



BRILLIANCE @SCALE

Annual Report 2025-26

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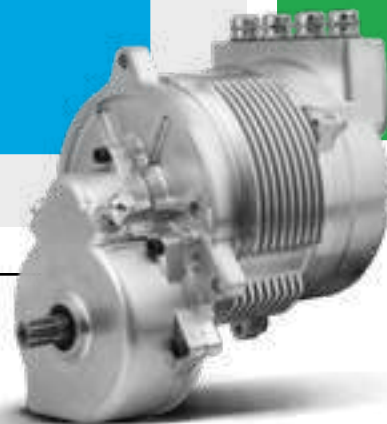
Notice

460	38 th Annual General Meeting



BRILLIANCE @ SCALE

At Varroc, we believe brilliance creates its greatest impact when it is scaled with precision, consistency and purpose. By combining deep engineering expertise with advanced manufacturing, technology and innovation, we transform ideas into intelligent mobility solutions that shape the future of the automotive industry.



Brilliance at Scale defines the way we create value. It reflects our ability to translate deep engineering expertise into intelligent solutions, transform manufacturing excellence into dependable execution and build trusted partnerships that accelerate progress. From conventional mobility and electrification to advanced lighting, connected technologies and intelligent cockpit solutions, we are engineering a portfolio that keeps pace with a rapidly evolving world.

Guided by our Safe, Smart and Sustainable philosophy, we combine innovation, agility and responsible business practices to deliver meaningful outcomes for customers, communities and stakeholders.

With every solution we create, we are setting new benchmarks for engineering excellence at scale.

Corporate Snapshot

The Varroc Advantage

We are a global automotive technology company delivering engineering-led mobility solutions backed by advanced manufacturing capabilities. Our portfolio spans electrical and electronic systems, lighting solutions, polymer and metallic components, precision-engineered powertrain products and intelligent mobility technologies for leading OEMs in the two-wheeler, three-wheeler, passenger vehicle, commercial vehicle and off-highway segments.

As mobility transitions towards electrified, connected and intelligent platforms, we are shaping the next generation of automotive innovation. By combining engineering excellence, manufacturing expertise and investments in emerging technologies, we develop safer, smarter and more sustainable mobility solutions while expanding our capabilities in EV components, advanced lighting, telematics and driver assistance systems.



Vision

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



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.



Vision

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

BRILLIANCE@SCALE

Engineering Brilliance for Safe, Smart & Sustainable Mobility



Consistent Brilliance

-  Every product
-  Every Line
-  Every Delivery

Precision engineering and operational excellence deliver reliability and quality at scale, every time.



Competitive Brilliance

-  Safe Solutions
-  Smart Innovation
-  Sustainable by design

Innovation, future-ready solutions that helps our customers lead in a rapidly evolving world.



Global Brilliance

-  Innovation across geographies
-  Mobility across segments
-  Impact that travels far

A global mindset with deep local understanding powering mobility worldwide.

BRILLIANCE@SCALE is more than a tagline.

It is embedded across our people, processes, products and partnerships. It is how we engineer progress and drive the future of mobility



ICE Powertrain Solutions



E-Mobility Solutions



Body System Solutions



HMI Solutions



Varroc Connect



Lighting Solutions



Intelligent Cockpit and ADAS



Aftermarket



Varroc Smart Mobility

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Annual Report 2025-2605

Key Highlights

A Year of Defining Progress

 ₹ 88,905 Mn Revenue	 9.4% EBITDA Margin	 4.3% PBT Margin
 24.2% ROCE	 0.27x Net Debt / Equity	 37 Manufacturing Facilities
 7+ Global R&D Centres	 130+ Patent Filings	 5,400+ Employees
 36% Renewable Energy Contribution	 52,000 tonnes of CO₂e Emissions Avoided	 30,51,444 kWh Electricity saved due to targeted initiatives



Our Journey

Engineering Our Evolution

2014

Received private equity investment from Tata Opportunity Fund

Acquired a 50% stake in Varroc TYC Corporation (China)

2012

Acquired Visteon's global Passenger Vehicle (PV) Lighting Business

2011

Acquired Tri.o.m., Italy, expanding into two-wheeler lighting

2007

Acquired Forging Company IMES, Italy for critical large forging required for Earth Moving and Oil drilling companies

2005

Entered a technical collaboration with Delphi Corporation, Germany, to manufacture catalytic converters for two-wheelers and three-wheelers in India

2001

Formed a technical collaboration with Mitsuba Corporation, Japan, for electrical and electronic products for two-wheelers and three-wheelers

1996

Partnered with Scarpa and Colombo to manufacture engine valves in India

1990

Initiated polymer business in Chhatrapati Sambhaji Nagar (erstwhile Aurangabad), India, marking the first milestone of the journey

2025

Renewable energy sourcing in India exceeded 36%, strengthening our commitment to sustainable manufacturing

2024

Expanded the portfolio with ISG and secured the first interior lighting programme

2023

- Secured the first OEM programme for the Driver Monitoring System
- Established the Group ESG Policy

2022

- Started localised production of EV components for two-wheelers and three-wheelers in India
- Expanded the portfolio to include ADAS, Driver Monitoring Systems and Video Telematics
- Divested the passenger vehicle lighting business in Europe and the Americas to Plastic Omnium

2019

Acquired a 74% stake in CarlQ, a leading telematics solution provider

2018

Listed on the National Stock Exchange and Bombay Stock Exchange

2017

- Acquired a 90% stake in auto accessories manufacturer TCPL (India)
- Formed a joint venture with Dell'orto for Electronic Fuel Injection Technology for two-wheelers and three-wheelers in India
- Technical collaboration with Heraeus, Germany for catalytic converter



Geographic Presence

Where We Make Our Mark

A GLOBAL FOOTPRINT

130+
PATENTS

37
MANUFACTURING FACILITIES

07
TECHNICAL CENTRES

₹88,905 MN
FY 2026 REVENUE

2-WHEELER

3-WHEELER

FARM VEHICLE

OFF HIGHWAY VEHICLE

4-WHEELER

COMMERCIAL VEHICLE

HEADQUARTERS

TECHNICAL CENTRE

MANUFACTURING PLANT

SALES

AFTERMARKET
Present in 31 countries





MESSAGE FROM CHAIRMAN

FY 2025-26 strengthened Varroc's foundation as a globally competitive mobility technology enterprise — combining disciplined growth, deep customer relationships, electronics and EV-led innovation, resilient operations and sustainable value creation.

Dear Shareholders,

It gives me great pleasure to present Varroc Engineering Limited's Annual Report for FY 2025-26 — a year in which we strengthened our business, deepened our technology capabilities, improved financial resilience and moved with greater confidence towards our long-term aspiration of building a globally competitive, technology-led automotive solutions company.

The year reinforced a clear truth for our industry: future leadership will be defined not only by scale, but by the ability to combine engineering depth, embedded electronics, software-enabled functionality, sustainable manufacturing, customer intimacy and disciplined execution. Varroc's strategy is aligned to this transition.

Growth Amid Volatility

FY 2025-26 was marked by both opportunity and uncertainty. The Indian economy remained one of the strongest growth engines globally, supported by resilient domestic demand, moderating inflation, easing interest rates and continued investments in manufacturing, infrastructure and mobility.

At the same time, global businesses continued to operate in an environment of rising tariff barriers, geopolitical tensions, supply-chain restrictions and increasing regionalisation. These developments reinforced the importance of resilience, localisation, technology depth and capital discipline in our business model.

Against this backdrop, Varroc delivered a year of steady growth and strategic progress. For FY26, consolidated revenue stood at

approximately ₹88,905 million, reflecting around 9% year-on-year growth. EBITDA margin for the year was approximately 9.4%, while PBT margin improved by about 50 basis points to 4.3%.

India Business: The Anchor of Growth, Profit and Cash Flow

Our India business continued to be the growth, profit and cash flow generation anchor for the Company. The continued strength of our India operations reflects the depth of our customer relationships, our diversified product portfolio and our ability to execute with agility across two-wheelers, three-wheelers, passenger vehicles and commercial vehicles.

Our overseas businesses remained an area of focus. These businesses have faced challenges due to market weakness, customer concentration and cost pressures. However, we have already started seeing recovery in growth in overseas operations. On the back of strong order wins, overseas electronics is expected to reach EBITDA neutral position by the end of FY27. Business wins from highly advanced technology OEMs for Romania and Thailand operations will help us to establish our lighting and electronics business globally.

Structurally, we will continue to prioritize profitable growth, customer diversification, product mix improvement and disciplined capital allocation in our businesses.

These efforts are expected to support our ambition to build a globally competitive, leaner and more resilient international business.

During the year, we undertook actions to make our cost structure more robust. In FY26, the Company implemented a voluntary retirement scheme involving a one-time expense of approximately ₹799 million, aimed at improving long-term productivity and cost competitiveness.

Such actions, while impacting short-term reported profitability, are important to prepare the organization for the next phase of profitable growth.

EV and Electronics As Future Growth Engines

A major highlight of the year was the growing contribution from electric vehicles. EV-related revenue continued to increase during FY26, with EV revenue contributing around 13% for the full year.

Importantly, our order wins were strongly skewed towards EV and future-facing platforms and include some high-end electronic products which can enhance our competitive positioning in India also. For the full year, net new business wins were approximately ₹32,890 million in annualised peak revenue, with around 65% related to EV models. These wins validate our strategic focus on technology-led growth.

Over the years, Varroc has made deliberate investments in EV components, lighting, electronics, telematics, advanced safety and connected solutions. We began localised production of two-wheeler and three-wheeler EV components in India in 2022 and have expanded our product portfolio into fuel-efficient products such as EFI and ISG.

Varroc continues to invest diligently in ADAS, driver monitoring systems and video telematics. We have also set up a dedicated R&D team in China for advanced lighting technology and to support electronics development. These initiatives demonstrate our intent to build capabilities ahead of industry transitions and offer integrated, high-technology solutions to customers.

Our business remains closely aligned with industry megatrends — electrification, safety, smart mobility, lightweighting, premiumisation and localisation. Varroc's portfolio spans electricals, electronics, lighting, polymers, metallics, aftermarket and advanced safety solutions, enabling us to participate meaningfully in the transformation of mobility.

Technology-led growth pillars

Electrification

EV components, emission-control aligned products, EFI and ISG

Intelligent Mobility

ADAS, driver monitoring systems, video telematics and connected clusters

Advanced Lighting & Electronics

Advanced lighting technology, electronics development and localised manufacturing

Brilliance @ Scale: From Excellence to Enterprise Capability

Our theme for the year — Brilliance @ Scale — captures this aspiration. For Varroc, brilliance is not only about breakthrough technology or isolated excellence; it is about creating a culture where innovation, execution discipline,

customer centricity, quality, cost leadership and sustainability are embedded across every plant, every function and every geography.

Scale is meaningful only when it is supported by systems, people, processes and values that can consistently deliver performance. FY26 demonstrated our progress in translating this philosophy into business outcomes.

The future of mobility is being redefined, driven by sustainability, electrification, and digital innovation. At Varroc, we are aligning ourselves with this transformative shift, ready to lead with brilliance across geographics and demographics.

Our focus is on accelerating advancements in electric vehicle systems, smart mobility solutions, and energy-efficient designs across platforms.

We are strengthening our global presence while deepening our commitment to localization and vertical integration. With a renewed organizational structure and a future-ready mindset, we aim to create more intelligent, connected and sustainable mobility solutions.

Powered by a diverse and empowered workforce, we are not just performing to change. We are shaping it. Together, we are propelling Varroc into a new era of growth, relevance, and global impact.

Sustainability: Engineering Responsible Mobility

Sustainability remains central to our purpose. Varroc's stated vision is to engineer a better world through

safe, smart and sustainable mobility solutions.

Our focus is on sustainable mobility solutions for EV and emission control, safe mobility through lighting and advanced safety technologies, and smart mobility through telematics, connected clusters and sensor interfaces. Our sustainability approach also covers responsible manufacturing, environmental stewardship, employee wellbeing and community development.

Sustainability is not merely a compliance requirement for Varroc; it is a core element of our long-term growth strategy and value creation journey. We remain committed to improving energy efficiency, increasing the use of renewable energy, conserving natural resources and minimising waste across our facilities.

Governance at the Core of Value Creation

Strong governance is fundamental to preserving stakeholder trust and creating enduring value. Our Board remains committed to the highest standards of integrity, transparency and accountability, supported by rigorous oversight of strategy, risk, compliance, internal controls and sustainability. Through a governance framework aligned with global best practices and regulatory expectations, we continue to strengthen Board effectiveness, ethical conduct, stakeholder engagement and long-term resilience. I would like

to express my heartfelt gratitude to the Directors who stepped down during the year for their dedicated service and significant contributions to the Company's journey. I also extend a warm welcome, once again, to the new members of the Board whose experience, insight and leadership will enrich our deliberations and support the Company's next phase of growth and transformation.

People and Culture: The Force Behind Brilliance

People continue to be the foundation of Varroc. The spirit of Brilliance @ Scale is ultimately created by our teams — engineers who innovate, shopfloor colleagues who deliver quality every day, commercial teams who remain close to customers, finance and support teams who strengthen controls and governance, and leaders who build capabilities for the future.

During the year, we continued to recognise and encourage performance, ownership and collaboration across the organisation. As mobility transforms, the capabilities required to succeed are also changing, and our teams are preparing Varroc to respond with agility and technology depth.

FY27 Priorities and Vision for FY 2031

For Varroc, FY27 will be an important year of execution. Our priorities are clear: sustain above-market growth backed by technology-led product portfolio,

improve profitability, revive overseas performance, strengthen cash generation and continue investing in future-facing technologies.

We will remain disciplined in capital allocation, with FY27 capex expected to be directed largely towards EV and electronics capacity expansion.

We are also developing strategic plans to cross revenue of ₹200,000 million by FY2031. It is not merely a financial milestone — it is a reflection of our confidence in the opportunities ahead and our ability to create sustainable value for all stakeholders. A major part of this growth will be driven by EV-led growth, both in India and overseas markets. We are also strengthening our aftermarket business by widening the network as well as product portfolio. We also continue to explore non-auto adjacencies, inorganic opportunities which are close to our core areas of competencies and strategic partnerships.

This growth will also be driven by deepening relationships with existing customers as well as expanding our share with global OEMs.

With a robust business pipeline, expanding customer base and disciplined execution, we are confident of creating the next phase of growth and achieving our vision of becoming a ₹200,000 million global mobility technology enterprise by FY2031.

Building the Future, Responsibly and Profitably

We remain optimistic about the medium-to-long-term prospects of the automotive industry. India's structural growth drivers — rising income levels, infrastructure development, premiumisation, regulatory evolution and electrification — continue to create attractive opportunities. Globally, while uncertainties remain, the move towards resilient supply chains, regionalisation and technology-led sourcing can create new opportunities for companies with strong execution and engineering depth.

FY26 has strengthened our belief that Varroc has the capabilities, culture and strategic clarity to participate meaningfully in the next phase of mobility transformation. As we move forward, our endeavour will be to build a Varroc that is more innovative, more resilient, more sustainable and more profitable.

We will continue to pursue Brilliance @ Scale — not as a slogan, but as a way of working; not as a one-year theme, but as a long-term commitment to excellence.

Warm regards,

Tarang Jain
Chairman and
Managing Director
Varroc Engineering Limited



MESSAGE FROM GROUP CHIEF FINANCIAL OFFICER

FY26 was a year of disciplined growth and structural transformation, including choices deferred as deliberately as choices made.

Dear Shareholders,

FY26 began under the shadow of one conflict and ended amidst another. In between, we navigated a rare-earth magnet supply squeeze, a stubbornly weak European automotive market, and a global tariff environment that grew more, not less, complicated. Yet, the year also gave us tailwinds: India remained the fastest-growing major economy (7.7% GDP Growth), rural and urban consumption converged for the first time in three years, and the GST rate rationalization on automobiles in the second half unlocked demand across every segment we serve.

Against this backdrop, Varroc closed FY26 with consolidated revenue of ₹88,905 million, up 9.0% year-on-year, EBITDA of ₹8,364 million at a 9.4% margin, and PBT before exceptional and JV items of ₹3,814 million — a 50-bps margin improvement to 4.3%. More important than the numbers is the direction: we entered the year with net debt of ₹7,480 million, reached the lowest level of ₹3,800 million and ended the year at ₹4,952 million, and we did so while funding voluntary retirement, a new R&D centre in China, and 45% higher tangible capex as against previous year, for future growth.

FY26 was therefore a year of disciplined growth and structural transformation, including choices deferred as deliberately as choices made.

FY26 Performance Highlights — Told Through Four Levers

I have organized this letter around the four levers of value compounding on which we measure ourselves and by which I invite you to measure us: revenue growth, margin improvement, free-cash-flow generation, and capital deployment.

Revenue Growth – Scaling Up Against Odds

The compositional shift is the more meaningful story. Revenue from EV models rose to ~13% of consolidated revenue in FY26, up from 9.8% in FY25 and 5.3% in FY24. More than 65% of our total order wins is from EV programs, including landmark high-voltage EV electronics mandate and bi-directional wall charger for a global OEMs, to be executed out of our Romania facility. In the coming quarters, we expect this order book to strengthen further, making Romania a key contributor to our growth in high-technology electronic segment.

Margin Improvement – Making the Business More Robust

As explained in my earlier communications, we continue to strive hard to improve margins. During the year, our India business could realize sourcing savings of up to 1% of revenue, though changes in business mix moderated this benefit.

Our strategy has been to contain fixed costs so that the increase in

cash fixed costs is much less than the growth in revenue. Towards this, two structural moves - Voluntary Separation Scheme (VSS) and delayering (Q4 FY 25) - have been implemented to reset our manpower cost base for the medium term. With these special initiatives and internal discipline, we could limit increase in our fixed costs to only ~4% for a 10% growth in revenue in India business.

We established a dedicated R&D centre in China and reinforced Poland and India engineering to support new 4-wheeler lighting and electronics mandates.

