folio No. / DP ID and Client ID.
8. To support the 'Green Initiative', the Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants or alternatively, temporarily register/update their email addresses with the Company by writing to the Company's Registrar and Share Transfer Agent, MUFG Intime India Private

Limited (Formerly Link Intime India Pvt Ltd) at https://web.in.mpms.mufig.com/helpdesk/Service_Request.html and / or an email can also be marked to rnt.helpdesk@in.mpms.mufig.com. Members are requested to submit request letter mentioning the DP id and Client id. and Name of Member and self-attested copy of PAN card for updation of email address.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

9. The Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against name of the Company. You are requested to click on VC/OAVM link placed under "**Join Meeting**" menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM through a live webcast of the meeting and submit votes on announcement by the Chairman.
10. The Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
11. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Members are requested to join the Meeting through Laptops for better experience and will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connected via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of glitches.
12. The Members may note that the VC / OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-serve basis. The large Members (i.e., Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons

of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-serve basis. The Members will be able to view the live proceedings on National Securities Depository Limited's (NSDL) e-voting website at www.evoting.nsdl.com.

13. The Members who need assistance before or during the AGM, can contact Ms. Pallavi Mhatre, Senior Manager / Mr. Sagar Gudhate, Senior Manager, NSDL on evoting@nsdl.com / 022- 4886 7000.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO THE ANNUAL REPORT:

14. As the AGM is being conducted through VC / OAVM, members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id, e-mail id, mobile number at investors@varroc.com to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Thursday, August 14, 2025, on the aforementioned e-mail id shall only be considered and responded to during the AGM.
15. The Members who would like to express their views or have questions may send their questions in advance and register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id, PAN, mobile number at investors@varroc.com on or before Thursday, August 14, 2025. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.
16. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, depending on the availability of time for the AGM, to ensure the smooth conduct of the AGM.
17. **PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:-**

In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the Listing Regulations and in terms of SEBI vide circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote

electronically, through the e-Voting services provided by NSDL, on all the Resolutions set forth in this Notice.

The Members, whose names appear in the Beneficial Owners as on the Record Date (cut-off date), i.e., Thursday, August 14, 2025, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the Paid-Up Equity Share Capital of the Company as on the cut-off date, being Thursday, August 14, 2025.

The remote e-voting period begins on

Commencement of Remote e-voting	9:00 a.m. (IST) on Monday, August 18, 2025
Conclusion of Remote e-voting	5:00 p.m. (IST) on Wednesday, August 20, 2025

Remote e-voting shall not be allowed beyond the aforesaid date and time, and the Remote e-voting module shall be disabled by NSDL for voting thereafter.

The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join a virtual meeting on NSDL e-Voting system

Details on Step 1 are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for Remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020, on "e-voting facility provided by Listed Companies", Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

The Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual members holding securities in demat mode with NSDL.	- For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. - Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp - Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Type of shareholders	Login Method
Individual members holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also a link provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service provider's website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual members (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual members holding securities in demat mode for any technical issues related to login through Depository, i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000.
Individual members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL eservices after using your login credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is
a) For Members who hold shares in demat account with NSDL .	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL .	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

- c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
 8. Now, you will have to click on “Login” button.
 9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join the General Meeting on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@varroc.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@varroc.com. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively, shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

PROCEDURE FOR E- VOTING ON THE DAY OF THE AGM:

- i. The procedure for e-Voting on the day of the EGM/ AGM is same as the instructions mentioned above for remote e-voting
- ii. Only those members who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.

- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

GENERAL INFORMATION FOR MEMBERS

18. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsdl.com/> to reset the password.
19. In case of any queries relating to e-voting you may refer to the FAQs for Members and e-voting user manual for Members available at the download section of <https://www.evoting.nsdl.com/> or call on toll free No.: 022 - 4886 7000 or send a request at evoting@nsdl.com. In case of any grievances connected with facility for remote e-voting or e-voting at the AGM, please contact Ms. Pallavi Mhatre, Senior Manager / Mr. Sagar Gudhate, Senior Manager, T-301, 3rd Floor, Naman Chambers, G Block, Plot No- C-32, Bandra Kurla Complex, Bandra East, Mumbai- 400051. Email: evoting@nsdl.com.
20. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e., Thursday, August 14, 2025, may obtain the login ID and password by sending a request at evoting@nsdl.com or Issuer/ RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on 022-4886 7000. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., Thursday, September 5, 2024 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
21. The Company has appointed Mrs. Uma Lodha, Practicing Company Secretary (Membership No. FCS 5363) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
22. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, unblock the votes cast through Remote e-voting and e-voting at the AGM and submit, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
23. The result declared along with the Scrutinizer's Report shall be placed on the Company's website: www.varroc.com and on NSDL's website: <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
24. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/ CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023, read with Master Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/ CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal at <https://smartodr.in/login> the link is provided on the Company's Website at <https://www.varroc.com/investors/online-dispute-redressal>.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

25. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act, (if applicable) and all other documents referred to in the accompanying Notice shall be available for inspection at the Registered Office of the Company situated at Plot No: L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) – 431 136

(M.S.) from Monday to Friday from 10:00 a.m. to 12:00 Noon, except holidays, up to the date of the AGM and through electronic mode, basis the request being sent on investors@varroc.com.

26. During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act along with Documents referred to in the notice and the explanatory statement will be kept open for inspection by the members upon login at NSDL e-voting system at <https://www.evoting.nsdl.com>.

DIVIDEND AND RECORD DATE

27. The Company has fixed **Friday, August 8, 2025**, as the 'Record Date' for determining entitlement of Members to final dividend for the Financial Year ended March 31, 2025, if approved at the AGM.

The Dividend of ₹ 1/- per equity share of ₹ 1/- each (100%) if approved at the AGM, will be paid subject to deduction of tax at source (TDS) on or after Monday, September 1, 2025, by way of electronic mode to all the Beneficial Owners as of close of the business hours of Friday, August 8, 2025 as per the list of beneficial owners made available by the Depositories. All the shares of the Company are held in dematerialized form, no shares are held in physical form.

28. Relevant FAQs published by SEBI on its website can be viewed at the following link: https://www.sebi.gov.in/sebi_data/faqfiles/sep-2024/1727418250017.pdf
29. According to the Finance Act, 2020, dividend income will be taxable in the hands of the Members w.e.f. April 1, 2020, and the Company is required to deduct tax at source (TDS) from the dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof. In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, PAN and Category as per the IT Act with their Depository Participants ('DPs') by updating the same at: <https://web.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html> on or before Friday, August 8, 2025 to enable the Company to determine the appropriate TDS/withholding tax rate applicable, verify the documents and provide exemption. For the detailed process, kindly refer

to the email sent to members in this regard. A communication providing information and detailed instructions with respect to tax on dividend for the Financial Year ended March 31, 2025, has also been sent separately to the Members of the Company whose email addresses are registered with the Company/ Depositories.

30. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holding should be verified from time to time.
31. A Resident individual Members with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G / 15H, to avail the benefit of non-deduction of tax at source by e-mail to rnt.helpdesk@in.mpms.mufg.com by Friday, August 8, 2025. Shareholders are requested to note that in case their PAN is not registered/ / inoperative/ invalid, the tax will be deducted at a higher rate of 20%.
32. Non-Resident Indian Members [including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, e-filed Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose, the Members may submit the above documents (PDF / JPG Format) by e-mail to rnt.helpdesk@in.mpms.mufg.com. The aforesaid declarations and documents need to be submitted by the Members by Friday, August 8, 2025. Non-Resident Indian Members are requested to inform the Company's RTA immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, PAN, mandates, nomination, power of attorney, bank details, bank

account number, MICR code, IFSC, etc. to their DPs. Members are requested to refer to process detailed on <https://web.in.mpms.mufg.com/KYCdownloads.html> and proceed accordingly. To mitigate unintended challenges on account of freezing of folios, SEBI vide its Circular No. SEBI/HO/MIRSD/POD-1/P/ CIR/2023/181 dated November 17, 2023, has done away with the provision regarding freezing of folios not having PAN, KYC, and Nomination details.

33. Since all the shares are held in electronic form, Members holding may please note that their bank details as furnished by the respective DPs to the Company will be considered for remittance of dividend as per the applicable regulations of the DPs and the Company will not be able to accede to any direct request from such Members for change/ addition/ deletion in such bank details. Accordingly, Members are requested to ensure that their Electronic Bank Mandate is updated with their respective DPs by Friday, August 8, 2025.

SEBI HAS MANDATED SUBMISSION OF PAN BY EVERY PARTICIPANT IN THE SECURITIES MARKET. MEMBERS ARE, THEREFORE, REQUESTED TO SUBMIT THEIR PAN DETAILS TO THEIR DEPOSITORY PARTICIPANTS.

