

# Varroc Engineering Ltd.

Regd. & Corp. Office

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

Tel + 91 240 6653700  
Fax + 91 240 2564540

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



VARROC/SE/INT/2021-22/9

June 4, 2021

To,

The Manager- Listing  
The Listing Department,  
**National Stock Exchange of India  
Limited**

Exchange Plaza, Plot No. C/1, G  
Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai-400051.

NSE Symbol: VARROC

The Manager – Listing  
The Corporate Relation  
Department,  
**Bombay Stock Exchange  
Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001.

BSE Security Code: 541578

Dear Sir/ Madam,

**Sub: Outcome of Board Meeting**

**Ref: Regulation 30 (read with Part A of Schedule III) and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

This is to inform you that the Board of Directors of the Company, at its meeting held today i.e. on Friday, June 4, 2021, which commenced at 4:10 p.m. and concluded at 4:25 p.m. has considered and approved the following items.

**1. Audited Financial Results (Standalone and Consolidated) for the quarter and financial year ended on March 31, 2021**

The Audited (Standalone and Consolidated) Financial Results of the Company for the quarter and financial year ended on March 31, 2021 were approved.

Pursuant to Regulation 33 of the Listing Regulations, we enclose the following:

- i. Statements showing the Audited Financial results (Standalone and Consolidated) of the Company for the quarter and year ended on March 31, 2021;
- ii. The Reports of the Statutory Auditors of the Company on the aforesaid Audited Financial Results (Standalone and Consolidated); and
- iii. Declaration in respect of Auditors Report (Standalone and Consolidated) with Unmodified Opinion;

Further, these Financial Results will be uploaded on the Company's website [www.varroc.com](http://www.varroc.com) and will also be published in Business Standard (English) and Loksatta (Marathi) newspapers.

**2. Re-appointment of Secretarial Auditors, M/s. Uma Lodha & Co. (CP No. 2593) to carry out Audit of Secretarial records for the Financial year 2021-22**

M/s. Uma Lodha & Co., Practicing Company Secretaries a team of competent professionals is in practice for more than 21 years. The Firm is specialized in the areas of Corporate Advisory and Compliance Services and have successfully executed many challenging assignments.

**3. Re-appointment of Cost Auditors, M/s. S. R. Bhargave & Co. (Partnership Firm Registration No. M-000218) to carry out Audit of Cost Accounting records for the Financial Year 2021-22**

S. R. Bhargave & Co. is a firm of Cost Accountants comprising of over 10 qualified Cost Accountants & is in the practice for more than 19 years. The Firm is specialized in Indirect Taxes and provide consultancy in the areas of Cost Reduction, Maintenance of Cost Records and Cost Audit.

**4. Reclassification of Authorised Share Capital and consequent amendment to Memorandum of Association of the Company**

In accordance with the Scheme of Amalgamation of Varroc Lighting Systems (India) Private Limited with Varroc Engineering Limited and their respective Shareholders, upon the Scheme becoming effective from December 7, 2020, the Authorized Share Capital of the Company was increased by Rs.45,00,000 (Rupees Forty-Five Lakhs only) divided into 4,50,000 equity shares of Rs.10 each, from Rs.50,00,00,000 to Rs.50,45,00,000.

The Board approved and has resolved to seek approval from the shareholders for re-classification of Authorised Share Capital of Rs.45,00,000, by sub-dividing 4,50,000 equity shares having face value of Rs.10/- into 45,00,000 equity shares having face value of Re.1/- each and consequent amendment to Memorandum of Association of the Company.

Pursuant to above, the Authorized Share Capital of the Company and the Clause V(1)(a) of Memorandum of Association would be substituted as under:

*The Authorised Share Capital of the Company is Rs. 50,45,00,000/- (Rupees Fifty Crore Forty-Five Lakhs only) comprising of:*

- (a) Rs.25,45,00,000 (Rupees Twenty-Five Crore and Forty-Five Lakhs only) divided into 25,45,00,000 equity shares of Re.1 each;*
- (b) Rs.25,00,00,000 (Rupees Twenty-Five Crore only) divided into 25,00,00,000 preference shares of Re.1 each*

*with power to increase or reduce the capital of the Company and to divided 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.*

## **5. Annual General Meeting related matters:**

### **[i] Date of Annual General Meeting:**

The 33<sup>rd</sup> Annual General Meeting ("AGM") of the Company will be held on Wednesday, August 25, 2021 at 11.00 a.m. IST through Video Conferencing / Other Audio-Visual means in accordance with the relevant circulars issued by Ministry of Corporate Affairs and SEBI.

### **[ii] Dividend**

The Board with a view to conserve cash for continuing its business operations smoothly, as far as may be, given the uncertainties associated with the nature of ongoing COVID-19 pandemic and its duration, has not recommended any Final Dividend for the FY 2020-21.

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

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

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

This intimation is also being uploaded on the Company's website i.e. [www.varroc.com](http://www.varroc.com).

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

Thanking you,  
Yours faithfully,

**For Varroc Engineering Limited**



**Ajay Sharma**  
**Group General Counsel and Company Secretary**

Encl: a/a

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VARROC/SE/INT/2021-22/8

June 4, 2021

To,

The Manager- Listing  
The Listing Department,  
**National Stock Exchange of India  
Limited**

Exchange Plaza, Plot No. C/1, G  
Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai-400051.

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The Corporate Relation  
Department,  
**Bombay Stock Exchange  
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Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001.

BSE Security Code: 541578

Dear Sir/ Madam,

**Sub: Declaration in respect of Auditors Report (Standalone & Consolidated)  
with Unmodified Opinion**

**Ref: Regulation 33 of the SEBI (Listing Obligations and Disclosure  
Requirements) Regulations, 2015**

With reference to the captioned subject, we hereby declare that the Statutory Auditors of the Company, SRBC & Co., LLP, Chartered Accountants, Pune (Registration Number 324982E/E300003), have issued the Audit Report with unmodified opinion in respect of the Audited (Standalone & Consolidated) Financial Statements of the Company for the Financial year ended March 31, 2021.