The India business tells the underlying story most honestly. During the year, India PBT margin expanded to 7.4% from 5.7% in the previous year and India EBITDA margin improved to 11.8% from 11%. The operating-leverage pyramid effect was clear in FY 26 also with absolute PBT (before exceptional items) growing by ~42% for a 10% growth in revenue. Consolidated PBT margin (pre-exceptional) improved 50 bps to 4.3% despite the overseas drag, and interest servicing ratio improved to 6.34x from 4.76x.

FCF Generation — The Convergence That Sets Us Apart

We continue to generate strong cash flow from our operations, with ~84% conversion of EBITDA into cash-from-operations in the last 3 years (without considering



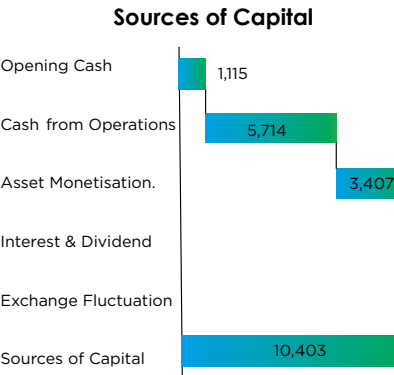
one-timers like the VRS scheme in FY 26), a sign that our reported profits are being fully monetized through working-capital discipline, not warehoused in receivables or inventory. The cash generation would have been even higher with timely realisation of incentives receivable from the Government.

Capital Deployment —
Deleveraging Without Under-Investing

We continue to be prudent in capital deployment. During FY 26, we had ₹ 10,403 million of capital for deployment – including monetization of our investment in China JV and the cash generated from operations. The deployment was largely in high-growth areas with low capital intensity, VSS payments for correcting cost structure and in repayment of debt and interest.

Net debt was reduced by ₹2,528 million to ₹4,952 million; Net Debt/ EBITDA improved to 0.59 x, Net Debt/Equity to 0.27x. We fully prepaid our 2,500 millions NCDs in March 2026.

ROCE improved significantly in the last 3 years to 24.2% from 15.2% in FY23.



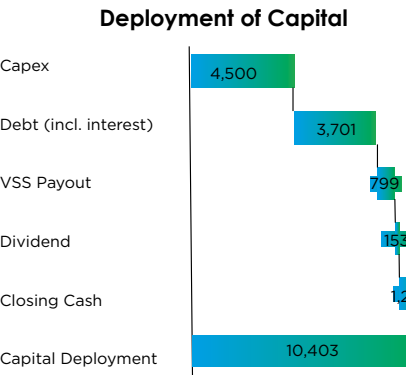
Where We Fell Short

Candour is the foundation of credibility, so let me be direct.

Our European forging and electronics operations continued to incur losses at EBITDA level. We have taken actions to improve productivity in forging business, and we expect to see improved performance in FY 27. FY26 was the third consecutive year for revenue de-growth in overseas business. As indicated earlier, we could see growth revival in overseas revenues in Q4 FY26 and we now expect overseas business operations (excl. advanced overseas R&D) to reach EBITDA breakeven by Q4 FY27 — a commitment against which we should be held accountable.

During Q4, India revenue growth lagged the production growth of auto industry despite our premiumization content story. The honest answer is that we underestimated the pace of model-mix shifts at some customers and the supplier capacity constraints added to this problem. We should have corrective actions in place by H2 of FY 27.

Consolidated EBITDA margin was at 9.4% (9.5% in FY25) due to our strategic investment in R&D



capabilities for future growth and higher tooling-mix revenue at low pass-through margins.

The auditor’s qualified opinion relating to arbitration-linked income recognition remains open. We are actively pursuing resolution with the counterparty and, if arbitration proceeds, will continue to disclose transparently. We are also exploring all options to find suitable conclusion for the major legal issues.

Where we fell short, we own it. We are not restating targets; we are strengthening the execution behind them.

Building the Future

In FY26 we accelerated our investment in: Innovation and engineering across seven technical centres, with new capability build-out in Lighting, ADAS, driver-monitoring systems, intelligent cockpit and high-voltage electronics.

Digital manufacturing and AI — we are deploying AI use cases in predictive quality, inventory optimization, productivity improvements and internal controls, and are piloting connected-plant analytics across our largest India facilities.

Initiatives like the globally acclaimed Kham River Restoration project, 90%+ waste recycling; zero liquid discharge with water evaporation technology; and ~45% renewable energy sourcing, strengthen our credentials in sustainability.

Why the Future Is Exciting

Electrification is now measurable, not aspirational. EV models are ~13% of our revenue today, growing at 40–50% YoY, with 65%+ of new order wins EV-linked. Content per EV vehicle for us is 5–6x that of an equivalent ICE variant. With the recent Gulf war, we see a significant shift in demand towards EVs. The new order wins in overseas electronics can be a significant growth lever for us in the coming years. ADAS, connected mobility and premiumization are lifting content per vehicle across all our platforms. Our lighting business received a new fillip in the form of a capable R&D team in China.

For FY27, we expect mid-to-high-teens revenue growth, EBITDA margins higher than FY26, EBITDA breakeven by Q4 in overseas business, and CapEx of 4,500–5,000 million focused on EV, lighting and electronics. Our stated aspiration remains to double revenue over FY26 by FY31, through organic and inorganic options, with ROCE to move well above 25% and continued deleveraging toward a near-zero-net-debt balance sheet by FY28.

These are our aspirations, but not a guidance.

Closing Remarks

Finally, let me take this opportunity to thank

- our employees — 5,400+ colleagues across nine countries
- our customers – for their trust in us
- our suppliers - for standing with us through the rare-earth and other supply shortages
- our investors, lenders and rating agencies - for the discipline you demand of us — you make us better.
- And to our Board and Chairman - for supporting our efforts and initiatives

Long-term value in our industry is not created in any single quarter. It is created by repeatable discipline of growing profitably better than the market, converting the profits into cash, and redeploying that cash into the technologies our customers will need soon. That is the value compounding machine we are building. That is the machine we ask you to judge us by.

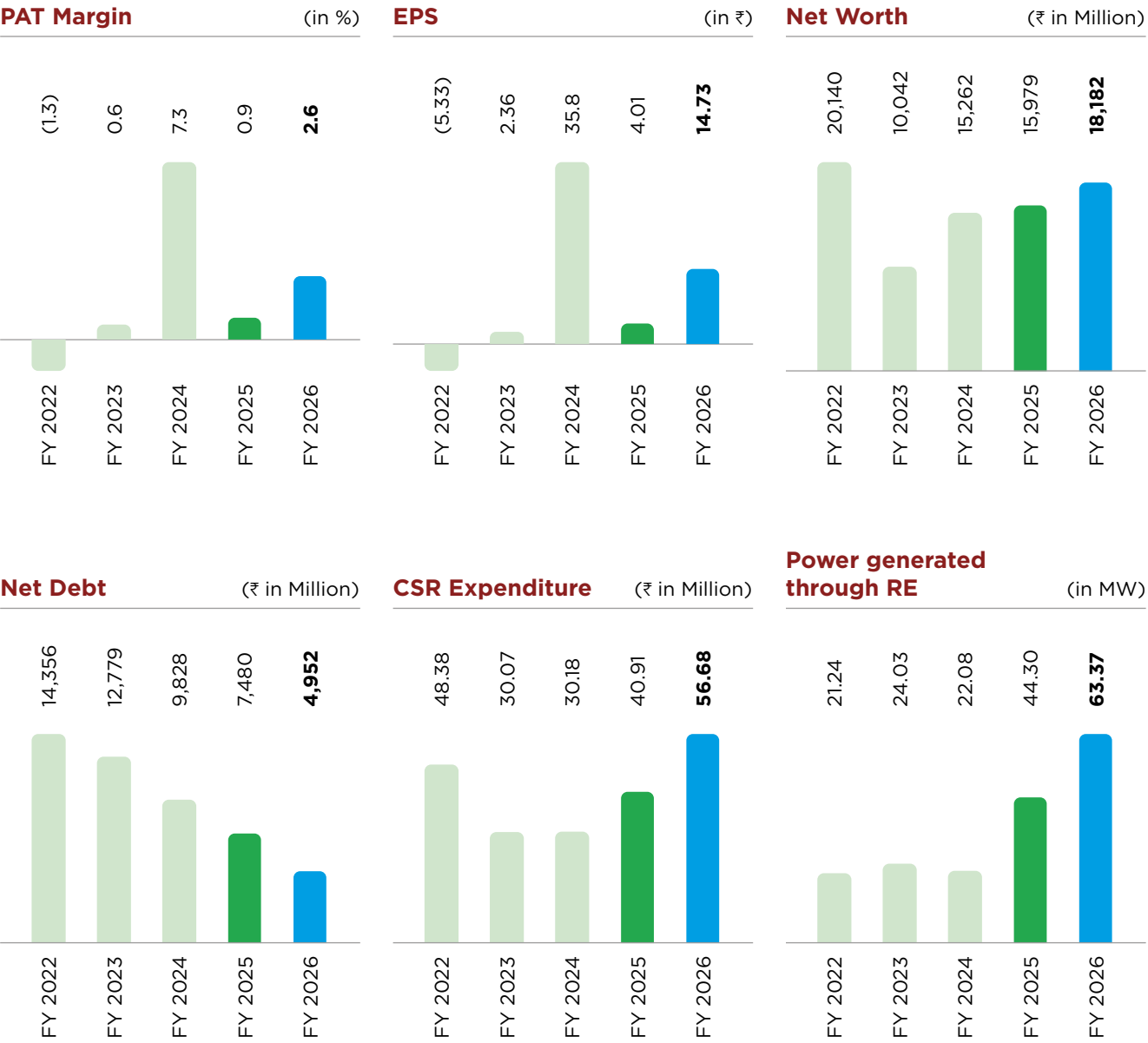
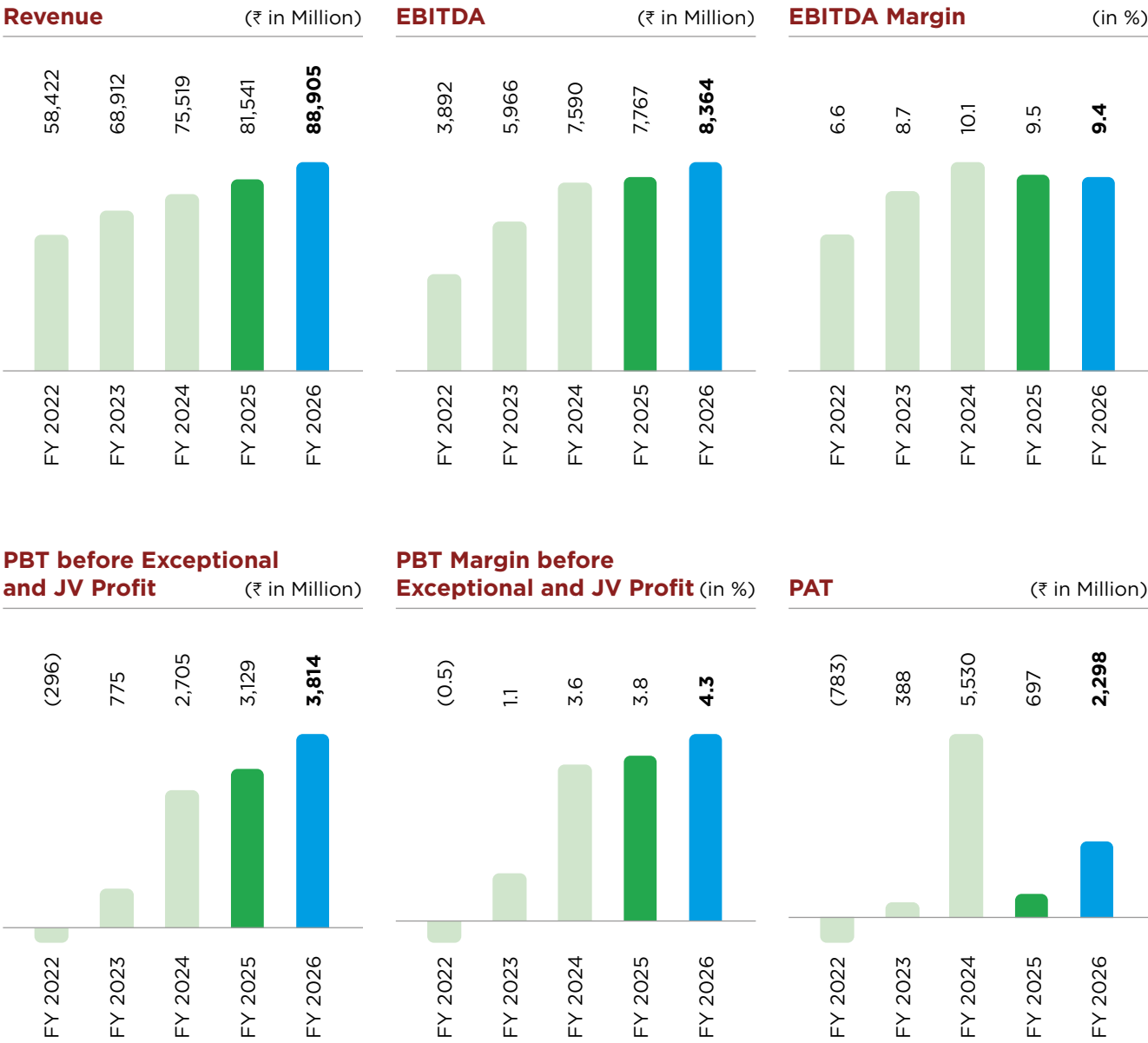
With gratitude and conviction,

K. Mahendra Kumar

Group Chief Financial Officer
Varroc Engineering Limited

Performance Highlights

The Numbers Behind Our Growth



What Drives Our Edge

Built to Compete. Designed to Grow.

Our strengths enable us to scale with agility while advancing technology leadership in a rapidly evolving mobility landscape.

Focused Investment in R&D and Innovation

We invest consistently in engineering and technology development to create differentiated solutions aligned with key industry shifts, including electrification, digitalisation and connected mobility.

Low-cost Manufacturing Footprint

Our strategically located manufacturing facilities across India, Vietnam, Romania and Thailand support operational efficiency and customer proximity.

Strong Competitive Position in High-Growth Segments

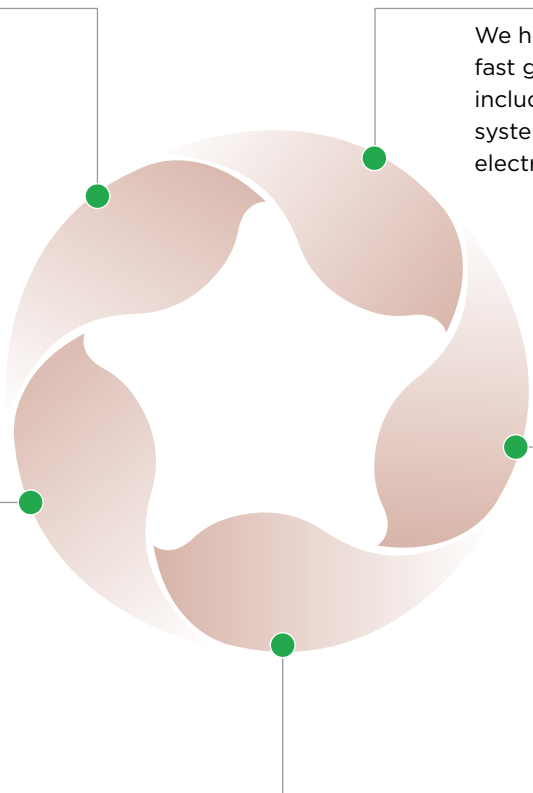
We hold leading positions in fast growing mobility segments, including two-wheeler powertrain systems, lighting and emerging electronics led categories.

Deep and Enduring OEM Relationships

Our long-standing partnerships with leading OEMs across premium and mass-market segments provide strong strategic visibility and support sustained business momentum.

Comprehensive Solution Provider

Our end-to-end capabilities span design, engineering, development and manufacturing across ICE, EV, lighting, HMI and smart mobility segments.



Operating Landscape

Navigating a New Mobility Era

The automotive industry is being reshaped by electrification, stricter regulations, rapid technology adoption and changing consumer expectations. Software-defined vehicles, connected ecosystems, advanced safety technologies and sustainability are redefining product development and creating new opportunities for innovation.

Key Industry Trends

Business Environment Challenge	Industry Impact	Varroc's Strategic Response
Dependence on Cyclical Automotive Demand	Demand fluctuations across vehicle segments can affect production planning, capacity utilisation and revenue visibility.	We are focusing on Non- Automotive and expanding aftermarket business to overcome cyclical automotive demand.
Limited Localisation of Critical EV Components	Reliance on imported battery cells and advanced electronic components can increase supply chain risks and cost pressures.	We are enhancing localisation through in-house engineering, advanced electronics manufacturing and expanded capabilities in EV powertrain systems, battery management and charging solutions.
Operational Complexity in Global Markets	Higher labour costs and evolving regulatory requirements, particularly in Europe, can impact operational efficiency and margins.	Our diversified global manufacturing footprint across India, Vietnam, Romania and Thailand enables cost optimisation, supply chain agility and closer proximity to customers.
Competitive Intensity in Global Markets	Intense price competition, the presence of local suppliers and counterfeit products can affect market share and brand differentiation.	We continue to differentiate through technology-led innovation, engineering excellence, superior product quality, agility, nimbleness in execution, and long-standing relationships with leading OEMs.