34. Members are requested to note that, dividends if not encashed for a consecutive period of Seven (7) years of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the Investor Education and Protection Fund (IEPF) Authority. Further, all the shares on which dividends remain unpaid or unclaimed for a period of seven consecutive years or more shall be transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.
35. The Dividend Distribution Policy of the Company in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and

Disclosure Requirements) Regulations, 2015 is available on your Company's website and link for the same is as below: https://www.varroc.com/upload/financial_results/1706864856652337785.pdf

INVESTOR EDUCATION AND PROTECTION FUND (IEPF) RELATED INFORMATION:

36. Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') including any statutory modification(s) or re-enactment thereof for the time being in force, as of now no dividend for the Financial Year ended March 31, 2017 and onwards, which is unpaid or unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account of the Company is required to be transferred to Investor Education and Protection Fund (IEPF).

Members are requested to note that, dividends if not encashed for a consecutive period of 7 years of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

As required in terms of the Secretarial Standard on Dividend (SS-3), details of unpaid dividend account and due dates of transfer to the IEPF Authority is given below:

Sr. No	Financial Year	Declaration Date	Due date of transfer to IEPF
1	Final Dividend FY 2018-19	09.08.2019	19.09.2026
2	Interim Dividend FY 2019-20	13.02.2020	05.03.2027

37. The Members who have so far not yet claimed their dividend for the previous years are advised to submit their claim to the Company's Registrar and Transfer Agent at their address given herein below, quoting their DP Id and Client Id:

MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)

Unit: Varroc Engineering Limited
C-101, 1st Floor, 247 Park, LBS Marg
Vikhroli West, Mumbai – 400 083 (M.S.)
Tel:- 022-4918 6270/ 4918 6000
Fax: - 022 49186060
Email: rnt.helpdesk@in.mpms.mufig.com

For any queries: - https://web.in.mpms.mufig.com/helpdesk/Service_Request.html

The details of unpaid and unclaimed amounts lying with the Company as on March 31, 2025, are available on the website of the Company at <https://www.varroc.com/investors/shareholders-information>

OTHER INFORMATION:

38. The Members holding shares in dematerialised form may please note that, while opening a depository account with Participants they may have given their bank account details. However, if Members want to change/correct the bank account details, they should send the same immediately to the Depository Participant concerned. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for cancellation/change in the bank account details furnished by Depository Participants to the Company.
39. The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in

the Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts.

40. Pursuant to Section 72 of the Companies Act, 2013 and SEBI Circular, Members who hold shares in single name are advised and requested, in their own interest, to avail themselves of the nomination facility. Such Members may contact their Depository Participant to record the nomination in respect of their holdings.
41. All documents, requests and other communications in relation thereto should be addressed directly to the Company's Registrar and Transfer Agent, MUFG Intime India Private Limited (Formerly Link Intime India Private Limited), at the address mentioned below:

MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)

Unit: Varroc Engineering Limited
C-101, 1st Floor, 247 Park, LBS Marg
Vikhroli West, Mumbai – 400 083 (M.S.)
Tel:- 022-4918 6270/ 4918 6000
Fax: - 022 49186060
Email: rnt.helpdesk@in.mpms.mufig.com

For any queries: - https://web.in.mpms.mufig.com/helpdesk/Service_Request.html

Pursuant to the acquisition of Link Group by Mitsubishi UFJ Trust & Banking Corporation, accordingly the name of RTA of the Company is changed from Link Intime India Private Limited to MUFG Intime India Private Limited with effect from December 31, 2024.

42. Pursuant to provisions of the Listing Regulations, the Company is maintaining an E-mail Id: investors@varroc.com exclusively for quick redressal of members/ investors grievances.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS ITEM NO 5 TO 15 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.5

APPOINTMENT OF MR. AKSHAYKUMAR CHUDASAMA (DIN 00010630) AS AN INDEPENDENT DIRECTOR OF THE COMPANY

Based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board of Directors at its Meeting held on May 29, 2025, appointed Mr. Akshaykumar Chudasama (DIN- 00010630), as an Additional Director – Non-Executive Independent Director, not liable to retire by rotation, for a term of five years, not liable to retire by rotation from May 29, 2025 to May 28, 2030, and approved the terms and conditions of his appointment subject to approval of the Members by Special Resolution.

In terms of Regulation 17(1C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company is required to obtain the approval of Members for appointment of a Director, at the next General Meeting or within a period of three months from the date of appointment, whichever is earlier.

Mr. Akshaykumar Chudasama holds a degree in Bachelor's of Arts (BA) from St. Xavier's College (University of Bombay) and LLB from the London School of Economics (University of London), UK. He is enrolled as an Advocate with the Bar Council of Maharashtra and Goa, and as a Solicitor with the Law Society (England and Wales). Mr. Chudasama, is a seasoned legal professional with over 3 decades of experience, has been practicing law since 1994. He is the Managing Partner of Shardul Amarchand Mangaldas & Co. and heads the firm's practice in the Mumbai Region. He is renowned for his expertise in cross-border mergers & acquisitions and private equity transactions, he has advised clients across a range of sectors. Mr. Chudasama also serves as an Independent Director on the Board of Artemis Medicare Services Limited, JSW Cement Limited, Borosil Renewables Limited and K Raheja Corp Investment Managers Private Limited.

His extensive experience in Board roles and demonstrated leadership equips him with the ability to navigate complex business landscapes, enhance governance practices, and drive sustainable growth. Based on the skills, competence and expertise in understanding of business dynamics and experience in guiding and leading management teams, developing governance practices, the Board, on the recommendation of the Nomination and Remuneration

Committee, has determined that the appointment of Mr. Akshaykumar Chudasama would be beneficial to the Company.

The Company has received a Notice in writing from a member under Section 160(1) of the Act, proposing his candidature for the office of Independent Director of the Company. He is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Act. The Company has also received the requisite consent to act as an Independent Director of the Company from Mr. Akshaykumar Chudasama (DIN - 00010630), and declaration that he meets the criteria of independence provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties as an Independent Director of the Company. He has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs along with the confirmation that he is not debarred from holding the office of a Director by virtue of any order passed by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority pursuant to circular dated June 20, 2018, pertaining to 'Enforcement of SEBI Orders regarding appointment of Directors by listed Companies'.

In the opinion of the Board, Mr. Akshaykumar Chudasama (DIN-00010630) is a person of integrity and fulfils the conditions specified in the Act and the Rules made thereunder read with the provisions of the SEBI Listing Regulations, each as amended, and is independent of the Management of the Company. The terms and conditions of his appointment is available for inspection by the Members at the Registered Office of the Company during business hours on all working days, until the last date of remote e-voting.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations, the approval of Members is sought for the appointment of Mr. Akshaykumar Chudasama (DIN - 00010630) as a Non-Executive Independent Director of the Company, by way of a Special Resolution as set out in the Notice for approval of the Members.

Save and except for Mr. Akshaykumar Chudasama (DIN - 00010630) and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise as set out in Item No. 5 of the accompanying Notice.

The Board of Directors recommends this resolution as a **SPECIAL RESOLUTION** for the approval of the members.

ITEM NO.6

APPOINTMENT OF MR. PADMANABH SINHA (DIN-00101379) AS AN INDEPENDENT DIRECTOR OF THE COMPANY

Based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board of Directors at its Meeting held on July 18, 2025, appointed Mr. Padmanabh Sinha (DIN - 00101379), as an Additional Director – Non-Executive Independent Director, not liable to retire by rotation, for a term of Five Years from July 18, 2025 to July 17, 2030, and approved the terms and conditions of his appointment subject to approval of the Members by Special Resolution.

In terms of Regulation 17(1C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company is required to obtain the approval of Members for appointment of a Director, at the next General Meeting or within a period of three months from the date of appointment, whichever is earlier.

Mr. Padmanabh Sinha (DIN - 00101379), holds a Bachelor's degree in Computer Science from BITS Pilani, an MBA from IIM Calcutta, and has completed the Private Equity Executive Development Program at Harvard Business School. He is Managing Partner and Co-founder of LaunchBay Capital, a recently established Indian mid-market private equity firm. With over 25 years of experience across private equity and tech entrepreneurship, Mr. Sinha is a seasoned private equity investor. His sectoral expertise spans industrials, technology, consumer, healthcare, financial services, and infrastructure. Previously, he served as Executive Director and CIO – Private Equity at the National Investment & Infrastructure Fund (NIIF), where he was a member of all direct investment committees and chaired the private equity investment committee. Prior to that, he was Managing Partner and co-founded the Tata Opportunities Fund, the Tata Group's flagship private equity initiative, where he raised what was then India's largest private equity fund from a global investor

base. Earlier in his career, Mr. Sinha played a foundational role at Temasek as Managing Director – India, helping to establish and expand the firm's India business and leading its global entry into the insurance sector. He also co-founded eGurucool.com, one of India's pioneering Ed-Tech ventures, which was later acquired by NIIT. From 2018 to 2020, he served as Chairman of the Indian Private Equity & Venture Capital Association (IVCA).