Request you to please take the above on record and oblige.

Yours faithfully,

**For Varroc Engineering Limited**

**T R Srinivasan  
Group CFO**



Statement of audited standalone financial results for the quarter and year ended March 31, 2021

(Rs. in million)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		Audited (Refer Note 2)	Unaudited (Refer note 3)	Audited (Restated refer note 2, 3)	Audited	Audited (Restated refer note 3)
1	Revenue from operations	8,234.98	7,909.55	5,605.43	25,617.78	24,981.50
2	Other income (refer note 5)	392.88	155.44	451.12	1,114.15	735.45
3	<b>Total Income (1 + 2)</b>	<b>8,627.86</b>	<b>8,064.99</b>	<b>6,056.55</b>	<b>26,731.93</b>	<b>25,716.95</b>
4	<b>Expenses</b>					
	(a) Cost of materials consumed	6,054.88	5,404.99	3,584.51	17,462.19	15,461.27
	(b) Changes in stock of finished goods and work-in-progress	(389.23)	(259.54)	(45.22)	(746.45)	207.82
	(c) Employee benefits expense	811.70	748.25	770.57	2,686.87	2,775.71
	(d) Finance costs	139.89	128.76	107.78	561.10	450.75
	(e) Depreciation and amortisation expense	384.04	395.92	377.15	1,543.62	1,437.64
	(f) Other expenses	1,108.10	1,157.61	1,054.85	3,853.09	4,108.17
	<b>Total expenses (4)</b>	<b>8,109.38</b>	<b>7,575.99</b>	<b>5,849.64</b>	<b>25,360.42</b>	<b>24,441.36</b>
5	<b>Profit before tax (3- 4)</b>	<b>518.48</b>	<b>489.00</b>	<b>206.91</b>	<b>1,371.51</b>	<b>1,275.59</b>
6	<b>Tax expense</b>					
	Current tax	67.09	77.51	5.01	247.55	194.22
	Short/(excess) provision for tax relating to prior periods	(3.20)	(34.27)	(26.01)	(37.47)	(26.01)
	Deferred tax	123.40	90.81	(14.11)	239.81	68.70
	<b>Total tax expense (6)</b>	<b>187.29</b>	<b>134.05</b>	<b>(35.11)</b>	<b>449.89</b>	<b>236.91</b>
7	<b>Profit for the period (5-6)</b>	<b>331.19</b>	<b>354.95</b>	<b>242.02</b>	<b>921.62</b>	<b>1,038.68</b>
8	<b>Other comprehensive income</b>					
	<b>Items that will be reclassified to profit or loss in subsequent periods (net of tax)</b>					
	Deferred hedging gains/(losses) on cash flow hedges (net of tax)	19.90	(6.95)	14.27	-	21.72
	<b>Items that will not be reclassified to profit or loss in subsequent periods (net of tax)</b>					
	Remeasurement of defined benefit obligation (net of tax)	18.15	-	(17.02)	18.15	(17.02)
	<b>Other comprehensive income</b>	<b>38.05</b>	<b>(6.95)</b>	<b>(2.75)</b>	<b>18.15</b>	<b>4.70</b>
9	<b>Total comprehensive income for the period (7+8)</b>	<b>369.24</b>	<b>348.00</b>	<b>239.27</b>	<b>939.77</b>	<b>1,043.38</b>
10	Paid-up equity share capital (Face value of the share in Re.1/- each)	152.79	134.81	134.81	152.79	134.81
11	Reserves excluding revaluation reserves as per balance sheet				19,016.83	11,238.45
12	Earnings per share (of Re 1/- each) (not annualised):					
	Basic & diluted	2.43	2.63	1.80	6.82	7.70

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E-mail: investors@varroc.com

Statement of audited standalone assets and liabilities as at March 31, 2021

(Rs. in million)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
		Audited	Audited (Restated refer note 3)
	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
	(a) Property, plant and equipment	8,893.39	9,071.14
	(b) Capital work-in-progress	1,245.32	785.87
	(c) Right to use asset	532.47	617.39
	(d) Investment properties	129.67	135.16
	(e) Intangible assets	535.35	531.20
	(f) Intangible assets under development	326.49	294.73
	(g) Investments in subsidiaries and joint venture	10,229.43	4,409.64
	(h) Financial assets		
	(i) Investments	0.15	0.15
	(ii) Loans	52.10	44.42
	(iii) Other financial assets	158.27	125.86
	(i) Income tax assets (net)	57.95	78.48
	(j) Other non-current assets	550.39	309.24
		<b>22,710.98</b>	<b>16,403.28</b>
<b>2</b>	<b>Current assets</b>		
	(a) Inventories	3,120.98	2,656.16
	(b) Financial assets		
	(i) Trade receivables	3,628.24	2,532.89
	(ii) Cash and cash equivalents	2,467.06	1,257.58
	(iii) Bank balances other than (ii) above	6.85	1.98
	(iv) Loans	65.49	55.42
	(v) Other financial assets	9.14	24.85
	(c) Other current assets	1,262.08	1,711.09
		<b>10,559.84</b>	<b>8,239.97</b>
	<b>Total Assets (1+2)</b>	<b>33,270.82</b>	<b>24,643.25</b>
	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Equity</b>		
	(a) Equity share capital	152.79	134.81
	(b) Other equity	19,016.83	11,238.45
		<b>19,169.62</b>	<b>11,373.26</b>
<b>2</b>	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	3,772.83	2,779.49
	(ii) Lease liabilities	77.25	166.60
	(iii) Other financial liabilities	-	1.68
	(b) Provisions	135.52	167.93
	(c) Deferred tax liabilities (net)	609.47	359.02
	(d) Other non-current liabilities	410.16	156.47
		<b>5,005.23</b>	<b>3,631.19</b>
<b>3</b>	<b>Current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	4.20	1,422.54
	(ii) Lease liabilities	102.21	94.26
	(iii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	1,268.04	682.67
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,917.03	4,133.88
	(c) Acceptances	444.35	144.24
	(iv) Other financial liabilities	2,440.99	2,121.67
	(b) Provisions	123.64	277.27
	(c) Current tax liabilities (net)	66.61	4.42
	(d) Other current liabilities	728.90	757.85
		<b>9,095.97</b>	<b>9,638.80</b>
	<b>Total Equity and Liabilities (1+2+3)</b>	<b>33,270.82</b>	<b>24,643.25</b>