Managing External Threats

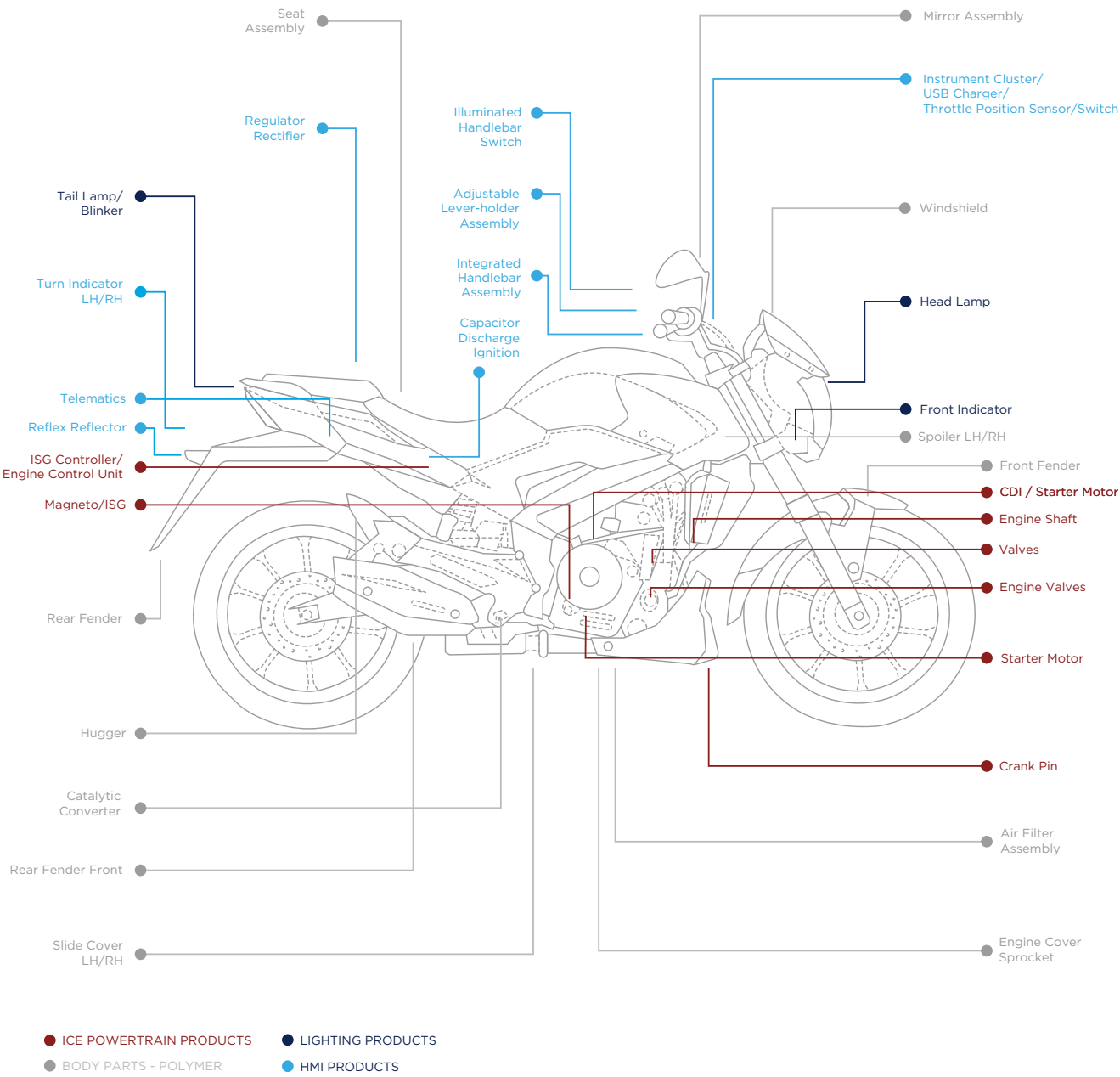
External Threat	Potential Impact	Varroc's Mitigation Approach
Geopolitical Disruptions	Trade tensions, geopolitical uncertainties and logistics disruptions may affect global sourcing and delivery schedules.	We are strengthening supply chain resilience through supplier diversification, regional sourcing strategies and enhanced procurement planning.
Stringent Emission and Regulatory Norms	Evolving regulatory requirements necessitate continuous investment in advanced technologies and product upgrades.	We continue to invest in electrification, lightweight solutions, advanced electronics and next-generation mobility technologies to remain ahead of evolving regulations.
Raw Material and Foreign Exchange Volatility	Fluctuations in commodity prices and currency movements may impact costs, margins and profitability.	We mitigate these risks through cost optimisation, localisation initiatives, disciplined sourcing and effective financial risk management.
Economic Slowdown in Major Markets	Weak automotive demand in key markets such as Europe and the US may affect vehicle production and customer demand.	We are expanding our presence in high-growth segments, including EVs, ADAS, connected mobility, telematics and premium automotive electronics, to diversify revenue streams and enhance resilience.



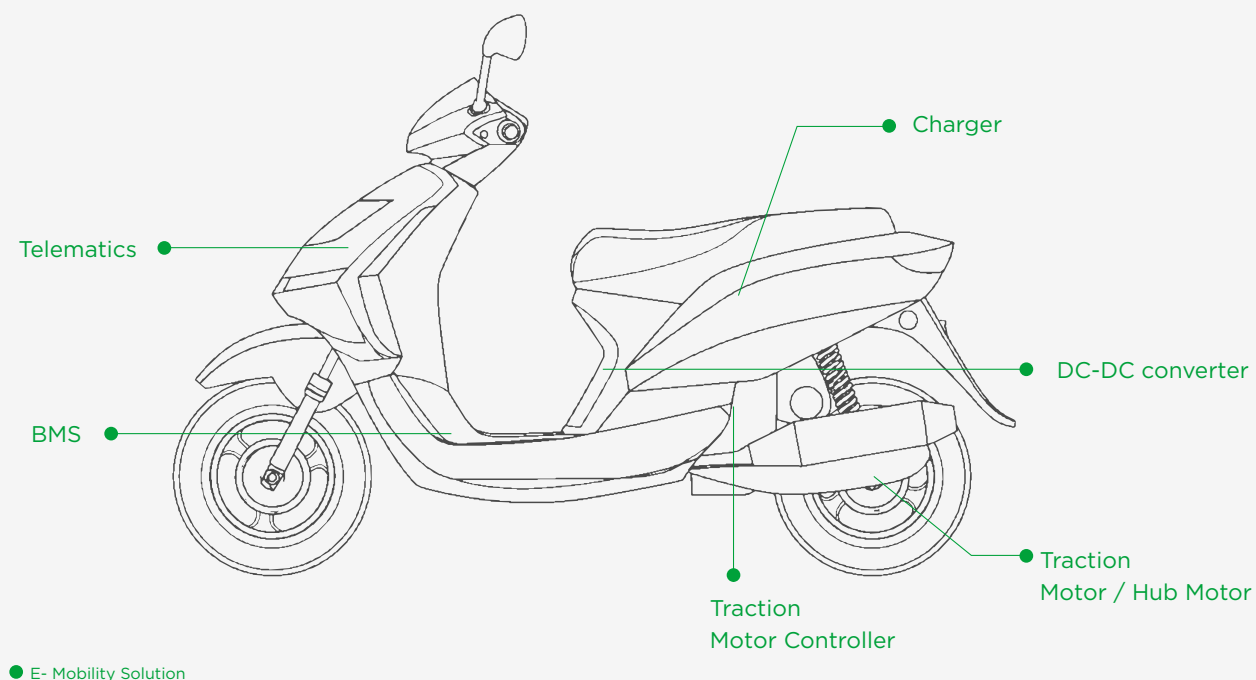
Varroc's Diverse Automotive Product Range

Powering Every Mobility Need

Internal Combustion Engine



Electric Vehicle



PCBA Daughter Board: is a secondary circuit board that connects to the main inverter board to provide specialized functions



PCBA Inverter Main Atlas Rohm: The main inverter converts DC power from the battery into AC power to drive the electric motor. It is a central part of the vehicle's propulsion system



TSU PCBA: is a dedicated circuit board used in inverter systems—to accurately measure current using shunt resistors. It processes and transmits current data to the main control board, and system monitoring.

PCBA Inverter Atlas Alpha

Shunt Current Sense: monitor and control the flow of electrical current in a three-phase motor drive or power conversion system.



PEU: the Power Electronics Unit, is responsible for on-board charging, power conversion, and control of the high voltage battery.

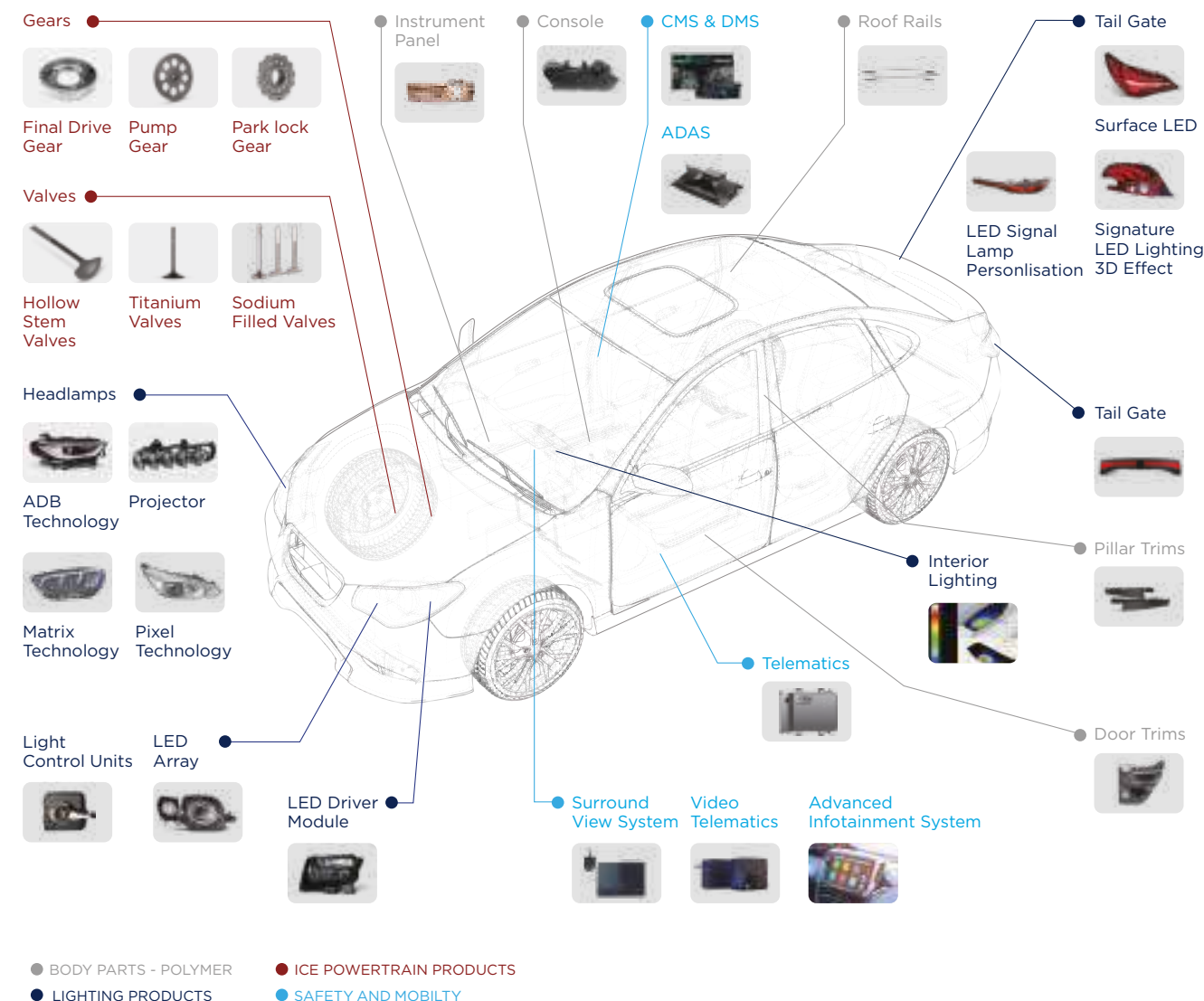


LV Control: refers to the systems and components used to monitor, regulate, and operate electrical equipment that runs on low voltage, typically below 1000 volts AC or 1500 volts DC.



HV Power PCBA: refers to electrical power systems or components that operate at voltages significantly higher than standard household levels. Typically, HV starts at above 1000 volts AC or 1500 volts DC, and is used in industrial, transmission, and specialized equipment where large amounts of energy need to be moved efficiently.

Passenger Vehicles



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 2-Wheelers, commercial vehicles, and off-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.

- Engine Valves
- Transmission
- ICE electronics
- ACG & ISG
- Starter Motors
- BLDC Motors



INTEGRATED STARTER GENERATOR (ISG)

Improves fuel efficiency while ensuring seamless restarts.



ELECTRONIC FUEL INJECTION & INJECTOR DRIVER

Achieves better fuel combustion, reducing emissions.



MAGNETO & REGULATOR RECTIFIER

Provide better power stability, enhancing battery life.



STARTER MOTORS

Offers faster engine starts with improved torque output.



TRANSMISSION COMPONENTS

Deliver higher efficiency with precision-forged gears and crankshafts.



ACTUATOR MOTORS

Increases precision, ensuring smoother vehicle operations.



HIGH-PERFORMANCE STARTER CLUTCH ASSEMBLY

Increases durability, reducing maintenance costs.



CRANKPINS & BALANCERS

Reduce vibration, improving ride quality and engine longevity.



ENGINE VALVES

Designed for a longer lifespan with optimized heat resistance and reduced friction.



E-MOBILITY SOLUTIONS

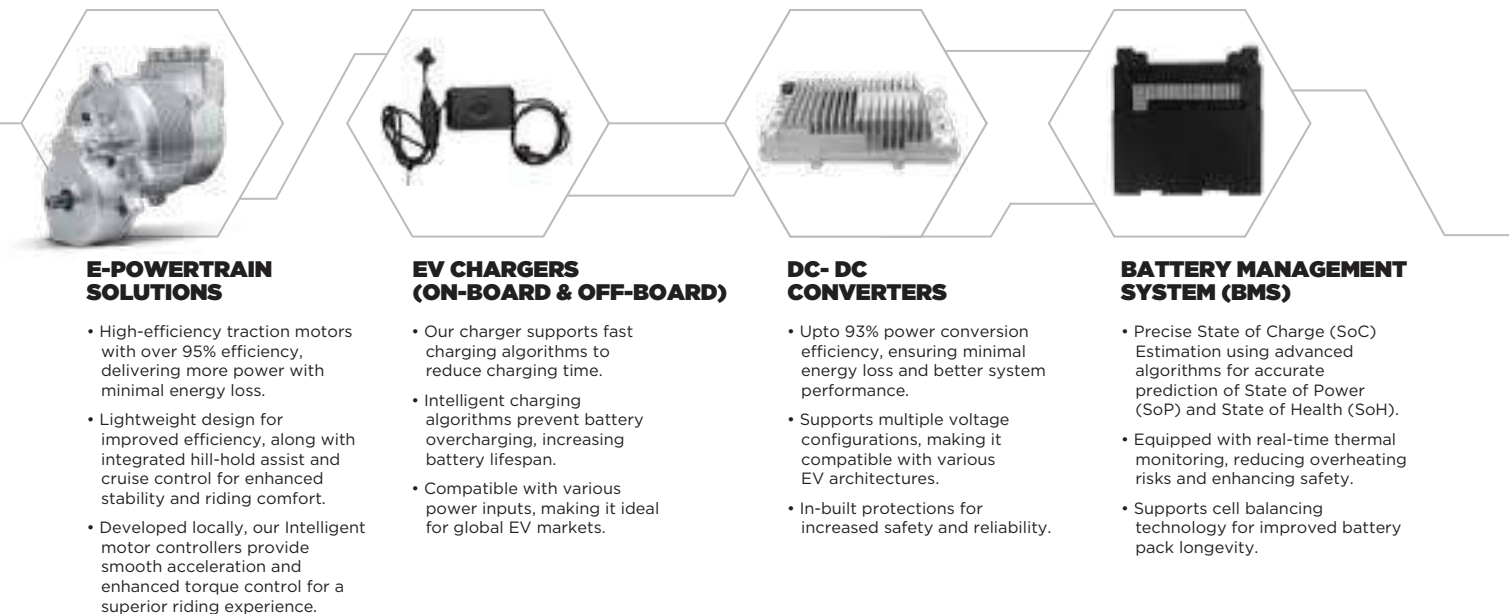
Varroc is driving the future of electric mobility with high performance, energy-efficient solutions for 2-Wheeler and 3-Wheeler EVs. With expertise in traction motors, motor controllers, chargers, DC converters, and battery management systems (BMS), we optimize vehicle functionality for better performance. Our state-of-the-art manufacturing capabilities, including in-house electronic manufacturing, SMT lines, and precision motor winding, ensure superior quality and reliability. These are backed by EV-focused R&D and IoT-enabled technologies for smarter mobility solutions.

Our Cutting-Edge Technologies

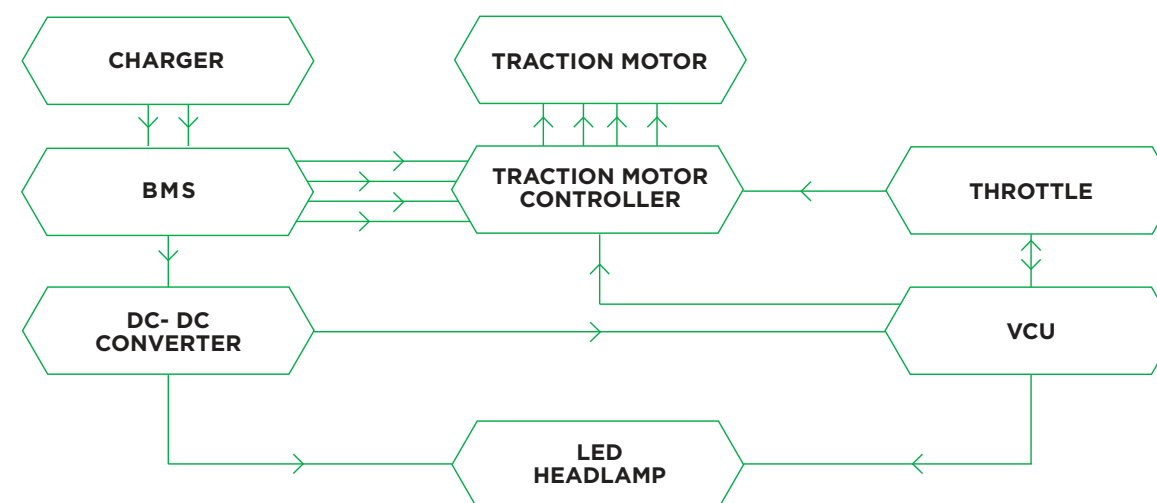
- 100% Made in India; Ferrite Assistant SynRM for robust supply chain
- PMSM motor technologies for high torque & power density.
- Model-Based Design & Rapid Control Prototyping for fast algorithm development.
- 3D FEA & Multi-Physics Simulation for accurate and optimized motor design.
- SiC-based power electronics & integrated magnetics for efficiency.
- Advanced control techniques SMC, Adaptive Control & online parameter estimation.
- Needle winding for scalable motor manufacturing.
- High-precision inhouse dynos with climate chamber for TM/TMCU testing.
- In-house EMI/EMC lab enabling faster hardware development.