The Board is further informed that the Nomination and Remuneration Committee meeting scheduled to be held prior to this meeting will be considering the proposal for approval and recommendation for the appointment of Mr. Padmanabh Sinha (DIN - 00101379) as Additional Director and Independent Director of the Company. His extensive Board experience and proven leadership enable him to navigate complex business environments, strengthen governance frameworks, and support sustainable growth. Based on his skills, business acumen, and expertise in leading management teams and shaping governance practices, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee has concluded that the appointment of Mr. Padmanabh Sinha would be in the best interest of the Company.

The Company has received a Notice in writing from a member under Section 160(1) of the Act, proposing his candidature for the office of Independent Director of the Company. He is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Act. The Company has also received the requisite consent to act as an Independent Director of the Company from Mr. Padmanabh Sinha (DIN - 00101379), and declaration that he meets the criteria of independence provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties as an Independent Director of the Company. He has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs along with the confirmation that he is not debarred from holding the office of a Director by virtue of any order passed by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority pursuant to circular dated June 20, 2018, pertaining to 'Enforcement of SEBI Orders regarding appointment of Directors by listed Companies'.

In the opinion of the Board, Mr. Padmanabh Sinha (DIN - 00101379), is a person of integrity and fulfils the conditions specified in the Act and the Rules made thereunder read with the provisions of the SEBI Listing Regulations, each as amended, and is independent of the Management of the Company.

The terms and conditions of his appointment is available for inspection by the Members at the Registered Office of the Company during business hours on all working days, until the last date of remote e-voting.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations, the approval of Members is sought for the appointment of Mr. Padmanabh Sinha (DIN - 00101379), as a Non-Executive Independent Director of the Company, by way of a Special Resolution as set out in the Notice for approval of the Members.

Save and except for Mr. Padmanabh Sinha (DIN - 00101379), and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise as set out in Item No. 6 of the accompanying Notice.

The Board of Directors recommends this resolution as a **SPECIAL RESOLUTION** for the approval of the members.

ITEM NO. 7

APPOINTMENT OF M/S UMA LODHA & CO., A PEER REVIEWED FIRM OF PRACTICING COMPANY SECRETARIES AS SECRETARIAL AUDITOR OF THE COMPANY AND FIXATION OF REMUNERATION

In accordance with and pursuant to the provisions of Section 204 of Companies Act 2013 and Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024, on the basis of recommendation of Board of Directors, a listed company is required to appoint or re-appoint an individual as Secretarial Auditor for not more than one term of five consecutive years; or a Secretarial Audit firm as Secretarial Auditor for not more than two terms of five consecutive years with the approval of the shareholders in annual general meeting other applicable rules, regulations as may be prescribed thereunder.

In view of the above on the basis of recommendations of the Audit Committee, the Board of Directors at its meeting held on May 29, 2025 has appointed M/s Uma Lodha & Co., a sole proprietorship of Ms. Uma Lodha, Company

Secretary in Practice a peer reviewed firm (CP No. 2593 & firm registration no. S1997MH019700) bearing certificate no. 6629/2025 as Secretarial Auditor of the Company to conduct secretarial audit for a period of five consecutive years from FY 2025-26 to FY 2029-30. The appointment is subject to approval of the Members of the Company. While recommending M/s Uma Lodha & Co., a sole proprietorship of Ms. Uma Lodha, Company Secretary in Practice (M. No. 5363 & COP No. 2593) for appointment, the Audit Committee and the Board considered the past audit experience of the particularly in auditing large companies, valued various factors, including the CS Uma Lodha's capability to handle a diverse and complex business environment, her existing experience in the various business segments, the clientele it serves, and her technical expertise.

Pursuant to Regulation 36(5) of SEBI Listing Regulations as amended, the credentials and terms of appointment of CS Uma Lodha, are as under:

M/s Uma Lodha & Co., a sole proprietorship of Ms. Uma Lodha, Company Secretary in Practice (M. No. 5363 & COP No. 2593) is proposed to be appointed for the first term of five consecutive years conducting secretarial audit from FY 2025-26 to FY 2029-30. The proposed fees payable to Ms. Uma Lodha, is ₹ 1,10,000/- (Rupees One Lakh and Ten Thousand only) plus applicable taxes and other out-of-pocket expenses for FY 2026, and for subsequent year(s) of their term, such fees as may be mutually agreed between the Board of Directors and M/S Uma Lodha & Co. The Audit Committee/ Board is proposed to be authorised to revise the secretarial audit fee, from time to time. The Board of Directors recommends the said resolution, as set out in item 7 of this Notice for your approval.

In addition to the secretarial audit, M/s Uma Lodha & Co., a sole proprietorship of Ms. Uma Lodha, Company Secretary in Practice (M. No. 5363 & COP No. 2593) shall provide such other services in the nature of certifications and other professional work apart from audit services, as approved and reviewed by the Board of Directors. The relevant fees will be determined by the Board, as recommended by the Audit Committee in consultation with the Secretarial Auditors.

M/s Uma Lodha & Co. has confirmed that the firm is not disqualified and is eligible to be appointed as Secretarial Auditors in terms of Regulation 24A of the SEBI Listing Regulations. The services to be rendered by M/s Uma Lodha & Co. as Secretarial Auditors is within the purview of the said regulation read with SEBI circular no. SEBI/ HO/CFD/ CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024.

STATEMENT CONTAINING ADDITIONAL DISCLOSURE AS REQUIRED UNDER REGULATION 36(5) OF THE LISTING REGULATIONS:

Proposed fees payable to the Secretarial Auditor for the Financial Year 2025-26	Up to ₹ 1,10,000/- (Rupees One Lakh and Ten Thousand only) plus applicable taxes and out-of-pocket expenses. The Board, in consultation with the Audit Committee, may alter and vary the terms and conditions of re-appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Secretarial Auditors.
Term of appointment	Ms. Uma Lodha, Company Secretary in Practice (M. No. 5363 & COP No. 2593) is proposed to be appointed for the first term of five consecutive years conducting secretarial audit from FY 2025-26 to FY 2029-30
Material changes in the fee payable to new Secretarial Auditor	No material changes. The proposed fees commensurate with the size of the Company, audit coverage and scope of work
Basis of recommendation for appointment including the details in relation to and credentials of the Secretarial Auditor proposed to be appointed	Given the nature, size and spread of Company's operations, it is required to have a competent Secretarial Auditor. M/s Uma Lodha & Co., is found to be best suited to handle the scale, diversity and complexity associated with the Secretarial audit. The recommendations made by the Audit Committee, and the Board of Directors of the Company, are in fulfilment of the eligible criteria as prescribed under the Companies Act, 2013 and the applicable rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2025. The Audit Committee and the Board considered the past audit experience of the particularly in auditing large companies, valued various factors, including the CS Uma Lodha's capability to handle a diverse and complex business environment, her existing experience in the various business segments, the clientele it serves, and her technical expertise.
Brief Profile of Secretarial Auditor	CS Uma Lodha sole proprietor of M/s Uma Lodha & Co., leading Practising Company Secretary holds a distinguished track record extending over 28 plus years of experience, with the team being led by a senior professional of considerable repute, possessing extensive experience in providing services to both listed and unlisted clients. CS Uma Lodha offers a full spectrum of corporate, secretarial, regulatory, compliance services, and legal & regulatory services relating to various Corporate Laws and SEBI Laws and stock exchange related matters. Also specializes in Corporate Consultancy in the areas of Legal Compliances, Board Management, Secretarial Audits, Corporate Governance Audit, Public issue of Securities, Legal Due Diligence, Mergers, Acquisitions, Takeovers, Joint ventures and Collaborations. M/s Uma Lodha & Co. a peer reviewed firm (CP No. 2593 & firm registration no. S1997MH019700) bearing certificate no. 6629/2025 and is eligible to be appointed as Secretarial Auditors of the Company and are not disqualified in terms of SEBI Listing Regulations read with SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024. It is primarily engaged in providing Secretarial audit and such other services in the nature of certifications and other professional work to its clients and has valid Peer Review Certificate.

None of the Directors or key managerial personnel or their relatives is in any way concerned or interested, financially or otherwise in the said resolution.