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Statement of audited standalone cash flow as at March 31, 2021

(Rs. in Million)

Sr.No	Particulars	Year ended March 31, 2021 Audited	Year ended March 31, 2020 Audited
			Restated (refer note 3)
A	Cash flow from operating activities		
	Profit before tax	1,371.51	1,275.59
	Adjustments for:		
	Depreciation and amortization expense	1,543.62	1,437.64
	Provision for doubtful debts / advances	0.94	(0.30)
	Finance cost	561.10	450.75
	Rent income from investment property	(20.96)	(33.64)
	Provision for guarantees for loan taken by subsidiary	-	11.51
	Provisions/liabilities no longer required written back	(37.95)	(3.57)
	(Profit)/loss on sale of Property, plant and equipment	(241.41)	17.24
	Excess of insurance proceed over book value	(364.72)	
	Increase in surrender value of key man insurance	(22.04)	(9.00)
	Dividend income	-	(348.91)
	Interest income	(47.27)	(13.20)
	Government grant	(190.39)	(140.98)
	Operating profits before working capital changes	2,552.43	2,643.13
	Adjustments for changes in working capital		
	Trade receivables	(1,093.33)	914.08
	Trade payables	732.68	451.00
	Inventories	(259.79)	(363.00)
	Other financial assets	(12.00)	37.20
	Other current and non current asset	(344.59)	(266.80)
	Provision	(1.75)	96.98
	Other financial liabilities	115.38	75.36
	Other current and non current liabilities	34.03	(829.37)
	Cash generated from operations	1,723.06	3,798.30
	Income tax paid (net of refund)	(127.36)	(247.24)
	Net cash flow generated from operating activities	1,595.70	3,551.06
B	Cash flow from investing activities		
	Dividend received	-	348.91
	Interest received	126.84	13.17
	Government grant received	63.04	100.21
	Proceeds from insurance claim	515.32	500.00
	Proceeds from sale of property, plant and equipment	361.79	13.64
	Rent received on investment property	20.96	33.64
	Intercompany loan repaid by overseas subsidiary	1,265.42	-
	Intercompany loan to overseas subsidiary	(1,265.42)	-
	Purchase of property, plant and equipment	(1,648.36)	(2,529.15)
	Fixed deposits (placed)/ redeemed (net)	(4.87)	(0.03)
	Investment in subsidiary	(6,056.17)	(207.39)
	Net cash used in investing activities	(6,621.45)	(1,727.00)
C	Cash flow from financing activities		
	Proceeds from issue of equity shares (net of issue expenses)	6,851.92	-
	Repayment of long term borrowings	(1,005.73)	(1,627.25)
	Proceeds from long term borrowings	2,455.00	2,050.00
	Proceeds/(repayment) in short term borrowings	(1,418.11)	605.43
	Payment of lease liability	(112.34)	(92.18)
	Dividend paid on equity shares and preference shares (including dividend distribution tax thereon)	-	(1,065.95)
	Interest paid	(535.28)	(432.45)
	Net cash flow generated from/(used in) financing activities	6,235.46	(562.40)
	Increase in cash and cash equivalents	1,209.71	1,261.66
	Opening cash and cash equivalents	1,256.58	(5.08)
	Closing cash and cash equivalents	2,466.29	1,256.58
	Cash and cash equivalents consists of		
	Cash in hand	0.02	0.56
	Current accounts	2,467.04	1,107.02
	Deposit with maturity of less than 3 months		150.00
	Bank overdraft	(0.77)	(1.00)
		2,466.29	1,256.58

**Notes:**

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



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**Notes to the Standalone Financial Results:**