E-MOBILITY COMPONENTS



OUR EXPERTISE EXTENDS TO END-TO-END SYSTEM SUPPLY FOR 2 AND 3 WHEELERS.



BODY SYSTEM SOLUTIONS

Varroc's Polymer Business deliver painted parts, molded components, and functional polymer solutions for 2-Wheeler, 3-Wheeler, 4-Wheeler, and commercial vehicles. With 14 dedicated 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 and 2K molding 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 mobility.

Technologies we have:

- Injection Molding
- Blow Molding
- Painting
- Molded in Color (MIC) with metallic pigment
- Cut & Sew
- Vibrating Welding
- Robotic Ultrasonic Welding
- Foaming and Wrapping

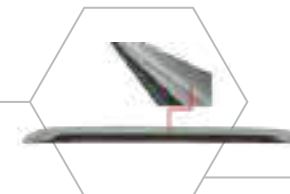
PAINTED PARTS



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.

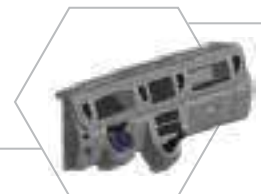
High-gloss piano black with 2K injection and Dolphin Spin tech offers a premium look, IP55 compliance and improved durability.



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-mould 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 particles 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 2-Wheeler/ 3-Wheeler 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 2-Wheeler, 3-Wheeler, and 4-Wheeler 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.

HMI SOLUTIONS

Varroc's Human-Machine Interface (HMI) solutions enhance rider control, connectivity, and safety with advanced instrument clusters, telematics, sensors, and switches. Our customisable 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 HMI Solutions

- Next-Gen Instrument Clusters with customisable 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.

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.

LIGHTING SOLUTION

Varroc delivers integrated 2-Wheeler and 4-Wheeler lighting solutions designed for safety, performance, and distinctive styling. Our portfolio spans headlamps, rear lamps, projector modules, and signaling systems, powered by advanced LED, Matrix, and adaptive technologies. Backed by global manufacturing, precision engineering, and strong R&D, we offer scalable, lightweight, and customised solutions for diverse mobility segments.

Advanced Lighting Technologies

- Matrix LED & Pixel Matrix HD Lamps
- Adaptive Driving Beam
- Projector Lens Systems
- Smart Light Control Units (LCUs)
- Surface LED & Shape Lighting
- Cornering & Bending Lights
- Laser Headlamps
- Lightweight LED Modules
- Integrated Heatsink



FRONT LIGHTING

Comprehensive capabilities from standard to advanced systems, including ADB, HD DLP (25K pixel), and Micro LED technologies. Features integrated DRL/SML, coast-to-coast designs, and animated lighting. Precision optics, adaptive illumination, and compliance with ASPICE ensure high performance, safety, and distinctive styling.



REAR LIGHTING

Advanced rear combination lamps with sequential indicators, illuminated logos, and dynamic welcome animations. Enabled by Surface LED, pixel animation, and smart connectivity (LIN/CANFD with OTA). Built with functional safety (ASIL) and ASPICE compliance for reliable, intelligent lighting performance.



SIGNAL LIGHTING

High-performance LED signaling systems with dynamic and sequential indicators for faster response and enhanced visibility. Smart blinker modules and virtual image technology enable adaptive brightness, efficient power use, and distinctive 3D lighting signatures for improved safety and communication.



AMBIENT & INTERIOR LIGHTING

Integrated interior lighting solutions combining ambient, display, and functional illumination. Advanced LED technologies enable customizable RGB lighting, smart alerts, and seamless integration with vehicle systems, enhancing user experience, safety, and in-cabin aesthetics.



SMALL LAMPS

Wide portfolio including DRLs, fog lamps, CHMSL, reflex lamps, EV charging indicators, and auxiliary lamps. Designed for efficiency, durability, and compact integration, these solutions ensure regulatory compliance, enhanced visibility, and optimized performance across vehicle applications.



PROJECTOR MODULES

Compact, multi-functional projector systems supporting low/high beam, AFS, and multi-row ADB. Available in diverse form factors, they integrate precision optics, HD projection, and advanced collimator designs to deliver superior illumination, flexibility, and seamless vehicle integration.



LIGHTING UNITS & ELECTRONICS

Advanced Light Engines and control units with up to 25 controllable LED segments enable precise beam shaping. Shape and Surface lighting technologies support high-definition illumination and styling. Supported by robust high/low voltage PCBAs, ensuring thermal efficiency, smart control, and system reliability.

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 use:

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

BUILDING BLOCKS FOR CONNECTED DRIVES



INTEGRATED TELEMATICS & IOT PLATFORM

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

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.

ROBUST PLATFORM CAPABILITIES

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

INDUSTRIES WE SERVE

OEMs, Transport & Logistics, Insurance, and Q2C – delivering customized, actionable data for operational efficiency, safety, and enhanced customer experience.

TOP MOBILE FEATURES

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

KEY WEB FEATURES BY SEGMENT

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

Varroc Play In Automotive E/E Architecture

OUR STRATEGY

Partnering in the Evolution of Automotive E/E Architecture



A TRANSFORMATION DRIVING OPPORTUNITY

The automotive industry is evolving from distributed E/E systems to software-defined and zonal architectures. This shift is enabling greater software content, advanced connectivity and electrification, resulting in a substantial increase in both low-voltage and high-voltage electronic content per vehicle.

From intelligent cockpit systems and ADAS to BMS, onboard chargers, zonal controllers and power electronics, electronics are increasingly becoming the defining element of vehicle differentiation and customer experience.



FLEXIBLE MODELS. ONE PARTNER YOU CAN RELY ON.

We are committed to being the partner of choice for OEMs as they navigate this transition. Our engagement models are designed to meet diverse needs and scale with our customers.



CONTRACT MANUFACTURING

World-class manufacturing excellence and operational scale.



JOINT DEVELOPMENT & MANUFACTURING

Collaborative engineering to co-create innovative solutions.



END-TO-END DEVELOPMENT & MANUFACTURING

Complete responsibility from concept to development, industrialization and scale.

This flexibility enables OEMs to accelerate innovation, optimize development costs and bring next-generation electronic products to market faster.



STRONG PARTNER ECOSYSTEM. COMPLETE PRODUCT COVERAGE.

We continue to build a robust ecosystem of technology and engineering partners across every critical electronics domain.



POWERING THE KEY ELECTRONICS OF TOMORROW



ADAS



COCKPIT SYSTEMS



ZONAL CONTROLLERS



ONBOARD CHARGERS



BATTERY MANAGEMENT SYSTEMS (BMS)

“As vehicles become increasingly defined by software, electronics and intelligence, our strategy is clear—to evolve alongside our customers, invest in future-ready technologies and partnerships, and establish Varroc as a trusted global partner in the emerging era of software-defined and electrified mobility.”

Product Portfolio For Low Voltage Electronics



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

Product Portfolio For Low Voltage Electronics



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

Varroc Smart Mobility

Our Smart Mobility solutions harness connected technologies, AI-powered analytics and cloud-native platforms to deliver real-time intelligence that enhances fleet efficiency, operational visibility and road safety. These solutions empower customers to make faster, data-driven decisions while improving overall fleet performance.

The platform delivers end to end visibility across fleet movement, driver behaviour and vehicle health, helping businesses improve utilisation, reduce risks and enhance operational control.

Platform Capabilities



Cloud Platform for Fleet Visibility and Monitoring

A unified cloud platform providing live fleet tracking, vehicle and driver monitoring, route optimisation, geofencing and real-time operational analytics.



AI-powered Algorithms

AI driven models analyse driving behaviour, detect risks and generate predictive insights for safety improvement, route optimisation and performance enhancement.



Quad Dash Cameras

Integrated 360-degree video intelligence powered by AI enabled cameras provides continuous monitoring, event detection and incident analysis for enhanced fleet safety.



Key Functionalities

- Vehicle-to-cloud live tracking
- Driver behaviour analytics
- Geo-fence alerts
- Trip departure monitoring
- Driver scoring and e-points
- Harsh acceleration / braking detection
- Fatigue detection
- Crash and vibration alerts
- Customisable notifications and alerts

Video Telematics Advantage

Our video telematics solutions combine AI-driven analytics with real-time visual intelligence to provide actionable insights, improve driver behaviour and enhance fleet productivity and safety.

Where Innovation Knows No Boundaries

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 Utilise

- Light Engines
- Light Control Units (LCUs)
- Smart LEDs
- Surface LED Technology
- Secure Light Technology



Additional Product Capabilities

- Decorative lighting
- Backlights and indicators
- Fog lamps
- High-mounted stop lamps
- Side repeaters
- Tail lamps and centre tail lamps
- DRLs / position and identification lighting
- LED matrix light engines
- Cornering lighting
- Adaptive lighting systems
- Thermal management systems

Product Portfolio



Light Engines

Varroc Light Engines uses advanced materials for better heat management and design flexibility. MLE1 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.

AFTERMARKET

Varroc 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 sub-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 specialise 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



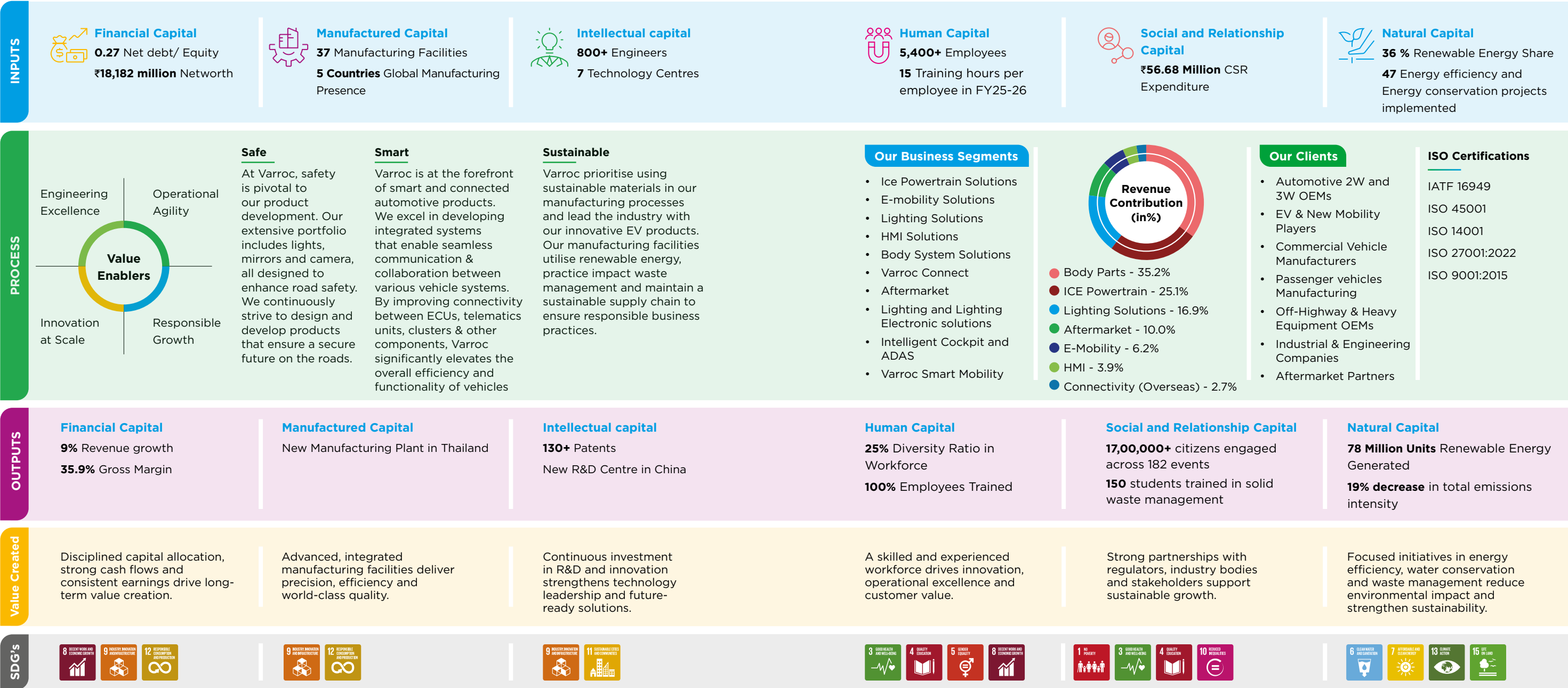
Rear Active Plate

Value Creation Model

Creating Enduring Impact

At Varroc, our ability to create value lies in transforming diverse capital inputs into meaningful outcomes for all stakeholders through innovation, engineering excellence and responsible business practices. By integrating our Safe, Smart and Sustainable

approach with technology led solutions, manufacturing strength and customer centric execution, we create long term value for stakeholders while advancing the future of mobility.



Operational Excellence

Precision in Motion

Our manufacturing ecosystem combines advanced production capabilities, integrated supply chains and next generation technologies to deliver precision, quality and operational excellence.

Manufacturing Excellence

Our manufacturing excellence is built on disciplined processes, advanced technologies and a culture of continuous improvement. Our modern production facilities, automated manufacturing systems and rigorous process controls enable consistent quality while supporting increasingly sophisticated mobility solutions.

Digital technologies provide real-time visibility into production, equipment performance and process efficiency, enabling predictive maintenance and data-driven decision-making. By integrating manufacturing data with quality checkpoints and operational analytics, we improve productivity, reduce process variation and strengthen manufacturing performance throughout our network.

Our Manufacturing Capabilities

Standardised Processes

Standardised processes ensure reliability and consistency across products and operations. These systems strengthen traceability, process discipline and delivery performance while improving operational control.

Advanced Technologies

Digital integration and advanced manufacturing technologies enhance visibility across production systems, enabling proactive problem resolution, process optimisation and reduced variability.

Quality and Certifications

Quality and safety remain central to our operations. Our manufacturing facilities adhere to globally recognised standards, ensuring consistency, compliance and product excellence across locations.

Key Certifications

IATF	ISO	ISO	ISO	ISO
16949	45001	27001:2022	14001	9001:2015



Scaling Connectivity

Building a Resilient Supply Chain

Our supply chain is built on structured sourcing practices, collaborative supplier engagement and disciplined governance. We work closely with strategic supplier partners through our Standard Operating Requirements (SOR), creating a consistent framework for quality, reliability and operational excellence.

Utilising our procurement scale, we focus on strengthening cost management, improving supplier capabilities and driving standardisation across operations. Our supply chain strategy is designed to enhance resilience, reduce risks and ensure seamless material availability across our manufacturing network.

- 1

Potential Supplier Assessment (PSA)

A structured supplier onboarding process aligned with our quality expectations, technical requirements and strategic priorities.
- 2

Component Development

A collaborative development process that establishes a structured pathway for component qualification between Varroc and suppliers.
- 3

Proactive Risk Management

Risk identification frameworks help anticipate potential disruptions and implement appropriate mitigation measures.
- 4

Manufacturing Process Enhancement

Supplier processes are strengthened through best-in-class manufacturing practices and continuous process optimisation.
- 5

Controlled Cost for Supplier

Continuous evaluation helps identify quality and system gaps that affect supplier cost efficiency and operational performance.
- 6

Performance Management

Supplier performance is regularly assessed against defined metrics to drive accountability and continuous improvement.
- 7

Change Management

Structured change management ensures smooth implementation of process, engineering and specification changes.
- 8

Customer-Specific Drive

Focused improvement initiatives are implemented to meet evolving customer requirements and quality expectations.

Engineering Innovation

Where Ingenuity Meets Impact

Innovation is central to our growth strategy, supported by a strong R&D foundation and a highly skilled engineering team dedicated to developing differentiated mobility solutions.

Our engineering capabilities are closely aligned with emerging industry trends, enabling us to develop technologies spanning electrification, vehicle safety and smart mobility. Strategic collaborations complement our expertise, allowing us to deliver integrated solutions that address diverse customer requirements with agility and engineering precision.

As a systems supplier serving multiple mobility segments, we combine cross-functional expertise to develop reliable, scalable technologies that contribute to the next generation of mobility.

Innovation at a Glance

800+

Engineers

7

R&D Centres

130+

Patents Filed



Our Approach to Engineering



Our R&D Focus



Sustainable Mobility

We are advancing environmentally responsible mobility solutions through technologies that improve efficiency, reduce emissions and optimise resource usage.

Our focus areas include:

- Electrification
- Lightweighting
- Sustainable materials
- Energy efficiency



Safe Mobility

Safety remains a fundamental pillar of modern mobility. Our solutions are designed to enhance driver awareness and passenger protection through intelligent safety systems.

Key focus areas include:

- Road illumination
- Occupant monitoring
- Advanced driver assistance systems
- Blind spot detection



Smart Mobility

We are enabling the next generation of connected mobility by integrating intelligence, connectivity and real time data into vehicle systems.

Our smart mobility initiatives focus on:

- Heat monitoring
- Smart displays
- Telematics
- Advanced connected solutions



Risk Management

Prepared for Every Turn

Operating in a dynamic mobility landscape requires the ability to anticipate change, manage uncertainty and respond with agility. We view risk management as an integral part of our business strategy, enabling us to safeguard operations, support informed decision-making and create enduring value for stakeholders.

Our approach integrates risk assessment with strategic planning and day-to-day operations, providing early visibility into emerging challenges and opportunities. Through structured governance, regular reviews and proactive monitoring, we strengthen organisational resilience, enhance business continuity and adapt effectively to evolving market, regulatory and stakeholder expectations.