The Board recommends the **ORDINARY RESOLUTION** set out at Item No. 7 of the Notice for approval by the Members.

ITEM NO.8

RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITORS OF THE COMPANY

The Board of Directors in their meeting held on May 29, 2025, on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. S. R. Bhargave & Co., Cost Accountants, as Cost Auditors of the Company for auditing the Cost Records of the Company relating to the products of the Company, as applicable, for the FY 2025-26, at a remuneration of ₹ 4,00,000 (Rupees Four Lakh only) and applicable rate of taxes and reimbursement of out-of-pocket expenses, if any, at actuals. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and as approved by the Board of Directors, has to be ratified by the Members of the Company.

M/s. S. R. Bhargave & Co. have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of Cost Audit and have conducted the audit of the Cost Records of the Company for previous years under the provisions of the Act.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.8 of the Notice.

The Board of Directors recommends **ORDINARY RESOLUTION** as set out in item No. 8 of the Notice, for ratification of the Cost Auditors' remuneration for the approval of Members.

ITEM NO. 9

ISSUE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

In terms of Sections 42 and 71 of the Companies Act, 2013 ('the Act') read with all applicable Rules, including Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Chapter IV of the Companies (Share Capital and Debentures) Rules 2014, in case an offer of or invitation to subscribe to Non-Convertible

Debentures ('NCDs') is made by the Company on a Private Placement Basis, the Company is required to seek the prior approval of its members by means of a Special Resolution, on an annual basis for all the offers or invitations for such debentures during the year.

For the purpose of availing financial assistance (including borrowings) for its business operations, the Company may offer or invite subscription to Secured /Unsecured NCDs on Private Placement Basis (within the meaning of Section 42 of the Act) of an amount not exceeding ₹ 500 Crore (Rupees Five Hundred Crore only) in one or more series/tranches.

The issue price and rate of interest depends, inter alia, on the market rates, tenor and security. In the case of secured NCDs, security proposed to be offered would be by way of mortgage over the identified immoveable property(ies) of the Company and additionally by way of hypothecation of movable fixed assets and current assets of the Company. The NCDs will be issued on a private placement basis in accordance with the provisions of the Companies Act, 2013 and relevant SEBI guidelines. Hence, the Board of Directors seeks approval of the Members to offer or invite subscription to NCDs, within the overall borrowing limits as approved by the Members under Section 180(1) (c) of the Act, as may be required by the Company, from time to time, for a year.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in this Resolution.

The Board of Directors recommends the **SPECIAL RESOLUTION** set out in Item No. 9 of the Notice, for approval of the Members.

ITEM NO 10

RE-CLASSIFICATION OF THE AUTHORISED SHARE CAPITAL AND CONSEQUENT AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

Pursuant to the order dated January 10, 2025, received from National Company Law Tribunal, Mumbai Bench ('NCLT') and in accordance with the Scheme of Amalgamation of Varroc Polymers Limited ('VPL') with Varroc Engineering Limited and their respective Shareholders, upon the Scheme becoming effective from February 01, 2025, the Authorised Share Capital of the Company was increased from INR 50,45,00,000 to 55,94,00,000 and the Clause V(1)(a) of Memorandum of Association was substituted as under:

The Authorised Share Capital of the Company is 55,94,00,000/- (Rupees Fifty-Five Crore -Ninety-Four Lakhs only) comprising of:

That the Authorized Capital of the Company is INR 55,94,00,000/- (Indian Rupees Fifty-Five Crores Ninety-Four Lakhs only) consisting of 30,94,00,000 (Thirty Crores and Ninety-Four Lakhs) Equity shares of INR 1/- (Indian Rupees One only) each and 25,00,00,000 (Twenty-Five Crores) Preference Shares of INR 1/- (Indian Rupees One only) each.

The Board of Directors at its meeting held on May 29, 2025, recommended reclassification of the existing Authorised Share Capital of the Company by way of sub-division of INR 5,49,00,000/- (Indian Rupees Five Crores Forty Nine Lakhs only) consisting of 54,90,000 (Fifty Four Lakhs Ninety Thousand) Equity shares of INR 10/- (Indian Rupees Ten only) each. The proposed re-classification does not result in any change in the voting percentage of the Shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise.

The Board of Directors recommends the **SPECIAL RESOLUTION** set forth in Item No. 10 of the Notice for the approval of the Members.

ITEM NO 11

AMENDMENT IN MAIN OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

Pursuant to the order dated January 10, 2025 received from National Company Law Tribunal, Mumbai Bench ('NCLT'), Varroc Polymers Limited ("VPL"), Wholly Owned Subsidiary of the Company has been merged with the Company effective From February 1, 2025. In light of this merger, the Company is required to amend the existing Main Object Clause of the Company to incorporate and accommodate the business activities and object clause of VPL. It is therefore proposed to alter and re-word Clause III (A) of the Memorandum of Association by substituting the existing sub-clause 1 and 2 with a new sub-clause 1 and 2 as stated hereunder:

1. To carry on business as manufacturers, processors, importers, exporters, assemblers, Research & developers, sub-assemblers, repairers, distributors, sellers, buyers, marketers, hirers, exchangers, alterers, improvers, moulders, contractors, sub-contractors, job-workers, dealers, merchants, producers, traders, fabricators, wholesalers, retailers, agents of all types/ kinds of parts, components and accessories for automobiles of any description whether mechanical, electrical, electronic, polymers including painted parts, metallic or otherwise of automobiles and non-

automobiles and electrical, electronic, and computer products, parts, components and accessories for use/ application in industrial/white/ consumer goods or otherwise and do all such processing or other activities and things as are usual or necessary in relation to or in connection with the said business activities.

2. To carry on in India or abroad whether by itself or in collaboration, the business of designers, developers, manufacturers, fabricators, assemblers and sub-assemblers, processors, agents, importers, exporters, holders, stockiests, distributors, dealers, buyers and sellers, re-sellers, traders, contractors, sub-contractors, merchants, repairers and suppliers of all kinds of equipments, modules, circuits, systems, machines, tools, moulds, dies, jigs, fixtures, patterns, designs, plants, apparatus, utensils, hardware materials, polymer products, implements, spare parts, subassemblies, accessories, intake manifolds and components of all description whether mechanical, electrical, electronic or otherwise having automotive and non-automotive applications including reflex reflectors, lamps, lighting control systems, switches and instruments of all descriptions for application in automobiles, off-road vehicles, electric motors and generators, transformers, switchgear, meters, instruments, wires and cables, lighting equipments, lamps which shall mean and include headlamps, tail lamps and other automotive lighting products, fans, fittings, electro-medical and x-ray apparatus, heaters, radiators, ovens, refrigerators, air-conditioning equipments and appliances and various other kinds of electrical machinery, instruments, apparatus and spare parts, accessories, implements, components, subassemblies and parts thereof and providers of after sales services for the said items."

The Board at its meeting held on May 29, 2025 has approved alteration of the MOA of the Company. The proposed amendment in the main object clause of MOA of the Company requires the approval of shareholders through Special Resolution pursuant to the provisions of Section 13 of the Companies Act, 2013.

None of the Directors, Key Managerial Person(s) of the Company including their relatives are, in any way, concerned or deemed to be interested in the proposed resolution.

The Board of Directors recommends the **SPECIAL RESOLUTION** set forth in Item No. 11 of the Notice for the approval of the Members.

ITEM NO 12

APPROVAL FOR TRANSACTIONS UNDER SECTION 185 & 186 OF THE COMPANIES ACT, 2013

Pursuant to Section 185 of the Companies Act, 2013 ('the Act'), no Company shall, directly or indirectly, advance any loan including any loan represented by a book debt, to any of its Directors or to any other person in whom the Director is interested or give any guarantee or provide any security in connection with any loan taken by any such person, subject to the condition that approval of the shareholders of the Company is obtained by way of passing a Special Resolution. In terms of the amended Section 185 of the Act, a Company may advance any loan, including any loan represented by a book debt, to any person in whom any of the Directors of the Company is interested or give any guarantee or provide any security in connection with any loan taken by any such person, subject to the condition that approval of the shareholders of the Company is obtained by way of passing a Special Resolution.

Whereas as per Section 186 of the Act read with the Rules framed thereunder, the Company is required to obtain the prior approval of the Members by way of a Special Resolution for making acquisition by way of subscription, purchase or otherwise in the securities of / investments in any other entity, body(ies) corporate (including its subsidiaries) and/ or giving loans and/or giving guarantees to and providing securities in connection with loans, to various persons / entities/any other body corporate and bodies corporate (including its subsidiaries) from time to time, exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred percent of its free reserves and securities premium account, whichever is higher.