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on June 04, 2021 and were subjected to audit by the Statutory Auditors.
- 2) The figures for the quarters ended March 31, 2021 and March 31, 2020 are the derived figures between audited figures in respect of full financial year and the unaudited published year to-date figures upto the third quarter of the respective financial year which were subjected to limited review.
- 3) Pursuant to provisions of Section 230-232 of the Companies Act 2013, the Board of Directors of the Company on November 12, 2019 had approved the scheme of amalgamation of Varroc Lighting Systems (India) Private Limited ('VLSIPL') (wholly owned subsidiary of the Company) with Varroc Engineering Limited with appointed date of April 01, 2020 ('the Scheme'). National Company Law Tribunal ('NCLT') approved the above scheme vide its order dated November 02, 2020 and the merger became effective on December 7, 2020 on filing of the NCLT order the Registrar of Companies. The merger has been accounted for as business combination of entities under common control as per Appendix C to Ind AS 103 - Business Combinations. Accordingly, all the comparative periods presented in the standalone results have been restated to include the effect of this merger.
- 4) During the quarter ended March 31, 2021, the Company has issued 17,974,870 equity shares of Re 1 each at an issue price of Rs 389 per equity share, aggregating to Rs 6,992.22 million (including securities premium of Rs 6,974.25 million). The issue was made through eligible Qualified Institutional Placement (QIP) in terms of chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, Section 42 and other relevant provisions of the Companies Act, 2013. The proceeds (net of issue expenses) have been utilised for repayment of borrowings of the Company (Rs.890 million) and investment in overseas subsidiary (Rs.4,726.70 million) (intended to be utilised primarily for capex requirements and repayment of overseas external loans). Remaining unutilised amount is held as bank balances as at March 31, 2021.
- 5) The automotive lighting plant of the Company (erstwhile Varroc Lighting Systems India Private Limited) at Pune, India was destroyed by fire on February 18, 2020. The insurance claim in this regard was settled in an earlier quarter and accordingly the other income for the year ended March 31, 2021 includes an amount of Rs. 364.72 million (Year ended March 31, 2020: Nil; Quarter ended March 31, 2021: Nil; Quarter ended December 31, 2020: Nil) being the excess of claim amount over net book value of assets destroyed. Further, the Company has sold plot of land belonging to the above said plant. Accordingly, other income for the quarter and year ended March 31, 2021 includes amount of Rs 241.87 million being profit on sale of such land.
- 6) 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.
- 7) The Company has considered the possible effects of the COVID-19 pandemic including the impact on sales projections for future periods and consequent impacts on the recoverable values of assets including property, plant and equipment, intangible assets, etc and impact on liquidity position. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic and arriving at estimates, the Company, as at the date of approval of these financial results, has used internal and external sources of information. The Company has performed analysis on the assumptions used and based on current estimates, expects the carrying amounts of the assets to be recoverable as at March 31, 2021. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these standalone financial results.
- 8) Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year's classification.

For and on behalf of Board of Directors  
Varroc Engineering Limited

JAIN TARANG  
NARESH

Tarang Jain

Chairman and Managing Director

Place: Pune

Date: June 04, 2021





**Statement of audited consolidated financial results for the quarter and year ended March 31, 2021**

(Rs. in Million)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		Audited (refer note 2 )	Unaudited	Audited (refer note 2 )	Audited	Audited
1	Revenue from operations	36,192.57	34,926.55	27,447.46	113,027.51	111,218.68
2	Other income	320.10	219.32	487.35	1,271.00	988.86
3	<b>Total income (1+2)</b>	<b>36,512.67</b>	<b>35,145.87</b>	<b>27,934.81</b>	<b>114,298.51</b>	<b>112,207.54</b>
4	<b>Expenses</b>					
	Cost of materials consumed	25,043.57	23,896.80	18,961.96	75,845.11	70,193.63
	Changes in inventories of work-in-progress and finished goods	(400.01)	(819.02)	(333.87)	(729.39)	(332.12)
	Employee benefits expense	4,676.18	4,267.12	4,168.57	16,295.75	16,371.91
	Finance costs	371.54	377.28	349.36	1,626.29	1,391.67
	Depreciation and amortisation expense	2,361.78	2,248.09	2,066.07	8,950.93	7,318.64
	Other expenses	5,701.14	5,318.91	3,984.43	17,648.13	16,777.30
	<b>Total expenses</b>	<b>37,754.20</b>	<b>35,289.18</b>	<b>29,196.52</b>	<b>119,636.82</b>	<b>111,721.03</b>
5	<b>Profit/ (loss) before share of profits of joint ventures, tax and exceptional items (3-4)</b>	<b>(1,241.53)</b>	<b>(143.31)</b>	<b>(1,261.71)</b>	<b>(5,338.31)</b>	<b>486.51</b>
6	Share of Profits/(loss) of Joint Ventures	63.96	92.45	(105.45)	356.28	(91.65)
7	<b>Profit/(loss) before exceptional items and tax (5+6)</b>	<b>(1,177.57)</b>	<b>(50.86)</b>	<b>(1,367.16)</b>	<b>(4,982.03)</b>	<b>394.86</b>
8	<b>Tax expense</b>					
	Current tax	134.77	215.29	(177.20)	614.64	490.75
	Short/(excess) provision in respect of earlier year	(145.98)	(34.27)	(136.09)	(180.25)	(146.49)
	Deferred tax	276.83	60.00	317.15	(207.77)	25.54
	<b>Total tax expense</b>	<b>265.62</b>	<b>241.02</b>	<b>3.86</b>	<b>226.62</b>	<b>369.80</b>
9	<b>Profit/ (loss) for the period before exceptional items(7-8)</b>	<b>(1,443.19)</b>	<b>(291.88)</b>	<b>(1,371.02)</b>	<b>(5,208.65)</b>	<b>25.06</b>
10	Exceptional item - Tax Expense (refer note 5)	-	1,077.76	-	1,077.76	-
11	<b>Profit/ (loss) for the period (9-10)</b>	<b>(1,443.19)</b>	<b>(1,369.64)</b>	<b>(1,371.02)</b>	<b>(6,286.41)</b>	<b>25.06</b>
12	<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>					
	Deferred hedging gains/(losses) on cash flow hedges (net of tax)	19.90	(6.95)	14.27	-	21.72
	Exchange differences in translating the financial statements of foreign operations	(244.13)	163.01	513.96	(355.68)	786.92
13	<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>					
	Remeasurement of defined benefit obligation (net of tax)	51.90	-	(207.15)	51.90	(207.15)
14	<b>Other comprehensive income/(loss), net of tax (12+13)</b>	<b>(172.33)</b>	<b>156.06</b>	<b>321.08</b>	<b>(303.78)</b>	<b>601.49</b>
15	<b>Total comprehensive income/(loss) for the period (11+14)</b>	<b>(1,615.52)</b>	<b>(1,213.58)</b>	<b>(1,049.94)</b>	<b>(6,590.19)</b>	<b>626.55</b>
16	<b>Profit/(Loss) for the period attributable to:</b>					
	Shareholders of the Company	(1,454.01)	(1,387.25)	(1,375.44)	(6,319.07)	1.91
	Non-controlling interests	10.82	17.61	4.42	32.66	23.15
17	<b>Other comprehensive income/(loss) attributable to:</b>					
	Shareholders of the Company	(172.19)	156.06	322.31	(303.64)	602.72
	Non-controlling interests	(0.14)	-	(1.23)	(0.14)	(1.23)
18	<b>Total comprehensive income/(loss) for the period attributable to:</b>					
	Shareholders of the Company	(1,626.20)	(1,231.19)	(1,053.13)	(6,622.71)	604.63
	Non-controlling interests	10.68	17.61	3.19	32.52	21.92
19	Paid- up equity share capital( face value of Rs 1)	152.79	134.81	134.81	152.79	134.81
20	Reserves excluding revaluation reserves as per balance sheet	-	-	-	30,126.34	29,910.45
21	<b>Earnings per equity share attributable to Owners [Nominal value per share: Re. 1 (Previous year : Re. 1)](not annualised)</b>					
	Basic and diluted (in Rupees)	(10.67)	(10.29)	(10.20)	(46.75)	0.01