Key Risks and Mitigation Measure

Risk Category	Risk Overview	Mitigation Measures
 Market Risk	Demand may be influenced by macroeconomic conditions, changing customer preferences, technology transitions and industry cyclicity.	We strengthen long-term customer partnerships, expand technology capabilities and continuously monitor market trends to remain aligned with evolving mobility needs.
 Supply Chain Risk	Global sourcing dependencies and fluctuations in raw material availability may affect supply continuity and cost stability.	We diversify our supplier base, enhance sourcing flexibility and strengthen supplier collaboration to improve supply continuity and operational resilience.
 Financial Risk	Inflation, interest rate movements, currency fluctuations and liquidity pressures may impact profitability and cash flows.	We focus on cost optimisation, disciplined working capital management, stronger collections and inventory optimisation to enhance financial resilience.



Risk Category	Risk Overview	Mitigation Measures
 Information Technology Risk	Growing digital integration increases exposure to cybersecurity threats, system disruptions and data security risks.	We continue strengthening IT governance, cybersecurity controls, ERP integration and real-time monitoring to enhance digital resilience.
 Human Resource Risk	Sustained growth depends on attracting, retaining and developing skilled talent across our businesses.	We invest in capability building, leadership development, succession planning and employee engagement to create a future-ready workforce.
 Regulatory and Compliance Risk	Evolving regulations and policy changes may affect operations, reporting obligations and compliance requirements.	Our robust compliance framework, internal reviews and governance mechanisms help ensure timely adherence to regulatory requirements.
 ESG Risk	Rising stakeholder expectations around environmental, social and governance performance may influence reputation, competitiveness and long-term value creation.	We integrate ESG priorities into governance, operations and decision-making through clear targets, defined accountability and regular performance reviews.

Board of Directors



Tarang Jain
Chairman & Managing Director



Arjun Jain
Whole-time Director
and CEO – Business I



Vinish Kathuria
Independent Director



Liselott Kilaas
Independent Director



Dhruv Jain
Whole-time Director
and CEO – Business II



Avinash Chintawar
Whole-time Director & COO



Akshaykumar Chudasama
Independent Director



Padmanabh Sinha
Independent Director

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 2025-26.

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:

Viknesh Subramanian Kumarasamy

Head – Environmental, Social & Governance

Email id: Viknesh.kumarasamy@varroc.com



Our Materiality Approach and Stakeholder Engagement

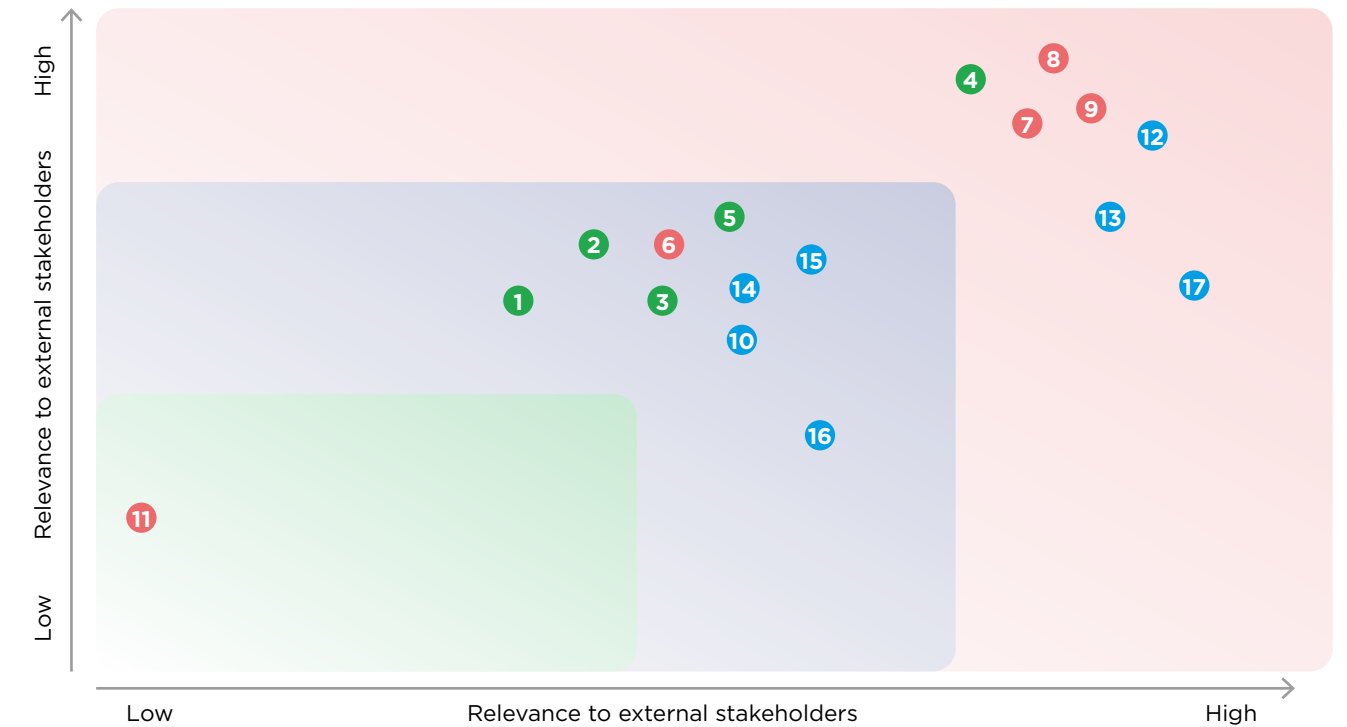
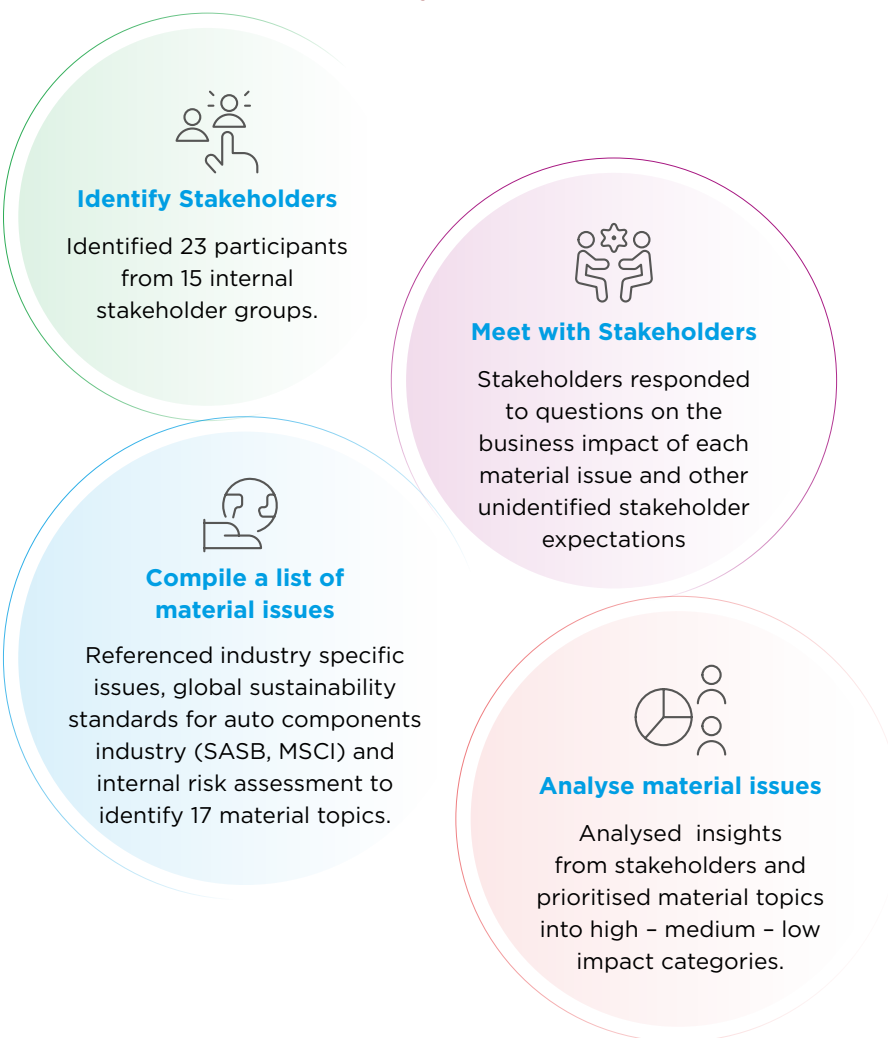
GRI 2-29, 3-1, 3-2, 3-3

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



● Environment ● Social ● Governance

Identified Material Issues:

Medium to low priority
“Learn & Prepare”

11 Employee Volunteering and CSR

High to medium priority
“Manage & Monitor”

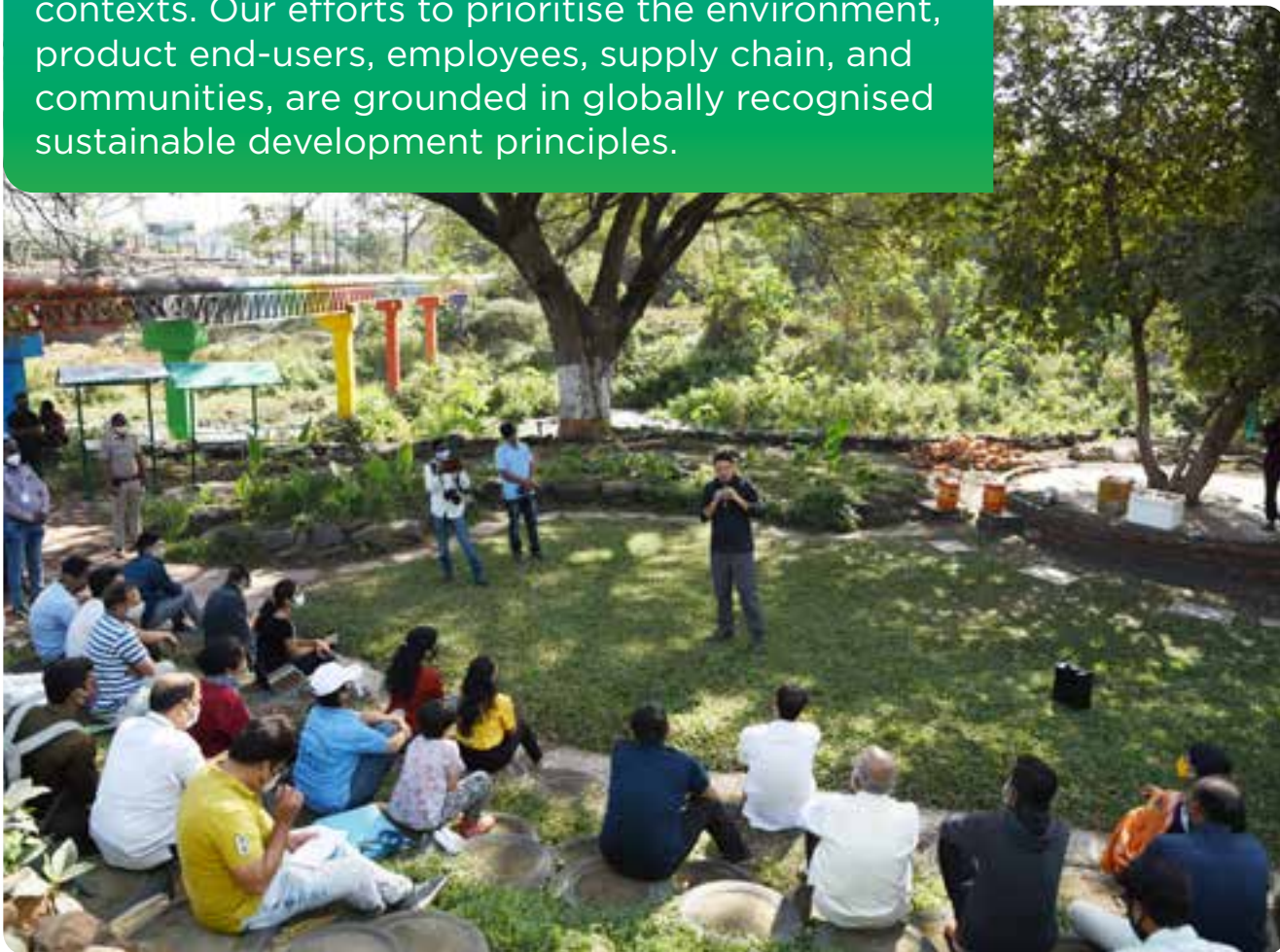
- 1 Energy and Greenhouse Gas (GHG) Emissions
- 2 Waste Management
- 3 Sustainable Products
- 5 Climate Change Regulations, EV
- 6 Training and Development
- 10 Labour Management and Human Rights
- 14 Data Protection & IPR
- 15 New Technology and Adoption
- 16 Competitive Edge

Critical
“Act Now”

- 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

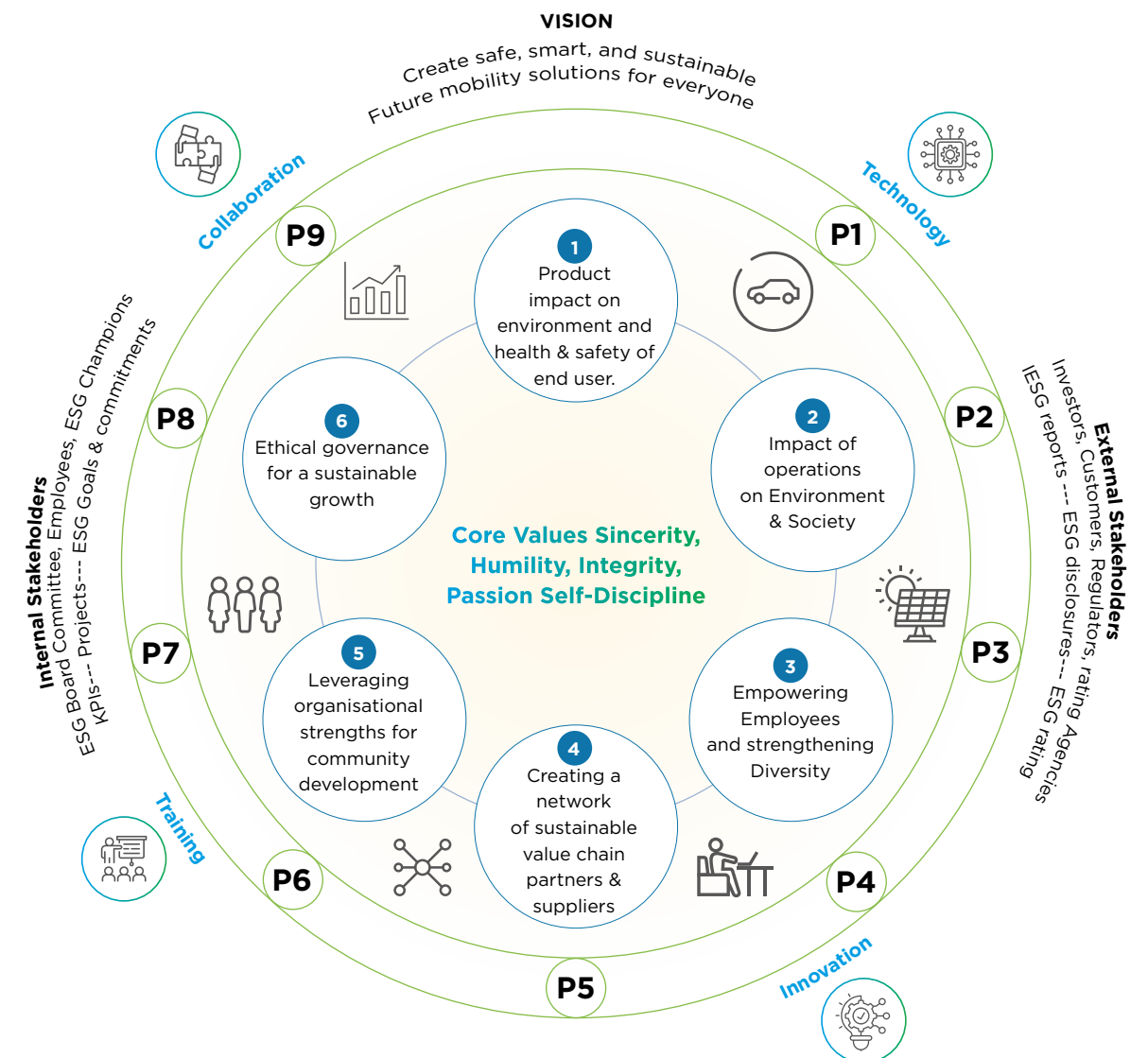
At Varroc, our vision for sustainability is to collaboratively create value for our stakeholders by pioneering eco-friendly products for the automobile sector. Committed to environmentally responsible operations, we aim to ‘Create safe, smart, and sustainable future mobility solutions for everyone.’ 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

- Product 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



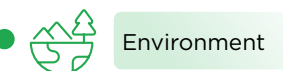
Governance Structure

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

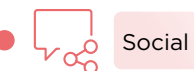
ESG Steering Committee of the Board

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

ESG Policy covering goals, framework, stakeholders, and governance



Social

- Diversity, Equity & Inclusion Policy
- CSR Policy



Governance

- Environmental Occupational Health and Safety Policy
- Code of Conduct for Directors & Senior Management
- Human Rights Policy
- Anti-bribery & Anti-Corruption Policy
- Code of Conduct for Insider Trading
- Material Subsidiary Policy

- Policy on Preservation of Information and Archival of Documents Varroc Group
- Policy for Board Diversity Appointment, Remuneration- Training and Evaluation of Directors and Employees-VEL & VPL
- Enterprise Risk Management
- Whistle Blower Policy
- Policy on Related Party Transactions
- Policy on Prevention of Sexual Harassment
- Dividend Distribution Policy
- Code of Fair Disclosure of Unpublished Price Sensitive Information
- Policy for Determination of Materiality Threshold
- Code of Ethics
- Data Protection & Privacy Policy
- Sustainable Supply Chain & Procurement Policy
- Grievances Redressal Policy
- Supplier Code of Conduct

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

Whistle Blower Policy

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

Anti-Corruption Policy

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

Code of Practices and Procedures

Our Code of Practices and Procedures for Fair Disclosure

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

Grievance Redressal Mechanism

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

Risk Management

We have identified 18 key risks related to our business operations. The Company has implemented an Enterprise Risk Management (ERM) policy to manage these risks. The internal system monitors relevant risk indicators and ensures the necessary action is taken to address these risks. The ERM is designed to meet both internal and external stakeholders' expectations: protecting and generating value to drive profitability and growth for internal stakeholders and ensuring regulatory compliance and business continuity for external stakeholders. Each business unit,

plant, and division must implement a robust risk management program, focusing on proactively addressing known risks through a well-defined framework rather than eliminating risks altogether. The ERM outlines the objectives, principles, and framework for risk management, detailing processes, procedures and roles. The company's vision is to strategically optimise risk-taking to achieve sustainable long-term growth in earnings and shareholder value. Detailed information on the identified risks and its mitigation processes can be found in the report in Section Risk Management.