The management is of the view that the Company may be required to invest surplus funds, if available, by way of acquisition / subscription, purchase or otherwise in the securities of / investments in any other entity(ies) , body(ies) corporate (including its subsidiaries) and/ or by giving loans and/or giving guarantees to and providing securities in connection with loans, to various persons / entities/any other body corporate and bodies corporate (including its subsidiaries) from time to time. The Company may also need to do the said transaction with in its Wholly Owned Subsidiary Companies or any other body corporate(s) in which the Directors of the Company are interested, or in

particular, may require to advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the Director of the Company is interested, as and when required.

The Members of the Company vide their Special Resolution passed at the 31st Annual General Meeting held on August 9, 2019 had accorded their approval under Section 186 for making investments for making acquisition by way of subscription, purchase or otherwise in the securities of / investments in any other entity , body(ies) corporate (including its subsidiaries) and / or giving loans and/or giving guarantees to and providing securities in connection with loans, to various persons / entities/any other body corporate and bodies corporate (including its Subsidiaries) from time to time. The Members may note that the Company's existing loans and investments are well within the limits already approved by the shareholders. However, as a measure of abundant caution and to ensure due compliance with the provisions of both Sections 185 and 186 of the Companies Act, 2013, it is now proposed to seek fresh single approval of the Members under the said Sections. The Members may note that Board of Directors would carefully evaluate proposals before making such acquisition(s) / investment(s) and/or for providing loans/ advances, guarantee(s) or security(ies) in connection with any loan taken/to be taken by any Company(ies) which are Group Companies, Associate Companies, Joint Venture Companies or Subsidiary Companies of the Company or any other person(s)/ Entity(ies) in whom any of the Director of the Company is interested as specified in the explanation to Section 185(2) of the Act, from time to time, within the limits as mentioned in the Item no. 12 of this Notice to meet the business requirements through deployment of funds out of internal resources/ accruals and/or any other appropriate sources, from time to time, only for the principal business activities of such Company(ies)/ Body Corporate(s)/ Entities.

The Board of Directors at its meeting held on May 29, 2025, has approved the said proposal. None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company as contemplated in the provisions of Section 102 of the Act is, in any way, financially or otherwise, concerned or interested in the resolution.

The Board recommends the **SPECIAL RESOLUTION** set forth in Item No. 12 of the Notice for approval of the Members.

ITEM NO.13

RE-APPOINTMENT AND REMUNERATION OF MR. TARANG JAIN AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY

The Shareholders of the Company at the 34th Annual General meeting held on September 29, 2022, approved the re-appointment of Mr. Tarang Jain (DIN 00027505) as Chairman and Managing Director of the Company for a period of three years commencing from February 6, 2023, and ending on February 5, 2026. The Members may please note that pursuant to the Order dated January 10, 2025, passed by the Hon'ble National Company Law Tribunal, Mumbai Bench, Varroc Polymers Limited ('VPL'), a Wholly Owned Subsidiary of the Company, has been amalgamated with the Company with effect from February 1, 2025. Consequent to the said amalgamation, the remuneration earlier drawn by Mr. Tarang Jain from VPL has now been consolidated into the remuneration payable by the Company. This consolidation has led to a revision in the existing remuneration structure, resulting in an increase in the overall remuneration limits. Accordingly, it is now proposed to seek approval of the members for the revised remuneration limits and the new tenure, well in advance of the expiry of the current term, to ensure compliance with applicable regulatory provisions and to avoid any instance of non-compliance. Approval of the Members is sought for re-appointment of Mr. Tarang Jain (DIN 00027505) as Chairman and Managing Director the Company and payment of remuneration to him for the next term of Three (3) years effective from June 1, 2025, up to May 31, 2028.

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013, on the recommendation made by the Nomination and Remuneration Committee of the Company at its meeting held on May 29, 2025, the Board of Directors of the Company at its meeting held on even date has approved the re-appointment of Mr. Tarang Jain as Chairman and Managing Director of the Company, liable to retire by rotation, for a term of Three (3) years from June 1, 2025, up to May 31, 2028 and approved the terms and conditions of his re-appointment, including payment of remuneration, subject to the requisite approval of Members and such other approvals, if any and as may be necessary.

The terms of remuneration of Mr. Tarang Jain, Chairman and Managing Director are in accordance with the Nomination and Remuneration Policy of the Company. Other details pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause

1.2.5 of the Secretarial Standard – 2 are given in the Annexure I. The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 13 is annexed hereto as Annexure II.

Mr. Tarang Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has provided requisite consent to act as a Chairman and Managing Director of the Company and also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated June 20, 2018, issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed Companies.

Mr. Tarang Jain shall be considered as interested or concerned in the said Resolution. In addition, Mr. Naresh Chandra, Mrs. Suman Jain, Mr. Arjun Jain and Mr. Dhruv Jain, who are holding shares in the Company or are holding beneficial interest in the shares of the Company, shall be considered as interested or concerned in the above resolution as relatives of Mr. Tarang Jain. Except as stated above, none of the other Directors or Key Managerial Persons of the Company or their respective relatives, are in any way, financially or otherwise, concerned or interested in the passing of the resolution set out at Item No. 13 of the Notice.

Mr. Tarang Jain, being Chairman and Managing Director of the Company, is mainly responsible for the efficient operations and also for the financial performance of the Company. It is essential for the Company to have his continued services and able leadership for future growth of the Company.

The Board of Directors recommends the **SPECIAL RESOLUTION** set out at Item No. 13 of the Notice for approval of the Members.

ITEM NO 14

RE-APPOINTMENT AND REMUNERATION OF MR. ARJUN JAIN AS WHOLE TIME DIRECTOR OF THE COMPANY

The Shareholders of the Company at the 34th Annual General meeting held on September 29, 2022, approved the re-appointment of Mr. Arjun Jain (DIN: 07228175) as Whole Time Director of the Company for a period of three years commencing from August 7, 2023, to August 6, 2026. The Members may please note that pursuant to the Order dated January 10, 2025, passed by the Hon'ble National Company Law Tribunal, Mumbai Bench, Varroc Polymers Limited ('VPL'), a Wholly Owned Subsidiary of the

Company, has been amalgamated with the Company with effect from February 1, 2025. Consequent to the said amalgamation, the remuneration earlier drawn by Mr. Arjun Jain from VPL has now been consolidated into the remuneration payable by the Company. This consolidation has led to a revision in the existing remuneration structure, resulting in an increase in the overall remuneration limits. Accordingly, it is now proposed to seek approval of the members for the revised remuneration limits and the new tenure, well in advance of the expiry of the current term, to ensure compliance with applicable regulatory provisions and to avoid any instance of non-compliance. Approval of the Members is sought for re-appointment of Mr. Arjun Jain as Whole Time Director and payment of remuneration to him for the next term of Three (3) years effective from August 7, 2025, to August 6, 2028.

In accordance with the Schedule V and other applicable provisions of the Companies Act, 2013, on the recommendation made by the Nomination and Remuneration Committee of the Company at its meeting held on May 29, 2025, the Board of Directors of the Company at its meeting held on even date have approved the re-appointment of Mr. Arjun Jain as Whole Time Director of the Company, liable to retire by rotation, for a term of Three (3) years effective from August 7, 2025, to August 6, 2028 and approved the terms and conditions of his re-appointment, including payment of remuneration, subject to the requisite approval of Members and such other approvals, if any and as may be necessary.

The terms of remuneration of Mr. Arjun Jain, Whole Time Director are in accordance with the Nomination and Remuneration Policy of the Company. Other details pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of the Secretarial Standard – 2 are given in the Annexure I. The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 14 is annexed hereto as Annexure II.

Mr. Arjun Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has provided requisite consent to act as a Whole Time Director of the Company and also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated June 20, 2018, issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed Companies.

Mr. Arjun Jain shall be considered as interested or concerned in the said Resolution. In addition, Mr. Naresh Chandra, Mrs. Suman Jain, Mr. Tarang Jain and Mr. Dhruv Jain, who are holding shares in the Company or are holding beneficial interest in the shares of the Company, shall be considered as interested or concerned in the above Resolution as relatives of Mr. Arjun Jain. Except as stated above, none of the other Directors or Key Managerial Persons of the Company or their respective relatives, are in any way, financially or otherwise, concerned or interested in the passing of the resolution set out at Item No.14 of the Notice.

The Board considers that his vast knowledge and varied experience will be of great value to the Company and his continued association would be of immense benefit to the Company.

The Board of Directors recommends the **SPECIAL RESOLUTION** set out at Item No. 14 of the Notice for approval of the Members.