**Statement of audited consolidated Assets and Liabilities as at March 31, 2021**

Sr. No.	Particulars	(Rs. in Million)	
		As at March 31, 2021	As at March 31, 2020
		Audited	Audited
<b>A.</b>	<b>ASSETS</b>		
<b>I</b>	<b>Non-current assets</b>		
	(a) Property, plant and equipment	37,530.29	36,697.16
	(b) Capital work-in-progress	4,936.78	3,975.92
	(c) Right-of-use assets	7,605.20	8,282.42
	(d) Goodwill	1,743.50	2,008.98
	(e) Other Intangible assets	5,426.86	5,840.75
	(f) Intangible assets under development	3,625.48	3,925.40
	(g) Investments accounted for using the equity method	3,762.25	3,262.14
	(h) Financial assets		
	(i) Investments	0.20	0.20
	(ii) Loans	170.64	160.89
	(iii) Other financial assets	233.23	231.93
	(i) Income tax assets (net)	395.16	672.12
	(j) Deferred tax assets (net)	1,783.98	2,180.76
	(k) Other non-current assets	1,967.33	1,373.42
		<b>69,180.90</b>	<b>68,612.09</b>
<b>II</b>	<b>Current assets</b>		
	(a) Inventories	12,564.56	10,758.16
	(b) Financial assets		
	(i) Investments	-	40.23
	(ii) Trade receivables	16,407.38	10,893.33
	(iii) Cash and cash equivalents	7,415.30	10,659.74
	(iv) Bank balances other than (iii) above	37.02	27.93
	(v) Loans	221.40	121.62
	(vi) Other financial assets	9.82	21.16
	(c) Other current assets	6,416.85	8,888.47
		<b>43,072.33</b>	<b>41,410.64</b>
	<b>Total Assets (I+II)</b>	<b>112,253.23</b>	<b>110,022.73</b>
<b>B.</b>	<b>EQUITY AND LIABILITIES</b>		
<b>I</b>	<b>Equity</b>		
	(a) Equity share capital	152.79	134.81
	(b) Other equity	30,126.34	29,910.45
	<b>Equity attributable to owners</b>	<b>30,279.13</b>	<b>30,045.26</b>
	Non-controlling interests	281.77	249.24
	<b>Total equity</b>	<b>30,560.90</b>	<b>30,294.50</b>
<b>II</b>	<b>Liabilities</b>		
<b>(1)</b>	<b>Non-current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	9,361.22	9,002.04
	(ii) Lease liabilities	6,192.10	6,522.15
	(iii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	-	-
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	134.98	-
	(iv) Other financial liabilities	222.50	232.59
	(b) Provisions	1,257.10	1,181.65
	(c) Deferred tax liabilities (net)	1,334.47	985.83
	(d) Other non current liabilities	1,604.91	1,831.75
		<b>20,107.28</b>	<b>19,756.01</b>
<b>(2)</b>	<b>Current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	8,217.60	17,004.44
	(ii) Lease Liabilities	774.49	603.97
	(iii) Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises	1,661.33	866.28
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	28,048.31	22,780.07
	(c) Acceptances	601.97	157.47
	(iv) Other financial liabilities	18,013.39	13,598.80
	(b) Provisions	694.53	575.12
	(c) Current tax liabilities (net)	118.29	111.81
	(d) Other current liabilities	3,455.14	4,274.26
		<b>61,585.05</b>	<b>59,972.22</b>
<b>III</b>	<b>Total Equity and Liabilities (I+II)</b>	<b>112,253.23</b>	<b>110,022.73</b>



**Consolidated Statement of Cash Flows for the year ended March 31, 2021**

(Rs. in Million)