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



10% decrease

in total energy intensity per revenue with respect to the baseline year - FY 2024.

Over the years, Varroc has implemented robust measures to enhance energy efficiency, leading to a measurable reduction in our relative energy consumption and carbon emissions. Through rigorous monitoring and proactive energy management, our total energy consumption for FY 2026 was 2,19,229,608 kWh.

While this figure represents a marginal increase over FY 2025 levels, it is important to note that this year's data reflects a significantly expanded reporting boundary. For the first time, we have integrated the energy footprint of our entire Indian Operations, including all corporate offices, technical centers, Varroc Connect, and Dell'Orto operations. Despite this broader scope and a marginal uptick in energy consumption, our performance remains strictly aligned with Varroc's internal roadmap to

achieve a 25% reduction in energy intensity by FY 2030. Compared to our FY 2024 baseline, we have already realized a 10% decrease, keeping us firmly on track to meet our long-term sustainability commitments.

As part of our sustained focus on operational optimization, several key initiatives were instrumental this year:

1 System Optimization

Focused compressed air leak detection and demand load balancing.

2 Smart Infrastructure

Implementation of lighting automation via motion sensors and the large-scale transition to energy-efficient LED systems.

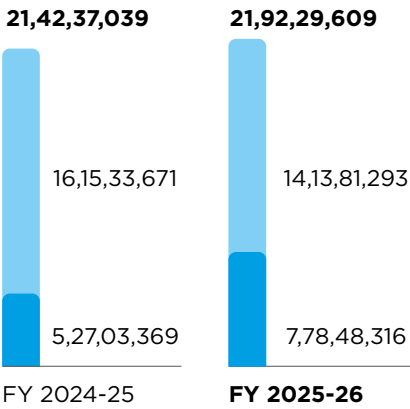
3 Technical Enhancements

Installation of Variable Frequency Drives (VFDs) for MTC pumps and the deactivation of standby equipment during non-operational hours.

These efforts continue to drive down operational costs while lowering our overall carbon footprint, reinforcing Varroc's position as a leader in sustainable and energy-efficient manufacturing.

Energy Consumption

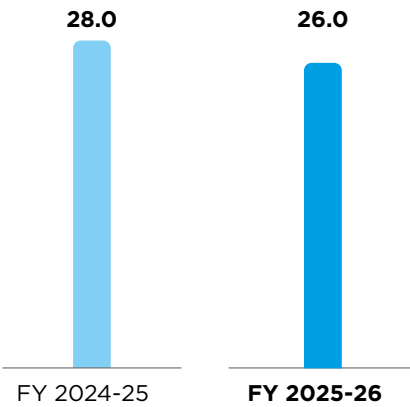
(in kWh)



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

Energy Intensity

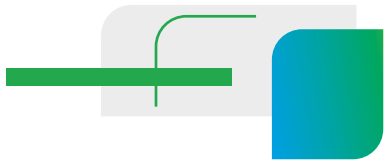
Energy Intensity (KWH/INR Million)



Energy Efficiency Measures

The following are some of our areas of continuous improvement in this space.

(₹ in million)		
Plant Name / Location	Operational Measure & Technology Summary	Total Explicit Savings
VEL-VII (V), Waluj	Plant-wide comprehensive pneumatic leakage reduction campaign (bringing line leakages down from 16.5% to 5%).	6.46 million
VEL-P1, Takve	Broad installation of customized thermal insulation blankets on high-temperature IMM screw barrels.	2.01 million
VEL-P6, Binola	Affixed strategic barrel insulation jackets to molding machines to trap radiant process heat.	1.71 million
VEL-P2(Ranjangaon) & VEL- P6,Pune	Three-part project: Deployed IMM barrel heater jackets, converted paint booth ASU blowers from AC to DC power, and upgraded facility lighting to High-Efficacy LEDs.	2.75 million
VEL-V, Waluj	Two-part project: Complete removal of redundant chillers across 13 production lines and integration of VFD controls onto air compressor unloading loops.	2.18 million
VEL-II, Waluj	Two-part project: Plant-wide power factor grid stabilization via APFC panels and implementation of localized compressed air boosters to lower main header pressure.	1.54 million
DIPL, Waluj	Two-part project: Elimination of heat treatment pit furnace operations on low-utilization days and aggressive air leak containment.	1.46 million
VEL-VIII, Waluj	Two-part project: Implementation of mechanical process modifications to reduce heated drop-out billets in SFD and arresting pneumatic system air leaks.	1.21 million
VEL-III, Chakan	Two-part project: Standardized automated machine switch-offs during shift break hours and integrated VFDs on AHU control panels.	0.91 million
VEL-I, Waluj	Two-part project: Replaced cooling loops with optimized chiller frameworks for metalizing machines and fitted insulation jackets on IMM barrels.	0.82 million



(₹ in million)		
Plant Name / Location	Operational Measure & Technology Summary	Total Explicit Savings
VEL-VI, Chakan	Optimized active runtime parameters on Mold Temperature Controllers (MTC) and auxiliary IMM machinery.	0.71 million
VEL-P13, Chakan 1	Two-part project: Mounted ceramic heater blankets on injection units and configured factory drain air pipelines for structural conveyor cleaning.	0.55 million
VEL-P5, Greater Noida	Two-part project: Deployed barrel heater insulation jackets on molding machinery and conducted pneumatic grid leak rectifications.	0.35 million
VEL-P9, Bangalore 1	Wrapped high-efficiency thermal insulation jackets on IMM heating elements to lower energy cycling.	0.20 million
VEL-P8, Indore	Applied external thermal insulation blankets to active injection molding machine barrels.	0.10 million
VEL-P10, Chennai	Deployed thermal insulation blankets onto injection molding machinery line bands.	0.06 million
VEL-II, Chakan	Installed low-power Brushless DC (BLDC) fan units across the main assembly floor layouts.	0.06 million
VEL-HI, Halol	Completed targeted insulation jacket fittings on heating zones of molding production machinery.	0.05 million
VEL-PN, MBU	Completed localized pneumatic system audits and repaired air leaks across the assembly line layout.	0.04 million

Summary of Grand Portfolio Impact

Total Number of Contributing Facilities

19

distinct plant entries/designations.

Total Number of CIP Audited Projects

29

individual resource-conservation initiatives.

Verified Annual Portfolio Value

23.18 million

INR cost savings due to direct process & energy efficiency measures carried out at the Plants in FY 2026.

Renewable Energy

Material Issues Addressed



Energy and GHG Emission



Climate Change Regulation

As mentioned in the previous section, Varroc has steadily increased its renewable energy consumption through onsite solar power installations and offsite renewable energy procurement agreements.

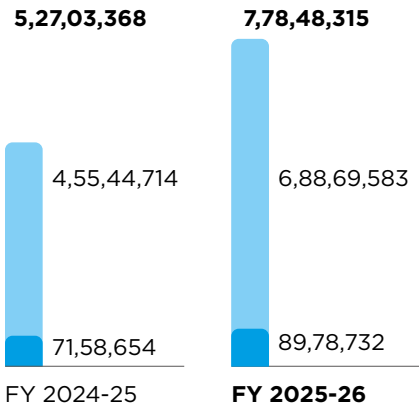
Renewable electricity sourced through rooftop solar installations and Renewable Power Purchase Agreements (PPAs) under the

Renewable Purchase Obligation (RPO) framework increased from 52.7 million kWh in FY 2024-25 to 77.8 million kWh in FY 2025-26. This achievement enabled renewable energy to contribute nearly 45% of the Company's total electricity consumption and 36% of its overall energy consumption, including process fuels, demonstrating significant progress towards the Company's decarbonization and sustainability objectives.

Over 90% 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 Strategy and Emissions Performance

A vital part of understanding and addressing climate change includes monitoring and reducing our greenhouse gas (gas) emissions. We employ the GHG Protocol standards to estimate our Scope 1 and Scope 2 emissions, as showcased in the data below.

For the current reporting period, our greenhouse gas inventory stands at:

8,053 tCO2 eq.
Scope 1 Emissions

78,514 tCO2eq.
Scope 2 Emissions

Performance Analysis & Operational Drivers

While we observed an increase in our Scope 1 emissions this year, this is primarily attributed to a more rigorous, comprehensive accounting boundary that now fully captures all process-based fuel emissions across our operations. This expansion ensures total transparency and

stricter alignment with global reporting frameworks.

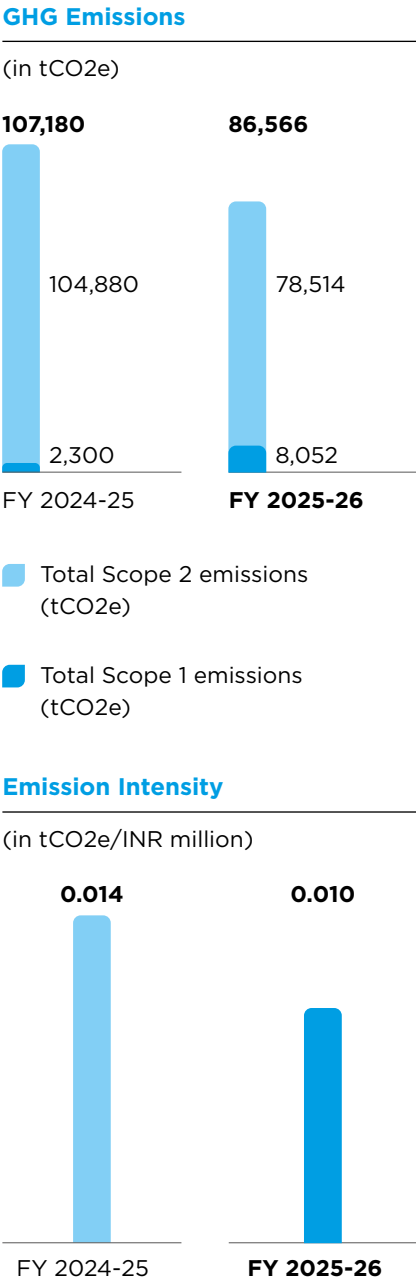
In contrast, Scope 2 emissions declined significantly during FY 2025-26, reflecting the success of our renewable energy transition strategy. The share of renewable energy in our electricity consumption increased from 30% in FY 2024-25 to 45% in FY 2025-26, while renewable sources contributed 36% of our overall energy consumption, including process fuels. This accelerated uptake of clean energy has been a key driver in reducing our indirect emissions and strengthening our progress towards a low-carbon future.

Key Takeaway

Our climate strategy continues to prioritize minimizing emissions at the source. The substantial drop in Scope 2 intensity underscores the impact of our sustainable technology adoption and proactive grid-decarbonization efforts.

Moving into FY 2025-26, we remain committed to optimizing our energy mix, enhancing operational efficiency, and stabilizing our direct emissions footprint. Furthermore, while managing Scopes 1 and 2 remains foundational, we recognize that Scope 3 (value chain) emissions represent the largest component of our overall carbon footprint. Efforts are actively underway to comprehensively calculate, monitor, and mitigate Scope 3 emissions, with formal reporting planned on FY 2026-27 to support our long-term sustainability goals.

19% decrease
in total emission intensity



Water and Effluents Management

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

Material Issues Addressed



Energy and GHG Emission

Water Stewardship

While our products are not as water intensive as other industries, we still require water for our manufacturing processes. In FY2025-26, our total water consumption amounted to 4,60,234 KL and our water discharge outside the operational boundary was amounted to 37,188 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 2025-26, Varroc has Zero Liquid Discharge (ZLD) systems at six of our manufacturing plants, the combined treatment capacity of the currently installed ZLD systems stands more than 40 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 regularly 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 contribute to an annual water savings of approximately 2,000 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

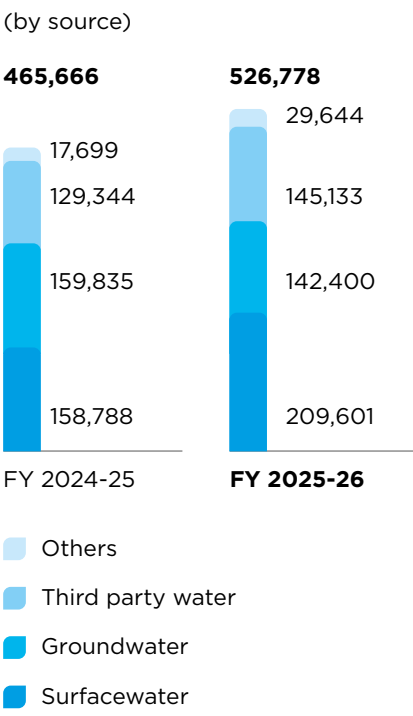
can be found in the CSR section of this report, but specifically for this section, this initiative has been geared towards the reduction of waste in the river, cleaning and beautifying the river itself through sapling plantations and stone-pitching the banks, and working on replenishing groundwater for 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, Chhatrapati Sambhaji Nagar (erstwhile 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.

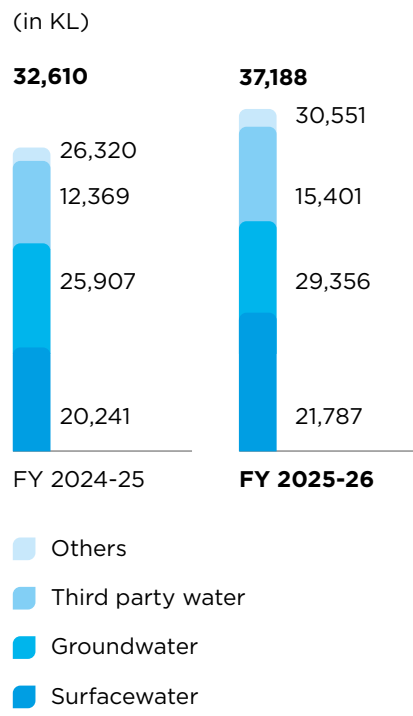




Water withdrawal



Water discharge by destination



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

Waste Management and Circularity

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

Material Issues Addressed



Waste Management



Climate Change Regulation

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

environmental goals and targets, we prioritise recycling and waste reduction across all our operations, by working to transform waste into valuable resources and, minimise waste generation, and promote sustainability within our industry.

We recognise that hazardous waste storage and disposal pose significant environmental risks. Varroc recognizes the environmental risks of hazardous waste storage and disposal. In FY 2025-26, the company generated 4842 MT of hazardous and 12099 MT of non-hazardous waste. Through enhanced segregation, recycling, reuse, and energy recovery efforts, 15,288 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.

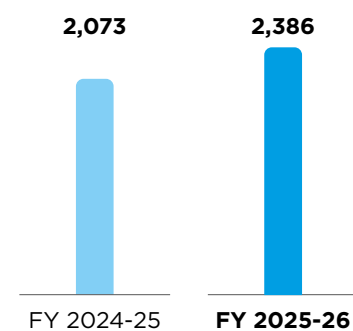
90%
waste diverted from disposal



Waste generated

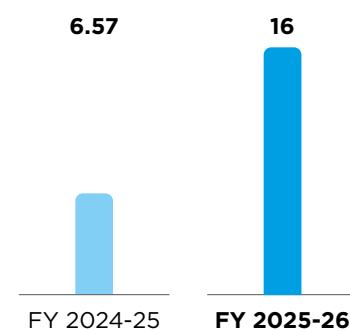
Plastic waste

(in MT)



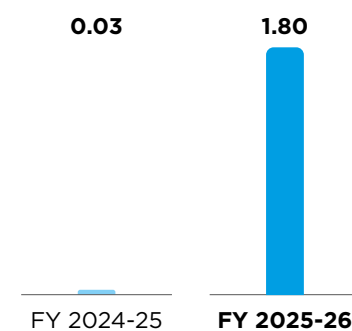
E-waste

(in MT)



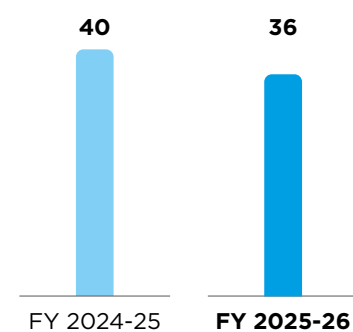
Bio-medical waste

(in MT)



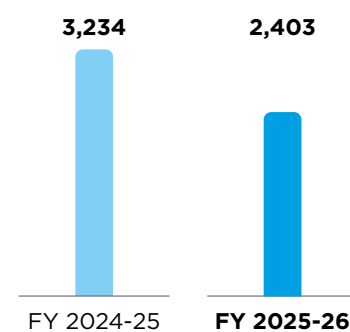
Battery waste

(in MT)



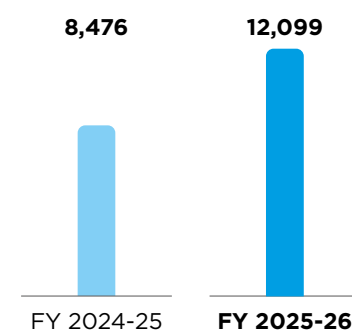
Other Hazardous waste

(in MT)



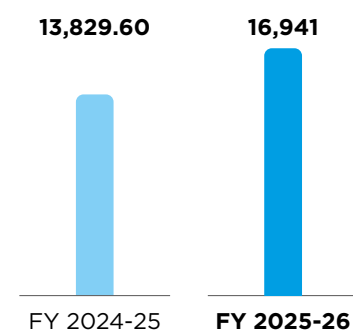
Other Non-hazardous waste generated

(in MT)