ITEM NO 15

APPOINTMENT OF MR. DHRUV JAIN AS WHOLE TIME DIRECTOR OF THE COMPANY

In accordance with Schedule V and other applicable provisions of the Companies Act, 2013, ('the Act') and on the recommendation of the Nomination and Remuneration Committee in its meeting held on May 29, 2025, the Board of Directors of the Company at its meeting held on even date has approved the appointment of Mr. Dhruv Jain (DIN: 09710448) (currently appointed as Non-Executive Director of the Company effective from September 1, 2022) as a Whole Time Director, liable to retire by rotation, for a term of Three (3) years i.e. from June 1, 2025 to May 31, 2028 and approved the terms and conditions of his appointment, including payment of remuneration for the said period, subject to the requisite approval of Members and such other approvals as may be necessary pursuant to the provisions of the Act and the Articles of Association of the Company. Mr. Dhruv Jain (DIN: 09710448) is responsible for leading the Business II of the Company.

The terms of remuneration of Mr. Dhruv Jain (DIN: 09710448) are in accordance with the Nomination and remuneration policy of the Company. Other details pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 12.5 of the Secretarial Standard-2 are given in the Annexure I. The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013, with reference to this Special Resolution is annexed hereto as Annexure II.

Mr. Dhruv Jain (DIN: 09710448) is not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company has received the requisite consent to act as a Whole Time Director of the Company from Mr. Dhruv Jain along with the confirmation that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated June 20, 2018, issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed Companies.

Mr. Dhruv Jain shall be considered as interested or concerned in the said Resolution. In addition, Mr. Naresh Chandra, Mrs. Suman Jain, Mr. Tarang Jain and Mr. Arjun Jain, who are holding shares in the Company or are holding beneficial interest in the shares of the Company, shall be considered as interested or concerned in the above Resolution as relatives of Mr. Dhruv Jain. Except as stated above, none of the other Directors or Key Managerial Persons of the Company or their respective relatives, are in

any way, financially or otherwise, concerned or interested in the passing of the resolution set out at Item No. 15 of the Notice.

The Board considers that his vast knowledge and varied experience will be of great value to the Company and his continued and full-time association would be of immense benefit to the Company.

The Board of Directors recommends the **SPECIAL RESOLUTION** set out at Item No. 15 of the Notice for approval of the Members.

By Order of the Board of Directors
For **Varroc Engineering Limited**

Ajay Sharma

Group General Counsel and
Company Secretary
ACS: 9127

Place: Pune
Date: July 18, 2025

ANNEXURE I

RELEVANT DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT/ FIXATION IN REMUNERATION AS REQUIRED UNDER REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS – 2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ARE PROVIDED HERE UNDER:

Name of the Director	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
DIN	00027505	07228175	09710448	00010630	00101379
Designation	Chairman and Managing Director	Whole Time Director	Whole Time Director	Additional Director – Non-Executive Independent Director	Additional Director – Non-Executive Independent Director
Date of Birth	21/03/1962	22/10/1989	11/04/1995	30/09/1969	21/02/1971
Age	63 years	35 years	30 years	55 years	54 years
Qualification and Experience (including expertise in specific functional area) / Brief Resume	Mr. Tarang Jain is Chairman and Managing Director of the Company. He holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay and a diploma in business administration from the University of Lausanne, 2013 as the General Manager Switzerland. He has approximately 36 years of experience in the Automotive Industry. He has been associated with the company since incorporation and was appointed as the Managing Director in the year 2001 and the Chairman of the Company in the year 2020.	Mr. Arjun Jain is Whole Time Director and heading the Business Division I of the Company. He holds a bachelor's degree in Economics and Political Science from Vassar College, New York. Previously, he was associated with Bain & Company India Private Limited. He joined the company on October 01, 2013 as the General Manager of Business Excellence Division. He was appointed as Head of the Electrical Division in May 2015 and was ascended as the CEO of India Business in 2022. He has been on the Board of the Company since August 2018.	Mr. Dhruv Jain is appointed as Whole Time Director of the Company and heading Business II of the Company. He also leads the ADAS and lighting electronics strategy for the Company. Mr. Dhruv Jain holds a bachelor's degree in economics from the University of Chicago.	Mr. Akshaykumar Chudasama is appointed as an Additional Director – Non-Executive Independent Director of the Company. He holds a degree in Bachelors of Arts (BA) from St. Xavier's College (University of Bombay) and LLB from the London IMB School of Economics (University of London). He is enrolled as an Advocate with the Bar at Council of Maharashtra and Goa, and as a Solicitor with the Law Society (England and Wales). Mr. Chudasama is a seasoned legal professional with over 3 decades of experience, has been practicing law since 1994.	Mr. Padmanabh Sinha is appointed as an Additional Director – Non-Executive Independent Director of the Company. Mr. Padmanabh Sinha holds a Bachelor's degree in Computer Science from BITS Pilani, an MBA from IIM Calcutta, and has completed the Private Equity Executive Development Program at Harvard Business School. He is Managing Partner and Co-founder of LaunchBay Capital, a recently established mid-market private equity firm.

Name of the Director	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
	He is Managing Partner of Shardul Amarchand Mangaldas & Co. and heads the firm's practice in the Mumbai Region. Mr. Sinha is a seasoned private equity investor. He is renowned for his expertise in cross-border mergers & acquisitions and private equity transactions, he has advised clients across a range of sectors. Mr. Chudasama also serves as an Independent Director on the Board of Artemis Medicare National Investment Services Limited, JSW Cement Limited, Borosil Renewables Limited and K Raheja Corp Investment Managers Private Limited. With over 25 years of experience across private equity and tech entrepreneurship, Mr. Sinha is a seasoned private equity investor. His sectoral expertise spans industries, technology, consumer, healthcare, financial services, and a range of services, and he has served as Executive Director and CIO – Private Equity at the National Investment Fund & Infrastructure Fund (NIIF), where he was a member of all direct investment committees and chaired the private equity investment committee. Prior to that, he was Managing Partner and co-founded the Tata Opportunities Fund, the Tata Group's flagship private equity initiative, where he raised what was then India's largest private equity fund from a global investor base. Earlier in his career,				

Name of the Director	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
					Mr. Sinha played a foundational role at Temasek as Managing Director – India, helping to establish and expand the firm's India business and leading its global entry into the insurance sector. He also co-founded eGurucool.com, one of India's pioneering Ed-Tech ventures, which was later acquired by NIIT. From 2018 to 2020, he served as Chairman of the Indian Private Equity & Venture Capital Association (IVCA).
Terms and Conditions for appointment	The proposed appointment is for the period of 3 years commencing from August 1, 2025 up to August 6, 2028 on the terms and conditions as mentioned above in the Resolution and the Explanatory Statement.	The proposed appointment is for the period of 3 years commencing from August 1, 2025 up to August 6, 2028 on the terms and conditions as mentioned above in the Resolution and the Explanatory Statement.	The proposed appointment is for the period of 3 years commencing from June 1, 2025 up to May 31, 2028 on the terms and conditions as mentioned above in the Resolution and the Explanatory Statement.	The proposed appointment is for the period of 5 years commencing from May 1, 2025 to May 28, 2030.	The appointment is for the period of 5 years commencing from July 18, 2025 to July 17, 2030.
Date of first appointment to Board	11/05/1988	07/08/2018	01/09/2022 as Non-Executive Director	29/05/2025	18/07/2025
Shareholding in the Company as on July 18, 2025	6,07,29,800 Shares	Equity 5000 Equity Shares	5000 Equity Shares	0	6,327 Equity Shares

Name of the Director	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
Disclosure of relationships between Directors inter-se;	Mr. Tarang Jain is Mr. Arjun Jain belongs to the Mr. Dhruv Jain belongs to the None father of Mr. Arjun Jain, promoter Group, he is son of promoter Group, he is son of None Whole Time Director, Mr. Tarang Jain, Chairman Mr. Tarang Jain, Chairman and Mr. Dhruv Jain, & Managing Director and Managing Director and Whole Time Director brother of Mr. Dhruv Jain, brother of Mr. Arjun Jain, of the Company Whole Time Director of the Whole Time Director of the and is also Promoter Company Company of the Company holding along with his relatives 75% of Paid-up Equity Capital of the Company.				
Number of Board meetings attended in FY 2024-25	Attended 5 out of 5 Board Meeting held during FY 2024-25	Attended 5 out of 5 Board Meeting held during FY 2024-25	Attended 5 out of 5 Board Meeting held during FY 2024-25	Nil	Nil
Directorship of other Companies as on July 18, 2025*	1. Varroc Engineering Limited 2. Varroc Dell'Orto Pvt. Ltd. 3. TCPL Packaging Limited. 4. Durovalves India Pvt. Ltd. 5. Rudritara Properties Pvt. Ltd. 6. Marathwada Auto Cluster	1. Varroc Engineering Limited 2. Varroc Dell'Orto Pvt. Ltd. 3. Varroc Connect Private Limited (formally known as "CarlQ Technologies Private Limited")	1. Varroc Engineering Limited 2. Varroc Connect Private Limited (formally known as "CarlQ Technologies Private Limited")	1. Borosil Renewables Limited 2. K Raheja Corp Investment Managers Private Limited 3. Artemis Medicare Services Limited 4. JSW Cement Limited 5. Wyosha Real Estates Private Limited	Nil