Sr. No.	Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
<b>A</b>	<b>Cash flow from operating activities</b>				
	<b>Profit/(loss) before tax</b>		<b>(4,982.03)</b>		<b>394.86</b>
	Adjustments for :				
	Depreciation and amortization expense	8,950.93		7,318.64	
	Net loss/(gain) on sale of property, plant and equipment	(230.02)		210.44	
	Excess of insurance proceed over book value	(364.72)		-	
	Provision for doubtful debts and advances	84.27		174.93	
	Finance costs	1,626.29		1,391.67	
	Gain on sale of current investments	(1.38)		(11.37)	
	Share in (profit)/loss of Joint Venture accounted for using the equity method	(356.28)		91.65	
	Liabilities no longer required written back	(39.25)		(20.68)	
	Other non cash income	(23.83)		(27.65)	
	Government grants	(313.45)		(227.52)	
	Interest income	(16.29)	<b>9,316.27</b>	(21.89)	<b>8,878.22</b>
	<b>Operating profits before working capital changes</b>		<b>4,334.24</b>		<b>9,273.08</b>
	Adjustments for changes in:				
	Inventories	(1,248.40)		(1,695.05)	
	Trade receivables	(5,322.54)		2,969.57	
	Other Assets	1,591.15		2,470.99	
	Trade payables	5,907.37		2,345.40	
	Other liabilities and provisions	(327.24)		55.35	
			<b>600.34</b>		<b>6,146.26</b>
	<b>Cash generated from operations</b>		<b>4,934.58</b>		<b>15,419.34</b>
	Taxes paid (net of refund received)		(197.50)		(1,282.46)
	<b>Net cash flow from operating activities</b>		<b>4,737.08</b>		<b>14,136.88</b>
<b>B</b>	<b>Cash flow from investing activities</b>				
	Dividend received	-		265.61	
	Interest received	16.23		21.80	
	Government grant received during the period	326.07		384.01	
	Rent received on investment properties	-		17.61	
	(Purchase)/proceeds from sale of current investments (net)	41.61		157.55	
	Acquisition of remaining equity stake in joint venture	(78.59)		(25.51)	
	Acquisition of business	-		(188.55)	
	Investment in Joint Venture	-		(99.67)	
	Proceeds from sale of property, plant and equipment	474.40		(3.96)	
	Purchase of property, plant and equipment	(5,610.56)		(9,773.93)	
	Costs incurred on intangible assets	(2,140.89)		(4,093.42)	
	Proceeds from insurance claim	515.32		500.00	
	Fixed deposits redeemed/(Purchased) (net)	16.86		156.38	
	<b>Net cash used in investing activities</b>		<b>(6,439.55)</b>		<b>(12,682.08)</b>
<b>C</b>	<b>Cash flow from financing activities</b>				
	Proceeds from issue of equity (net of expenses)	6,851.92		-	
	Proceeds from long term borrowings	5,719.94		7,280.38	
	Repayment of long term borrowing	(2,876.38)		(1,243.39)	
	Repayment of lease liability	(536.54)		(794.23)	
	Proceeds/(repayments) of short term borrowings (net)	(9,309.73)		4,445.00	
	Dividend on equity shares including tax thereon	-		(1,151.34)	
	Interest paid	(1,370.99)		(1,205.20)	
	<b>Net cash flow from/(used in) financing activities</b>		<b>(1,521.78)</b>		<b>7,331.23</b>
	<b>Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(3,224.25)</b>		<b>8,786.03</b>
	Opening cash and cash equivalents		<b>10,330.98</b>		<b>1,455.28</b>
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		<b>307.62</b>		<b>89.67</b>
	<b>Total</b>		<b>10,638.60</b>		<b>1,544.95</b>
	<b>Closing cash and cash equivalents</b>		<b>7,414.35</b>		<b>10,330.98</b>



**Consolidated Statement of Cash Flows for the year ended March 31, 2021**

(Rs. in Million)

Sr. No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
		(Rs. in Million)	(Rs. in Million)
	<b>Cash and cash equivalents consists of</b>		
	Cash in hand	0.37	1.13
	<b>Bank balances</b>		
	Current accounts and deposits with maturity of less than three months	7,414.93	10,658.61
	Bank overdraft	(0.95)	(328.76)
		<b>7,414.35</b>	<b>10,330.98</b>

**Notes:**

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



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

(Rs. in Million)

Particulars	Quarter ended			For the year ended	
	March 31, 2021 (refer note 2)	December 31, 2020	March 31, 2020 (refer note 2)	March 31, 2021	March 31, 2020
	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>1) Segment Revenue</b>					
(i) Automotive	35,622.20	34,416.07	26,979.40	111,137.63	108,967.10
(ii) Others	570.37	510.48	468.06	1,889.88	2,251.58
	<b>36,192.57</b>	<b>34,926.55</b>	<b>27,447.46</b>	<b>113,027.51</b>	<b>111,218.68</b>
<b>2) Segment Results</b>					
(i) Automotive	(941.40)	276.57	(945.06)	(3,668.62)	1,724.16
(ii) Others	(64.73)	(115.78)	(42.93)	(373.42)	(95.76)
Total Segment Results	(1,006.13)	160.79	(987.99)	(4,042.04)	1,628.40
Add/ (Less):					
(a) Finance Cost	(371.54)	(377.28)	(349.36)	(1,626.29)	(1,391.67)
(b) Net unallocated (expenditure) / income	200.10	165.63	(29.81)	686.30	158.13
<b>Profit/(loss) before tax</b>	<b>(1,177.57)</b>	<b>(50.86)</b>	<b>(1,367.16)</b>	<b>(4,982.03)</b>	<b>394.86</b>
<b>Segment Assets</b>					
(i) Automotive	102,849.49	100,394.06	100,808.11	102,849.49	100,808.11
(ii) Others	2,546.73	2,206.31	2,113.75	2,546.73	2,113.75
Total segment assets	105,396.22	102,600.37	102,921.86	105,396.22	102,921.86
Add: Unallocated	6,857.01	6,971.38	7,100.87	6,857.01	7,100.87
<b>Total assets</b>	<b>112,253.23</b>	<b>109,571.75</b>	<b>110,022.73</b>	<b>112,253.23</b>	<b>110,022.73</b>
<b>Segment Liabilities</b>					
(i) Automotive	48,674.58	50,340.86	41,935.98	48,674.58	41,935.98
(ii) Others	650.21	716.45	551.15	650.21	551.15
Total segment liabilities	49,324.79	51,057.31	42,487.13	49,324.79	42,487.13
Add: Unallocated	32,367.54	33,170.31	37,241.10	32,367.54	37,241.10
<b>Total liabilities</b>	<b>81,692.33</b>	<b>84,227.62</b>	<b>79,728.23</b>	<b>81,692.33</b>	<b>79,728.23</b>