Total

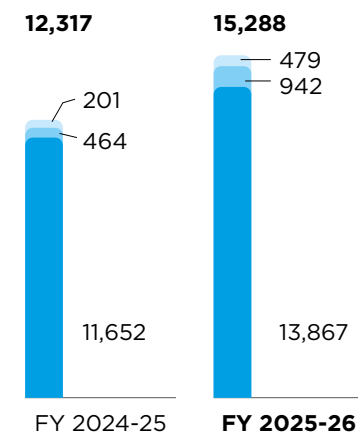
(in MT)



Waste diverted from disposal and waste disposed

Waste diverted from disposal

(in MT)



- Other recovery operations (MT)
- Re-used (MT)
- Recycled (MT)

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

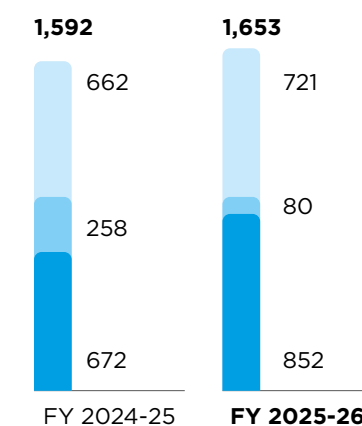
The company has implemented waste management practices that adhere strictly to regulatory



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

Waste disposed

(in MT)



- Other Disposal operations (MT)
- Landfilling (MT)
- Incineration (MT)

Social



UNSDGs Impacted



3GOOD HEALTH AND WELL-BEING



4QUALITY EDUCATION



6CLEAN WATER AND SANITATION



8DECENT WORK AND ECONOMIC GROWTH



9INDUSTRY INNOVATION AND INFRASTRUCTURE



10REDUCED INEQUALITIES



12RESPONSIBLE CONSUMPTION AND PRODUCTION



13CLIMATE ACTION

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 2025-26				FY 2024-25			
	Male	Female	Others	Total	Male	Female	Others	Total
Top Management	16	1	0	17	20	1	0	21
Senior Management	253	16	0	269	223	13	0	236
Middle Management	1028	74	0	1102	945	71	0	1,016
Associates	1965	151	0	2116	1,930	130	0	2,060
Workers	18772	6345	0	25117	17,612	4,260	0	21,872

Employee Engagement

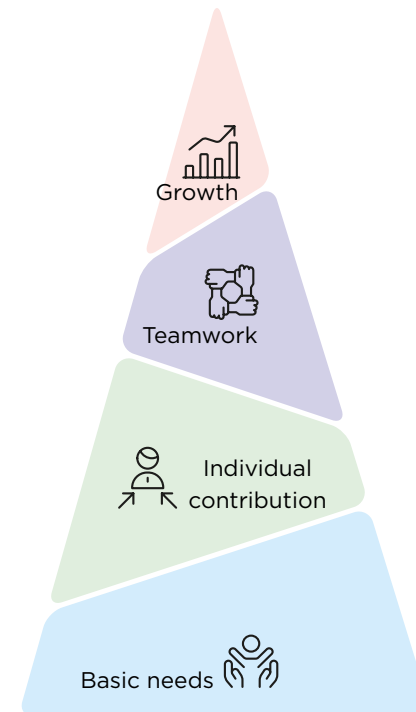
At Varroc, we are dedicated to fostering a culture of continuous engagement across our organisation. We proactively encourage employee engagement, prioritising their input and valuing their perspectives to drive the success of the organisation along with the growth of our employees. To embody this, in 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.

15

Hours/ employee in FY25-26

95%

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.



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.



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.



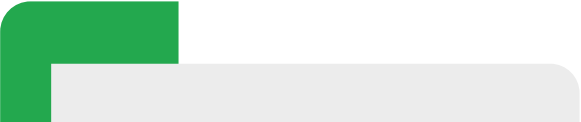
Continued Education and Professional Growth

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

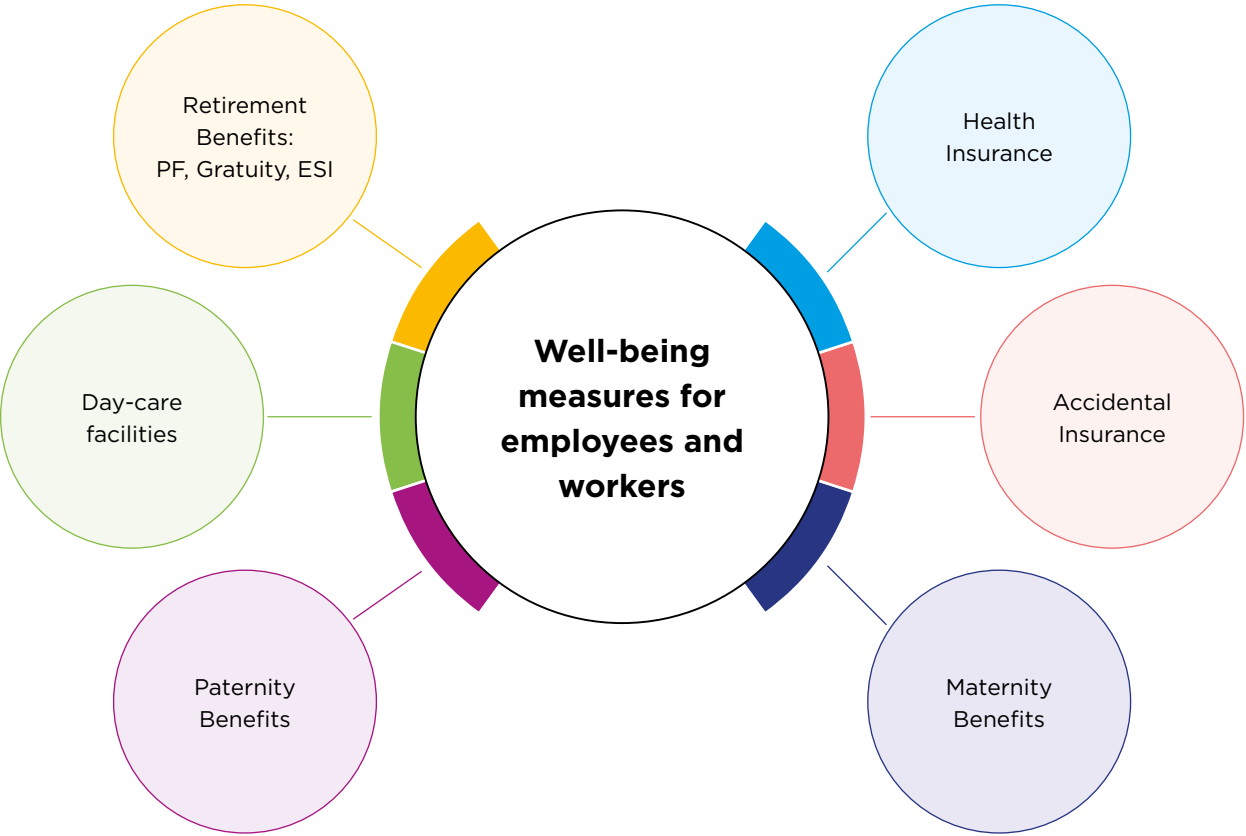
GRI 401-2, 401-3, 402-1

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

In FY 2025-26, 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.



FY 2025-26	No. of employees entitled to parental leave	No. of employees that took parental leave	No. of employees who returned to work after leave ended	No. of employees who returned to work after leave ended and were still employed after 12 months	Return to work rate	Retention Rate
Maternity Leave	301	16	16	16	100%	100%
Paternity Leave	5093	162	162	162	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

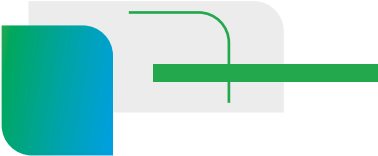
continuous improvement, facilitate decision-making, and enhance transparency.

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

by us but whose work or workplace is controlled by our organisation.

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

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





Identifying and Managing Work-Related Hazards

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



Dedicated EHS Personnel

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



Employee Involvement

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



Cross-Audits

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



EHS Leadership

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



Monthly Self-Assessments

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

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



Preventing Negative Impacts

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

Safety Performance Monitoring

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



Daily Meetings

The Plant Head and Plant Safety Officer convene daily to address ongoing safety issues and review current performance metrics.



Management Reviews

Our monthly business review meetings, which include the Managing Director and CEO, prioritise safety discussions. During these meetings, the EHS Head from each business unit presents the latest safety performance data and outlines current and upcoming safety initiatives to the senior management team.

Reporting Mechanisms for Workplace Hazards

Our employees can report health and safety concerns to their line supervisors and the EHS Officer at their respective plants. Employees are encouraged to report work-related hazards and hazardous situations through a Near Miss, unsafe act, and condition reporting system. Our EHS Cardinal Rules empower workers to remove themselves from any situation

they believe could cause injury or ill health, without fear of reprisal. To ascertain work-related hazards, multiple review meetings and surveys, including statutory audits, customer audits, layered audit processes, management review meetings (MRM), monthly inspection meetings, transport committee reviews, safety committee meetings, and plant stand-down meetings are conducted.



Parameters	UoM	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR)	Lost time injuries per one million-person hours worked	0.030	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:



Regular Training Sessions

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



Ongoing Education

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



New Joiner Training

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

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

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

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

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



Diversity, Equity and Inclusivity

GRI 405-1, 405-2

Material Issues Addressed



Diversity, Equity and Inclusion

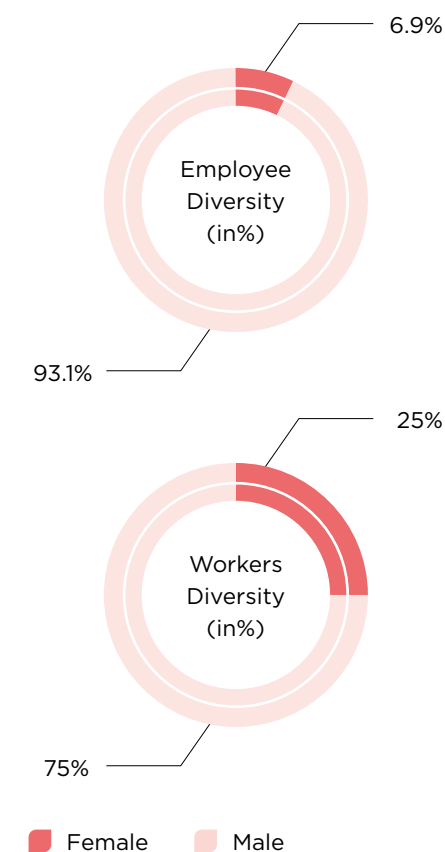
Varroc remains firm in its commitment to promoting equal opportunities both within the organisation and beyond. Drawing from our rich legacy and bolstered by our inclusive practices and programmes, we continuously endeavour to cultivate a workplace culture where every individual is esteemed, respected,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



12.5% female
in board of directors



Currently, 25% of our total workforce (including employees and workers) are female. In our commitment to true inclusivity, we are proud to have actively hired differently-abled individuals, ensuring our workplace benefits from diverse talents and perspectives. To support this, we have designed accessible policies and tailored our workspaces to fully cater to the unique needs of individuals with disabilities.

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.

17.4% total

white collar employee turnover rate in FY2025-26

1.7% total

blue collar employee turnover rate in FY2025-26

Employee Category	FY 2025-26	FY 2024-25
Permanent Employees	3504	3,333
Permanent Workers	1890	2,373
Contractor Workers	23227	21,872
Total Number of New Employee Hires during the period	1015	740
Total Attrition -Permanent Employees & Workers excluding contract workers	11.49%	10.77%
Total Permanent Employee Attrition excluding contract workers	17.46%	16.48%

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 2025-26, 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: 30% 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 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 processes led by our Supplier Upgradation (SUG) team, we have identified that 20% of our suppliers are critical, contributing to 80% of our total spend.

Maintaining Supplier Diversity:

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

Capacity Building of Suppliers:

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

Risk Assessment:

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

Top Management Review:

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

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

Sustainable Supply Chain:

At Varroc, we are committed to sustainable business practices that minimise environmental impact, foster social responsibility, and promote ethical conduct throughout our supply chain. Given our own ongoing sustainability journey, our current policy outlines our

expectations from critical suppliers, subcontractors, and business partners, while ensuring alignment with our ESG pillars and framework. The policy establishes clear sustainability and ethical conduct expectations, ensures suppliers share our commitment, encourages

continuous improvement, and promotes transparency and accountability. We are committed to the following sustainability principles and expect our suppliers to embrace and adhere to these standards:



Environmental Responsibility

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



Social Responsibility

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



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.



Governance

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



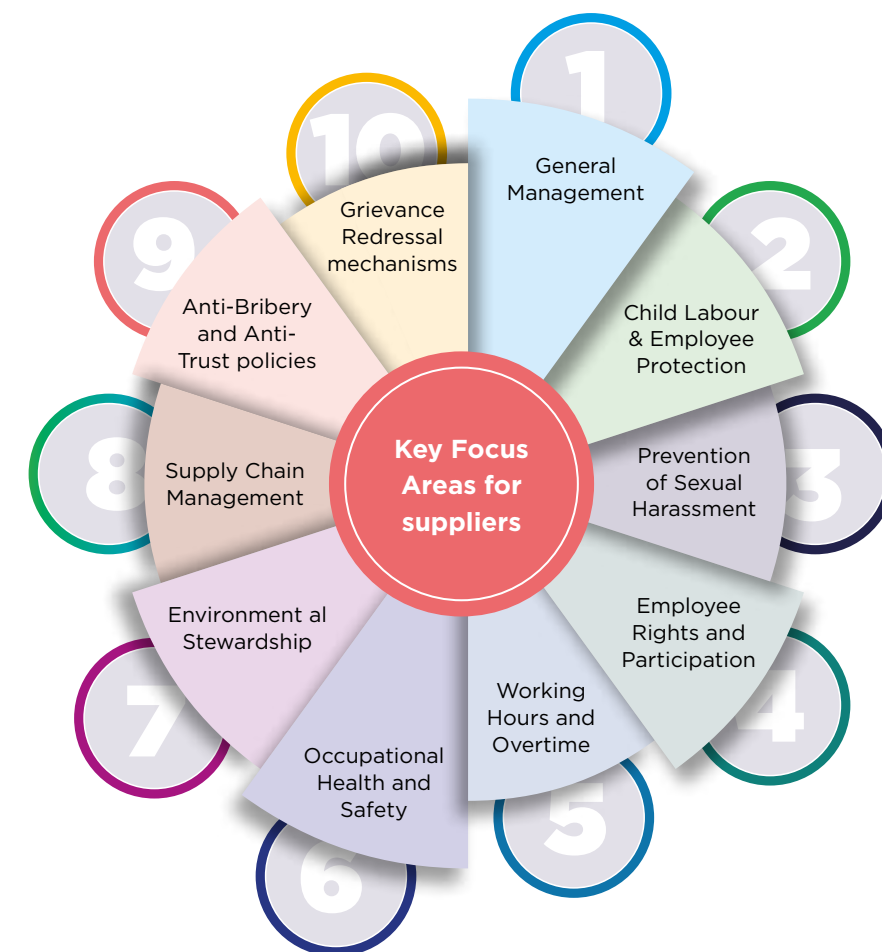
Conflict Minerals

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

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.

We have a robust consumer grievance redressal mechanism. All consumer complaints are promptly acknowledged upon receipt and prioritised for resolution



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

With our customers increasingly adhering to the Responsible Supply Chain Initiative (RSCI), which promotes ethical, sustainable, and transparent supply chain practices, we have formalised the principles of those standards within our own operations. The RSCI sets high standards for environmental stewardship, social responsibility, and corporate governance, a concept we have been aligned with since our inception. While the practices have been part of our operations since our inception, by following RSCI guidelines more

formally, we consistently meet the ESG criteria of our customers, uphold high sustainability and ethical standards, and maintain long-term, trust-based relationships across the board.

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

100%

resolution of consumer complaints

Human Rights

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

Material Issues Addressed



Labour Management and Human Rights

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

Zero

cases of human rights violation in FY 2025-26

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

Zero

incidents of discrimination reported in FY 2025-26

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:

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.



Whistleblower Policy:

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

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 SPOC's:

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.

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.

1.7 Mn
Citizens engaged

₹56.68 Mn
spent in CSR projects in
FY 2025-26

CSR Focus Areas

Environment Sustainability
Kham River Eco Restoration



Sports
Varroc Vengsarkar Cricket Academy



Employability Development
Varroc 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 Kham River, which flows through the Marathwada region in Maharashtra. The project targets the 65 km stretch of the river that passes through Chhatrapati Sambhaji Nagar (erstwhile 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 Chhatrapati Sambhaji Nagar (erstwhile 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

1,74,521 m²
Area Cleaned

58,771 m²
Area Greened

2,60,000+ saplings
Saplings Planted

Key Area of Intervention - 2

- Pollution Prevention

Initiatives

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

Impact

Municipal Staff Trained

300+ SWM

30 special task forces set up (involving ~800 staff)

Bridge Barricading

24+

bridges barricaded to prevent solid waste dumping

Plastic Trappings

9

plastic traps piloted in nallas

GVP Removal

600

GVPs closed and reduced

17,00,000+

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

17,00,000+

citizens engaged across 182 events

150

students trained in solid waste management

3

riverfront parks inaugurated

Plantation by soldiers from Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) Cantonment Board

Kham River Restoration Mission's Eco-friendly Ganpati making workshop

16

citizens of Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) employed full-time to support efforts

25+

school staff trained as part of Green schools Campaign mission for Education for Sustainable Development



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 120 students, 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 - Key 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



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 Rituraj 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.

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 Rituraj Gaikwad (India T20 team) and Shradda Pokharkar (Senior T20 Challenger Trophy 2022).
- Shradda Pokharkar, who played in the Senior T20 Challenger Trophy 2022

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 1.3 lakh.

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 three Indian Athletes,

Mughdhaa Wavhal(Swimming), Ajay Bhosale(Swimming) & 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.