Name of the Director	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
Membership/ Chairmanship of Committees of other Boards as on July 18, 2025	1. Member of Audit Committee – Varroc Engineering Limited 2. Chairman of Corporate Social Responsibility Committee – Varroc Engineering Limited 3. Member of Risk Management Committee – Varroc Engineering Limited 4. Chairman of ESG Steering Committee – Varroc Engineering Limited 5. Member of Nomination & Remuneration Committee - TCPL Packaging Limited 6. Member of Stakeholder Relationship Committee - TCPL Packaging Limited 7. Member of Audit Committee - TCPL Packaging Limited	1. Member of Stakeholders Relationship Committee – Varroc Engineering Limited 2. Member of Risk Management Committee – Varroc Engineering Limited 3. Member of Corporate Social Responsibility Committee – Varroc Engineering Limited 4. Member of ESG Steering Committee – Varroc Engineering Limited	1. Member of Stakeholders Relationship Committee – Varroc Engineering Limited 2. Member of Risk Management Committee – Varroc Engineering Limited 3. Member of Corporate Social Responsibility Committee – Varroc Engineering Limited 4. Member of ESG Steering Committee – Varroc Engineering Limited	1. Member of Audit Committee – Varroc Engineering Limited, K Raheja Corp Investment Managers Private Limited, Borosil Renewables Limited & Artemis Medicare Services Limited 2. Member of Nomination and Remuneration Committee – Varroc Engineering Limited, Borosil Renewables Limited & JSW Cement Limited 3. Chairman of Nomination and Remuneration Committee – Artemis Medicare Services Limited 4. Member of Stakeholders Relationship Committee: Varroc Engineering Limited 5. Member of Risk Management Committee - Borosil Renewables Limited and JSW Cement Limited	Nil

Name of the Director	Mr. Tarang Jain	Mr. Arijun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
	8. Member of Audit Committee – Durovalves India Pvt Limited 9. Chairman of Corporate Social Responsibility – Durovalves India Pvt Limited.				
Remuneration proposed to be paid	As provided in the Resolution	As provided in the Resolution	As provided in the Resolution	No remuneration except sitting fees, commission and payments as may be permissible to the Non-Executive Directors / Independent Directors	No remuneration except sitting fees, commission and payments as may be permissible to the Non-Executive Directors / Independent Directors
Last drawn remuneration	**During the Financial Year 2024-25, Mr. Tarang Jain has received a remuneration of ₹ 122.23 Mio from the Company.	**During the Financial Year 2024-25, Mr. Arijun Jain has received a remuneration of ₹ 27.46 Mio from the Company.	Nil	Nil	Nil
Listed Indian entities from which the Director has resigned / term completion from Directorship in last three (3) years	None	None	None	Bata India Limited – w.e.f. 04.08.2024 Apollo Tyres Limited – w.e.f. 05.08.2024	

Name of the Director	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
Justification for choosing the appointees for appointment as Independent Director	Not Applicable	Not Applicable	Not Applicable	His extensive experience in Board roles and demonstrated leadership equips him with the ability to navigate complex business landscapes, frameworks, and enhance governance support sustainable practices, and growth. Based on his drive sustainable skills, business acumen, growth. Based on the and expertise in skills, competence leading management and expertise in teams and shaping understanding of governance practices. business dynamics The appointment of and experience in Mr. Padmanabh Sinha guiding and leading would be in the best m a n a g e m e n t interest of the Company. teams, developing governance practices, the Board, on the r e c o m m e n d a t i o n of the Nomination and Remuneration Committee, has determined that the appointment of Mr. Akshaykumar Chudasama would be beneficial to the Company.	His extensive Board experience and proven roles and demonstrated leadership enable him to navigate complex business environments, business landscapes, frameworks, and enhance governance support sustainable practices, and growth. Based on his drive sustainable skills, business acumen, growth. Based on the and expertise in skills, competence leading management and expertise in teams and shaping understanding of governance practices. business dynamics The appointment of and experience in Mr. Padmanabh Sinha guiding and leading would be in the best m a n a g e m e n t interest of the Company. teams, developing governance practices, the Board, on the r e c o m m e n d a t i o n of the Nomination and Remuneration Committee, has determined that the appointment of Mr. Akshaykumar Chudasama would be beneficial to the Company.

* Directorship of other Companies: excluding Foreign Companies and Section 8 Companies.

** Remuneration drawn from Varroc Polymers Limited, Wholly Owned Subsidiary of the Company ("VPL") is also clubbed in the remuneration drawn from the Company, VPL is amalgamated with the Company effective from February 1, 2025

Membership of Audit and Stakeholders Relationship Committee

Details of last drawn remuneration and other relevant details are provided in the Report on Corporate Governance forming part of the Annual Report.

ANNEXURE II

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE COMPANIES ACT, 2013:

I. GENERAL INFORMATION

- (1) **Nature of industry:** Manufacturing of automotive components.
- (2) **Date or expected date of commencement of commercial production:** Not applicable, as the Company is an existing Company.
- (3) **In case of new companies, the expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable
- (4) **Financial performance based on given indicators:**

Particulars	Amount in Crore		
	FY 2024-25	FY 2023-24	FY 2022-23
Total Income	7,396.21	6,704.89	3,970.89
Total Expenditure (Incl. Finance Cost, Exch. Variance, Depreciation and Tax)	7,120.36	6,179.97	5,357.69
Profit/ (Loss) before tax*	359.88	271.47	- 1,377.74
Profit/(Loss) After tax	275.85	524.91	-1,386.79
Earning Per Share (EPS) (In ₹)	18.05	34.36	-90.76

*Excludes exceptional items. (Figures have been regrouped/recast wherever necessary)

- (5) **Foreign investments or collaborators, if any:** Till date holding companies have made foreign investment of approximately ₹ 1,097.25 Crores in the Share Capital of overseas subsidiaries. The Company is also having technical collaboration for manufacturing some of its products.

II. INFORMATION ABOUT THE APPOINTEES AND NON – EXECUTIVE INDEPENDENT DIRECTORS

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
DIN	00027505	07228175	09710448	00010630	00101379
Background details	Mr. Tarang Jain is Chairman and Managing Director of the Company, he holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay and a diploma in business administration from the University of Lausanne, Switzerland. He has approximately 36 years of experience in the Automotive Industry. He has been associated with the Company since incorporation and was appointed as the Managing Director in the year 2001 and the Chairman of the Company in the year 2020.	Mr. Arjun Jain is Whole Time Director and heading Division I of the Company. He holds a bachelor's degree in Economics and Political Science from Vassar College, New York. Previously, he was associated with Bain & Company India Private Limited. He joined the company on October 01, 2013 as the General Manager - Business Excellence Division. He was appointed as the Business Head of the Electrical Division in May 2015 and was ascended as the CEO of India Business in 2022. He has been on the Board of the Company since August 2018.	Mr. Dhruv Jain is appointed as Whole Time Director of the Company and heading Business II of the Company. He also leads the ADAS and lighting electronics strategy for the Company. Mr. Dhruv Jain holds a bachelor's degree in economics from the University of Chicago.	Mr. Akshaykumar Chudasama is appointed as an Independent Director of the Company. – Non Executive He holds a degree in Bachelor's of Arts (BA) from St. Xavier's College (University of Bombay) and holds a Bachelor's degree in Computer Science from BITS Pilani, of London), UK. He is an MBA from IIM Calcutta, enrolled as an Advocate with the Bar Council of Maharashtra and Goa, Development Program and as a Solicitor with the Law Society (England and Wales).	Mr. Padmanabh Sinha is appointed as an Additional Director of the Company. He holds a degree in Bachelor's of Arts (BA) from St. Xavier's College (University of Bombay) and holds a Bachelor's degree in Computer Science from BITS Pilani, of London), UK. He is an MBA from IIM Calcutta, enrolled as an Advocate with the Bar Council of Maharashtra and Goa, Development Program and as a Solicitor with the Law Society (England and Wales).

Mr. Chudasama, is a seasoned legal professional with over 3 decades of experience, has been practicing law since 1994. He is Managing Partner of Shardul Amarchand

Mr. Sinha is a seasoned private equity investor.