**Notes :**

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on June 04, 2021 and were subjected to audit by the Statutory Auditors.
- The figures for the quarters ended March 31, 2021 and March 31, 2020 are the derived figures between audited figures in respect of full financial year and the unaudited published year to-date figures upto the third quarter of the respective financial year which were subjected to limited review.
- The Group received notice from a third party auto component supplier for certain alleged patent infringements in respect of some of the products supplied by an overseas subsidiary of the Group in the European region. The matter is under litigation and considering that the matter is technical and needs extensive evaluation, it is not possible to predict the potential outcome of this matter. Accordingly, no provision has been considered in respect of this matter in the results for the year ended March 31, 2021. The auditors in their review report have drawn Emphasis of Matter in relation to this matter.
- During the quarter ended March 31, 2021, the Company has issued 17,974,870 equity shares of Re. 1 each at an issue price of Rs. 389 per equity share, aggregating to Rs. 6,992.22 million (including securities premium of Rs. 6,974.25 million). The issue was made through eligible Qualified Institutional Placement (QIP) in terms of chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, Section 42 and other relevant provisions of the Companies Act, 2013. The proceeds (net of issue expenses) have been utilised for repayment of borrowings of the Group (Rs. 890 million) and remaining unutilised amount (Rs. 5,961.92 million) is held as bank balances within the Group as at March 31, 2021.



- 5 The Czech subsidiary of the company had, in earlier years, recognised certain tax credits as deferred tax assets under two different incentive schemes available to the company. The management reassessed the recoverability of these tax assets based on revised business plans, taking into account the impact of COVID-19 on the business volumes and profitability of the Czech subsidiary in the current financial year as well as future years. Based on this assessment, management concluded that there is an uncertainty on the recoverability of the deferred tax assets recognised under the first scheme, which expires by March 2024. Accordingly, the Group considered it prudent to write off these tax assets amounting to Rs. 1,077.76 million under the above-mentioned scheme during the previous quarter ended December 31, 2020, and the same has been disclosed separately as "Exceptional Item" in the results. The management is working on various opportunities to utilize this benefit and this write off does not impact the eligibility of the Czech subsidiary to claim the incentive benefit in the event there are sufficient taxable profits available in subsequent years before expiry of the benefits.
- 6 The "Automotive" segment consists of the business of automobile products consisting of auto parts for two-wheelers, three-wheelers and four-wheelers and related design, development and engineering activities and other services. "Others" comprise of forging components for off road vehicles and components for mining and oil drilling industry which is below the thresholds for reporting as separate operating segment. Investment in Joint Venture and corresponding share of profit/loss from joint venture is considered under unallocated assets and profit/loss respectively.
- 7 The Group's automotive lighting plant at Pune, India was destroyed by fire on February 18, 2020. The insurance claim in this regard was settled in an earlier quarter and accordingly the other income for the year ended March 31, 2021 includes an amount of Rs. 364.72 million (Quarter ended March 31, 2021: Nil ; Quarter ended December 31, 2020: Nil) being the excess of claim amount over net book value of assets destroyed. Further, the Group has sold plot of land belonging to the above said plant. Accordingly, other income for the quarter and year ended March 31, 2021 includes amount of Rs. 241.87 million being profit on sale of such land.
- 8 During the year ended March 31, 2021, subsidiary company in Czech Republic has received a government grant of Rs. 215.47 million (year ended March 31, 2020: Nil; Quarter ended March 31, 2021: Nil and Quarter ended December 31, 2020 : Nil) towards employee benefit expenses incurred during the lockdown imposed due to COVID-19 pandemic.
- 9 The deferred tax in "Tax expense" for the year ended March 31, 2021 includes a credit of Rs. 134.15 Million (Year ended March 31, 2020: credit of Rs. 387.19 million; Quarter ended March 31, 2021: Nil; Quarter ended December 31, 2020: Rs. 134.15 Million) recognized on tax incentive on eligible investments by the subsidiary in Czech Republic which can be utilized against future taxable income over 10 years (Incentive Scheme expires in March 2030).
- 10 As at March 31, 2021, the Group has not complied with some covenants under loan agreements. Accordingly, non-current loans of Rs. 4,981.22 million have been reclassified as current. The management does not expect any material impact on the financial statements/cash flows due to the above.
- 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 Group has considered the possible effects of COVID-19 pandemic including the impact on sales projections for future periods and consequent impacts on the recoverable values of assets including property, plant and equipment, intangible assets, deferred tax assets, etc and impact on liquidity position. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic and arriving at estimates, the Group, as at the date of approval of these financial results, has used internal and external sources of information. The Group has performed analysis on the assumptions used and based on current estimates, expects that the carrying amounts of the assets to be recoverable as at March 31, 2021. The impact of COVID-19 on the Group's financial results may differ from that estimated as at the date of approval of these consolidated financial results.
- 13 Figures of previous year/periods have been reclassified/regrouped/restated, wherever necessary to conform to current period/year's classification.