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
	Mangaldas & Co. and His sectoral expertise heads the firm's practice in spans industries, the Mumbai Region. He is technology, consumer, renowned for his expertise healthcare, financial in cross-border mergers & services, and acquisitions and private infrastructure.Previously, equity transactions, he he served as Executive has advised clients across Director and CIO – a range of sectors. Mr. Private Equity at the Chudasama also serves as National Investment an Independent Director & Infrastructure Fund on the Board of Artemis (NIIF), where he was a Medicare Services Limited, member of all direct JSW Cement Limited, investment committees Borosil Renewables Limited and chaired the private and K Raheja Corp equity investment Investment Managers committee. Prior to Private Limited. that, he was Managing Partner and co-founded the Tata Opportunities Fund, the Tata Group's flagship private equity initiative, where he raised what was then India's largest private equity fund from a global investor base.				

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
Past remuneration FY 2024-25	Earlier in his career, Mr. Sinha played a foundational role at Temasek as Managing Director – India, helping to establish and expand the firm's India business and leading its global entry into the insurance sector. He also co-founded eGurucool.com, one of India's pioneering Ed-Tech ventures, which was later acquired by NIIT. From 2018 to 2020, he served as Chairman of the Indian Private Equity & Venture Capital Association (IVCA).				
*During the Financial Year 2024-25, Mr. Tarang Jain has received a remuneration of ₹ 122.23 Mio from the Company.					
*During the Financial Year 2024-25, Mr. Arjun Jain has received a remuneration of ₹ 27.46 Mio from the Company.					
*During the Financial Year 2024-25, Mr. Dhruv Jain has received a remuneration of ₹ 27.46 Mio from the Company.					
*During the Financial Year 2024-25, Mr. Akshaykumar Chudasama has received a remuneration of ₹ 27.46 Mio from the Company.					
*During the Financial Year 2024-25, Mr. Padmanabh Sinha has received a remuneration of ₹ 27.46 Mio from the Company.					

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha

Recognition or awards

The Company has received many awards and recognitions from Industry Association, Merchant Chambers, Suppliers and Vendors under the leadership of Mr. Tarang Jain. The most prominent amongst the other awards, on behalf of Indian Merchant Chambers, the Ex-Chief Minister of Maharashtra, Mr. Devendra Fadnavis had felicitated and gave away the citation for 'Emerging Manufacturing Giant' to Mr. Tarang Jain, for carving a special niche in automotive components in the competitive marketplace. Mr. Tarang Jain, has also been inducted in to the 'Automotive Hall of Fame'.

Job profile and his suitability

Mr. Tarang Jain is responsible for the overall management of the entire Varroc group. His qualification, outstanding experience and heading Business and management skills demonstrate leadership to navigate complex experience and excellent management skills are most suitable for the responsibilities and excellent shouldered by him.

Mr. Arjun Jain is the Whole Time Director of the Company. His qualification, His qualification and His extensive Board experience and proven roles and leadership enable him to navigate complex business environments, strengthen governance landscapes, enhance frameworks, and support governance practices, sustainable growth. Based on his skills, business acumen, and expertise in leading management teams and shaping dynamics and experience in guiding The appointment of management teams, Mr. Padmanabh Sinha would be in the best interest of the Company.

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
Remuneration proposed	As provided in the Resolution	As provided in the Resolution	As provided in the Resolution	The appointment of Mr. Akshaykumar Chudasama as an Independent Director of the company would be in best interest of the Company	No remuneration except sitting fees, commission and payments as may be permissible to the Non-Executive Directors / Independent Directors
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel [or other director], if any	Mr. Tarang Jain is father of Mr. Arjun Jain, Whole Time Director, and Mr. Dhruv Jain, Whole Time Director of the Company and is also Promoter of the Company holding along with his relatives 75% of Paid-up Equity Capital of the Company.	Mr. Arjun Jain belongs to the promoter Group, he is son of Mr. Tarang Jain, Chairman and Managing Director and brother of Mr. Dhruv Jain, Whole Time Director of the Company	Mr. Dhruv Jain belongs to the promoter Group, he is son of Mr. Tarang Jain, Chairman and Managing Director and brother of Mr. Arjun Jain, Whole Time Director of the Company	None	None

Particulars	Mr. Tarang Jain	Mr. Arjun Jain	Mr. Dhruv Jain	Mr. Akshaykumar Chudasama	Mr. Padmanabh Sinha
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration offered to Mr. Tarang Jain is at par with the industry norms considering the industry, size of the Company, profile of the position and person. The proposed remuneration is in line with remuneration paid by other automobile Companies to their Whole-Time Directors/ Promoters.	The remuneration offered to Mr. Arjun Jain is at par with the industry norms considering the industry, size of the Company, profile of the position and of the person and the proposed position. The proposed remuneration is in line with remuneration paid by other automobile Companies to their Whole-Time Directors and Promoters.	The remuneration offered to Mr. Dhruv Jain is at par with the industry norms considering the industry, size of the Company, profile of the position and of the person and the proposed position. The proposed remuneration is in line with remuneration paid by other automobile Companies to their Whole-Time Directors/ Managing Directors/ Promoters.	Not Applicable	Not Applicable

** Remuneration drawn from Varroc Polymers Limited, Wholly Owned Subsidiary of the Company ("VPL") is also clubbed in the remuneration drawn from the Company, VPL is amalgamated with the Company effective from February 1, 2025

III. OTHER INFORMATION:

- (1) **Reasons of loss or inadequate profits:** Till now the Company is having consistent profit track record. During the Financial Year ended March 31, 2025, the Company made Profit after Tax of ₹ 2,758.50 Mio. However, the Company is passing a Special Resolution pursuant to the proviso to the sub-section (1) of Section 197 of the Companies Act, 2013 and as a matter of abundant precaution, in case in future profitability of the Company gets adversely impacted due to unforeseen Business circumstances.
- (2) **Steps taken or proposed to be taken for improvement:** The Company is focusing on enhancing opportunities of customer engagement based on new and emerging technologies in order to ensure visibility on way forward and to benchmark with industry competitions. Further, in order to reduce dependence on single source from Cost efficiency perspective on one hand the Company is adopting a multi-sourcing strategy for maintaining uninterrupted continuity of operations on the others and also endeavoring to improve cash flows and financials performance by focused reduction in debt levels, improvement in working capital, customer realization and reduction in inventories.

To mitigate the adverse impact, if any, the Company has planned a profitability drive, both in the domestic and international markets using a strategy of differentiating itself by its intense customer relationships, product development capabilities and manufacturing excellence. The Company has invested substantially in R&D to grow its domestic business with

indigenous customers. The Company is also penetrating international markets by relying on its technologies, product development and management capabilities to a diverse customer base. The Company has embarked on a series of strategic and operational measures that is expected to result in the improvement in the present position.

- (3) **Expected increase in productivity and profits in measurable terms:** It is difficult to forecast productivity and profitability in measurable terms. However, the Company expects that productivity, and profitability may improve and would be comparable with the industry average. It has been aggressively pursuing and implementing its strategies to improve financial performance.

IV. DISCLOSURES

1. The remuneration package of all the managerial persons are given in the respective Resolutions.
2. Additional information is given in the respective sections forming part of this Annual report.

By Order of the Board of Directors
For **Varroc Engineering Limited**

Ajay Sharma
Group General Counsel &
Company Secretary
(M No. ACS9127)

Date:- July 18, 2025
Place: Pune

CONTACT DETAILS:

Company	Varroc Engineering Limited
Registrar and Transfer Agent	MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) Unit: Varroc Engineering Limited C-101, 1st Floor, 247 Park, LBS Marg Vikhroli West, Mumbai – 400 083 (M.S.) Tel:- 022-4918 6270/ 4918 6000 Fax: - 022 49186060 Email: rnt.helpdesk@in.mpms.mufig.com For any queries: - https://web.in.mpms.mufig.com/helpdesk/Service_Request.html
e-Voting Agency	National Securities Depository Limited Address: 301, 3rd Floor, Naman Chambers, G Block, Plot No- C-32, Bandra Kurla Complex, Bandra East, Mumbai- 400 051 Email: evoting@nsdl.com Tel: 022 4886 7000
Scrutinizer	Mrs. Uma Lodha, Practicing Company Secretary M/s Uma Lodha & Co., a peer reviewed firm of Practicing Company Secretaries, (Firm Registration No.: S1997MH019700), (Membership No. FCS 5363) Email: uma@umalodha.com

If un-delivered, please return to:

VARROC ENGINEERING LIMITED

Regd. Office: , Plot No. L-4, MIDC Industrial Area, Waluj, Aurangabad 431136

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Notes



Varroc Engineering Limited

Registered Office

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