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

**JAIN TARANG**  
**NARESH**

Digitally signed by JAIN TARANG NARESH  
DN: c=IN, ou=Maharashtra,  
2.5.4.20=63171746b0c514b0d4b753c7a12151aa2d7f4956422c3  
360325807d4b, postalCode=431001, email=JAIN.TARANG@VRL.COM, o=VRL,  
ou=WALMI PATHAN,  
serialNumber=402b2d78a0c5321c55a823005613269f65659498a918  
b095214b3617406648, cn=JAIN TARANG NARESH,  
privateKey=402154e484175852344c2b2a207f880  
Date: 2021.06.04 16:17:20 +05'30'

**Tarang Jain**  
**Chairman & Managing Director**

**Place : Pune**  
**Date : June 04, 2021**

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

**To**  
**The Board of Directors of**  
**Varroc Engineering Limited**

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

**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Varroc Engineering Limited (the "Company") for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2021 and for the year ended March 31, 2021.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

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

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# ***S R B C & C O L L P***

Chartered Accountants

## **Other Matter**

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

## **For S R B C & C O L L P**

Chartered Accountants

**ICAI Firm Registration Number:** 324982E/E300003

PAUL MICHAEL  
ALVARES

Digitally signed by PAUL  
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Date: 2021.06.04 16:26:43 +05'30'

**per Paul Alvares**

Partner

Membership No.: 105754

UDIN: 21105754AAAACZ2270

Place of Signature:

Date: June 04, 2021

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

**To**  
**The Board of Directors of**  
**Varroc Engineering Limited**

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

**Opinion**

We have audited the accompanying statement of quarterly and year to date consolidated financial results of Varroc Engineering Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate audited financial statements/ financial results/financial information of the subsidiaries / joint ventures, the Statement:

- i. includes the results of the following entities:  
List of Subsidiaries:  
Varroc Polymers Private Limited; Durovalves India Private Limited; Team Concepts Private Limited; CarlQ Technologies Private Limited; Varroc European Holding B.V.; VarrocCorp Holding B.V.; Varroc Japan Co. Ltd.; IMES, Italy; Varroc Lighting Systems Italy, S.p.A.; Varroc Lighting Systems Romania S.A.; Varroc Lighting Systems Vietnam Co. Ltd.; Varroc Lighting Systems SRO CZ; Varroc Lighting Systems, INC; Varroc Lighting Systems, GmbH; Varroc Lighting Systems, S.de.R.L.de.C.V.; Varroc Lighting Systems SA, Morocco; Varroc do Brasil Industria E Comercio LTDA; Varroc Lighting Systems, S.p.z.o.o.; Varroc Lighting Systems Endüstriyel Ürünler İmalat ve Ticaret Anonim Şirketi; Varroc Lighting Systems Bulgaria Eood, Varroc Lighting Systems Electronics Romania SRL.  
List of Joint Ventures:  
Nuova CTS, Srl, Italy; Varroc TYC Corporation BVI; Varroc Dell'Orto Private Limited.
- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net loss and other comprehensive loss and other financial information of the Group for the quarter ended March 31, 2021 and for the year ended March 31, 2021.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group, its associates and [joint ventures/joint operations] in accordance with the 'Code of Ethics' issued by the Institute of Chartered

Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in “Other Matter” paragraph below, is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to Note 3 of the accompanying consolidated financial results in respect of litigation relating to alleged patent infringements. In management’s view, the matter is technical and needs extensive evaluation and hence it is not possible to determine the potential outcome of this matter. Based on a legal opinion obtained, the Group believes that it has grounds to defend against the said allegation and accordingly no provision has been considered in respect of this matter as at March 31, 2021 in the consolidated financial results.

Our opinion is not qualified in respect of this matter

**Management’s Responsibilities for the Consolidated Financial Results**

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company’s Board of Directors is responsible for the preparation and presentation of the Statement that give a true and fair view of the net loss and other comprehensive loss and other financial information of the Group including its joint ventures in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

**Auditor’s Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and [joint ventures/joint operations] to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and [joint ventures/joint operations] to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

#### **Other Matter**

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

- 9 subsidiaries, whose financial results/statements include total assets of Rs 67,128 million as at March 31, 2021, total revenues of Rs 22,648 million and Rs 74,604 million, total net loss after tax of Rs. 884 million and Rs. 5,399 million, total comprehensive loss of Rs. 948 million and Rs. 5,463 million, for the quarter and the year ended on that date respectively, and net cash outflows

of Rs. 5,200 million for the year ended March 31, 2021, as considered in the Statement which have been audited by their respective independent auditors.

- 1 joint venture, whose financial results/statements include Group's share of net profit of Rs. 55 million and Rs. 405 million and Group's share of total comprehensive income of Rs. 55 million and Rs. 405 million for the quarter and for the year ended March 31, 2021 respectively, as considered in the Statement whose financial results/financial statements, other financial information have been audited by their respective independent auditors.

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

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

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

- 4 subsidiaries, whose financial results/statements and other financial information reflect total assets of Rs 1,458 million as at March 31, 2021, and total revenues of Rs 431 million and Rs 887 million, total net loss after tax of Rs. 65 million and Rs. 37 million, total comprehensive loss of Rs. 65 million and Rs. 36 million, for the quarter and the year ended on that date respectively and net cash inflows of Rs. 79 million for the year ended March 31, 2021, whose financial results /statements and other financial information have not been audited by any auditor.
- 3 joint ventures, whose financial results/statements includes the Group's share of net profit/(loss) of Rs. 9 million and (Rs 49 million) and Group's share of total comprehensive income/loss of Rs. 9 million and (Rs. 49 million) for the quarter and for the year ended March 31, 2021 respectively, as considered in the Statement whose financial results/statements and other financial information have not been audited by any auditor.

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

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Management.

# ***S R B C & C O L L P***

Chartered Accountants

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

## **For S R B C & C O L L P**

Chartered Accountants

**ICAI Firm Registration Number:** 324982E/E300003

**PAUL MICHAEL  
ALVARES**

Digitally signed by PAUL  
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**per Paul Alvares**

Partner

Membership No.: 105754

UDIN: 21105754AAAADA3772

Place of Signature: Pune

Date: June 04, 2021