Key Area of Intervention

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

Initiatives

7

athletes sponsored by Varroc overall till FY 2026.

Onboarded

3

new athletes in FY 2026.

Impact - Key Achievements

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

6

Blood Donation Camp

On March 21st of 2023, 2024, 2025 & 2026 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 314 individuals. Thanks to the success of these initial efforts, Varroc will continue to expand this initiative to all our Indian plants in due course.





Management Discussion and Analysis

Economic Overview

Global Economy

Overview

In CY 2025, the global economy continued to move forward steadily, even as it navigated moderating inflation, restrictive financial conditions and ongoing geopolitical uncertainties. Global GDP growth stood at 3.4% in CY 2025, attributable to resilient services demand, relatively stable labour markets across major economies and gradual progress in monetary policy normalisation. Global headline inflation moderated to an estimated 4.1% for CY 2025, supported by easing supply chain constraints and stabilising commodity prices.

The US economy maintained steady growth at 2.1% in CY 2025, with projections indicating an expansion of 2.3% in CY 2026, supported by consumption trends. Inflation eased but remained above the target at 2.7% at the end of CY 2025 and is expected to remain elevated in the near term. Labour market conditions remained stable, with unemployment at 4.3% and steady job creation supporting overall economic stability.

Global trade volumes exhibited a modest recovery but remained below historical averages, reflecting the effects of ongoing geopolitical turbulence and sustained supply chain reconfiguration.

¹<https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026>

²<https://www.imf.org/-/media/files/publications/weo/2026/april/english/foreword.pdf>

³<https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026>

⁴<https://www.bls.gov/opub/ted/2026/consumer-prices-up-2-4-percent-over-the-year-ended-january-2026.htm>

Overall, while the global economic environment remains stable, growth patterns remain divergent across regions, necessitating a cautious and adaptive approach for businesses operating in globally integrated sectors, such as the automotive and auto components industries.

Outlook

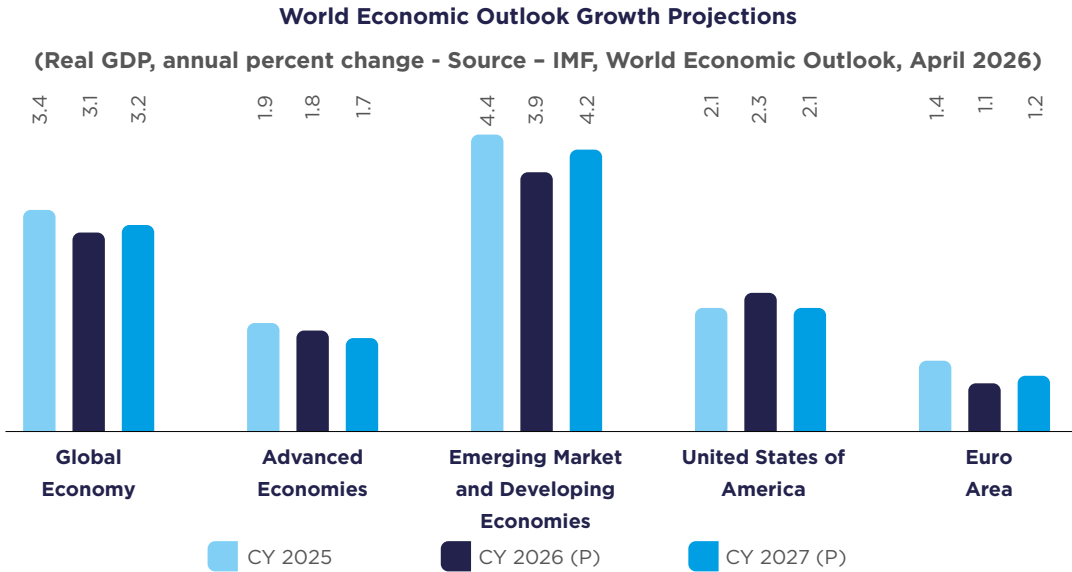
The global economic outlook remains cautiously optimistic, with growth projected to moderate over the near term. Global GDP is expected to expand by 3.1% in CY 2026 and 3.2% in CY 2027, with emerging economies remaining key drivers of global expansion. Due to the impact of higher energy prices and supply-side pressures, near-term inflation expectations remain heightened, with global headline inflation projected at 4.4% in 2026 before easing to 3.7% in 2027.

The Euro area outlook remains modest, with GDP growth projected to improve gradually, given its strong linkage to global trade and manufacturing cycles. The EU-India

Free Trade Agreement is expected to enhance bilateral trade flows by reducing tariff and non-tariff barriers, streamlining regulatory frameworks and improving market access across key sectors.

According to the IMF, a prolonged or broader conflict, geopolitical fragmentation or renewed trade tensions could significantly weaken growth and destabilise financial markets. Subsequently, economic activity may increase if productivity gains from huge AI investments materialise more rapidly or if trade tensions ease on a sustained basis.

Uncertainty around the timing and pace of interest rate cuts across major economies, coupled with persistent commodity price fluctuations, may weigh on investment sentiment and trade flows. Global growth is expected to remain uneven, with businesses maintaining a cautious approach amid evolving and interconnected macroeconomic risks.



Indian Economy

Overview

India's economy demonstrated strong macroeconomic resilience, maintaining its position as one of the fastest-growing major economies globally. Real GDP growth stood at 7.7% for FY26, supported by robust domestic demand, policy support and sustained infrastructure investments.

Inflationary pressures remained largely contained throughout the FY 2025-26, remaining within the Reserve Bank of India's target range, aided by stable commodity trends, although intermittent volatility persists due to global factors. In March 2026, CPI stood at 3.40%, with rural and urban CPI at 3.63% and 3.11%, respectively.

⁵<https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026>
⁶https://www.mospi.gov.in/uploads/latestReleases/latest_release_1780655857536_5ac01869-ca4a-422d-b7a7-57b81da60932_Press_Note_on_GDP_Estimates_for_Q4_2025-26_and_PE_FY_2025-26_F.pdf
⁷https://www.mospi.gov.in/uploads/latestreleasesfiles/1776078391571-Press_Release_of_CPI_March_2026.pdf

Government-led capital expenditure continued to act as a key growth driver, with public capex increasing significantly to ₹11.2 trillion in FY 2025-26, reflecting a sustained focus on infrastructure development, manufacturing and crowding in private investment. The automotive sector witnessed strong momentum, with overall vehicle sales reaching record highs in FY 2025-26, growing by approximately 13% year-on-year, driven by healthy demand across segments and improving consumer sentiment.

India's transition towards electric mobility continued to gain traction, supported by strong policy impetus and improving ecosystem readiness. Government initiatives such as the PM E-DRIVE (Successor to the FAME II) scheme, the Production Linked Incentive (PLI) Scheme for Advanced Chemistry Cell (ACC) Battery Storage have played an instrumental role in expediting EV adoption, domestic manufacturing and charging infrastructure development.

As per the Ministry of Heavy Industries, India has installed 29,151 public EV charging stations as of early 2026, with continued investment of ₹9,100 million under the PM E-DRIVE scheme to strengthen the nationwide charging infrastructure.

Overall, India's growth trajectory remains underpinned by strong macroeconomic fundamentals, including stable inflation, rising government expenditure, improving financial sector health and structural reforms, positioning the economy for sustained medium-term expansion despite external uncertainties.

Outlook

India's economic outlook remains strong, supported by robust domestic fundamentals and continued policy support. Real GDP growth is projected in the range of 6.6% for FY 2026-27.

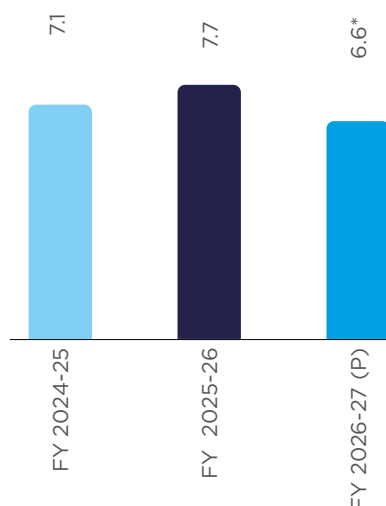
Domestic demand is expected to remain the primary growth driver. Private consumption is likely to stay strong, supported by stable inflation, improving income levels

and a gradual recovery in rural demand alongside steady urban consumption. Investment activity is also expected to sustain its momentum, aided by sustained government capital expenditure of ₹12.2 trillion in FY 2026-27 and a strong focus on infrastructure development.

Labour market conditions are expected to remain supportive, aided by sustained economic growth, infrastructure investments and manufacturing expansion. The unemployment rate for persons aged 15 years and above stood at 3.1% in 2025, reflecting resilient employment conditions. Continued job creation, workforce skilling and higher labour force participation will remain critical to sustaining income growth and supporting domestic demand over the medium term.

Exports are expected to retain their underlying strength. Ongoing trade agreements, including the recent conclusion of the India-European Union Free Trade Agreement (FTA), are expected to provide incremental tailwinds to export growth over the medium term. However, global uncertainties may result in supply chain disruptions and financial market volatility.

Indian GDP Growth Trend (%)



P – Projected

Source: MOSPI, RBI*

⁸<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2222521&reg=3&lang=1>

⁹<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2225880&reg=3&lang=1>

¹⁰https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62863

¹¹<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2246009&lang=1&reg=3>



Industry Overview

Global Automotive Industry

Overview

The global automotive industry demonstrated steady growth in CY 2025, buoyed by policy support across key markets and the continued rise of vehicle electrification. Global new car registrations grew by 3.5% YoY to approximately 77.6 million units, suggesting that demand held up well even as macroeconomic uncertainties lingered and regulatory expectations evolved.

Growth trends, however, remained regionally divergent. Asia remained the primary engine of global demand, accounting for nearly half of global vehicle sales, with registrations showing steady growth. China maintained its lead as the largest automotive market, supported by scrappage incentives, tax benefits and strong momentum in new energy vehicles. India, meanwhile, registered robust growth, aided by favourable economic conditions, policy support and new product launches.

In contrast, developed markets witnessed relatively modest growth. North America recorded a marginal increase, reflecting a cautious consumer environment amid high interest rates and policy uncertainties, including the withdrawal of electric vehicle incentives. Europe grew

marginally, while overall volumes remained low, indicating structural demand constraints and economic headwinds.

Global automotive production also exhibited a positive trend, expanding by 4.2% to reach 78.7 million units. Asia retained its position as the dominant production hub, contributing over 62% of global output, with China driving much of the growth through a 10.4% expansion. Strong exports and government support can be attributed as facilitators of this growth. India emerged as a key growth market, with production rising by 8.6%, indicating improving domestic demand and policy stimulus. In contrast, North America and Europe experienced relatively muted production trends, impacted by cost pressures, trade restrictions and demand moderation.

The industry continues to undergo a structural transformation, driven by electrification, evolving regulatory frameworks and shifting consumer preferences. Electric vehicle adoption gained traction across major markets, aided by government incentives and technological advancements, although demand sensitivity to policy changes remains evident. At the same time, supply chain realignments, increasing localisation and rising geopolitical fragmentation are reshaping global trade dynamics and competitive positioning within the industry.

¹²<https://www.acea.auto/publication/economic-and-market-report-global-and-eu-auto-industry-full-year-2025/>

In this context, the global automotive industry continues to move forward at a steady pace. However, the growth trajectory continues to be influenced by regional contrasts, regulatory evolution and an ongoing transition towards sustainable and technology-driven mobility solutions.

Outlook

In the near term, the global automotive industry is expected to grow at a moderate pace, aided by improving supply chain conditions and steady demand across major markets. However, this growth is unlikely to be uniform. Developed markets may face constraints arising from high interest rates, affordability pressures and policy-related uncertainty, whereas emerging markets are expected to remain the primary drivers of incremental demand.

Escalating geopolitical tensions, protectionist trade measures and supply chain realignments are expected to influence production strategies and global trade flows. Even so, structural drivers continue to hold. The shift towards electric and hybrid vehicles is gaining further ground, supported by regulatory impetus, technological advancements and declining battery costs.

Although short-term headwinds may impact demand and profitability, the industry remains well-positioned for long-term growth, driven by electrification, evolving mobility preferences and sustained investments by OEMs in next-gen tech.

Indian Automotive Industry

Overview

India further strengthened its position as one of the leading automotive markets globally, ranking among the top three in passenger vehicle sales while also serving as a key manufacturing hub. The industry witnessed broad-based growth across all major vehicle segments, reflecting improving consumer sentiment, favourable economic conditions and sustained infrastructure development.

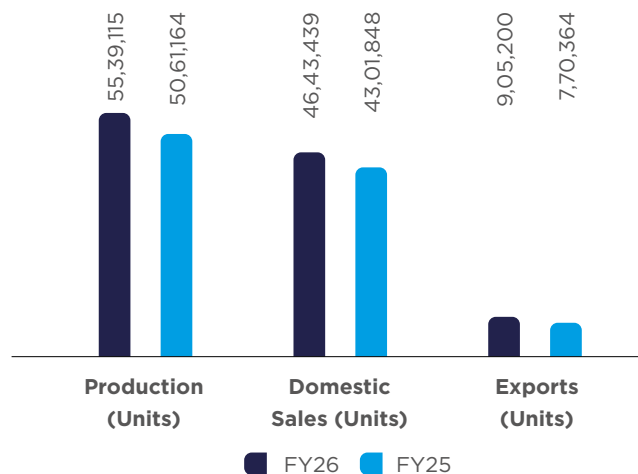
The passenger vehicle segment recorded its highest-ever sales of 46,43,439 units in FY 2025-26, registering a growth of 7.9% over the previous year. Growth moderated due to the elevated base of the previous year, although demand remained strong for utility vehicles and premium



offerings. Passenger vehicle exports also reached an all-time high, reflecting a growth of 17.5% over FY 2024-25, supported by robust demand from markets across the Middle East, Africa and Latin America.



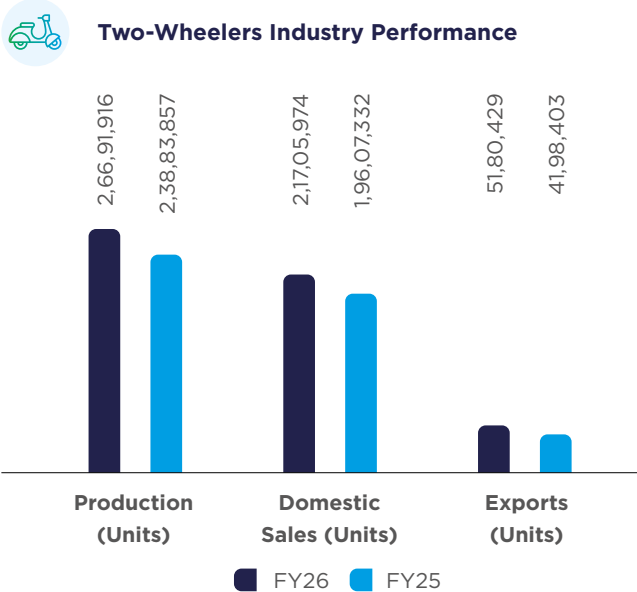
Passenger Vehicles Industry Performance



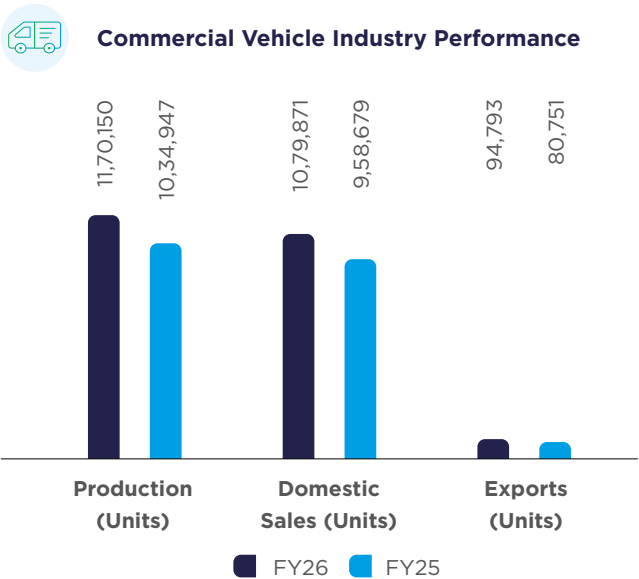
Source: SIAM

¹³<https://www.siam.in/news-&-updates/press-releases/auto-industry-performance-of-q4-jan--march-2026-fy-2025-26/605>

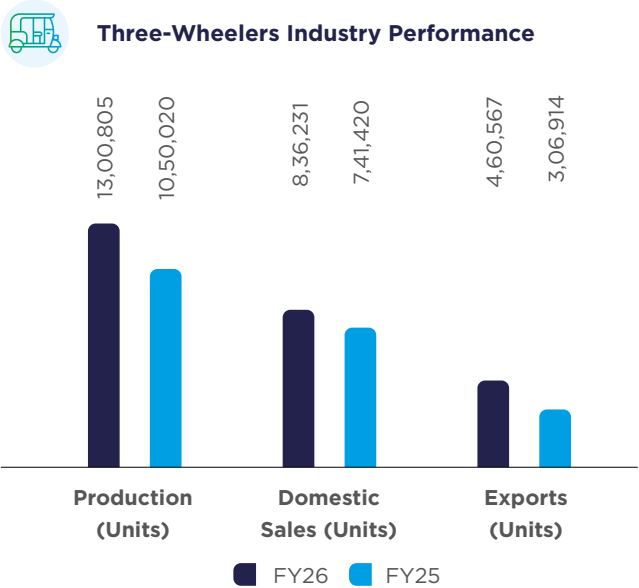
The two-wheeler segment achieved record sales of 2,17,05,974 units in FY 2025-26, reflecting a growth of 10.7% over the previous year. The segment benefited from improving rural demand, new product launches and improved consumer sentiment. Exports rebounded strongly, reaching a record 5.18 million units and registering a growth of 23.4%, supported by healthy demand across key international markets and favourable currency movements.



The commercial vehicle segment registered its highest-ever annual sales of 1,079,871 units in FY 2025-26, representing a growth of 12.6% over the previous year. Growth was supported by sustained economic activity, infrastructure development, freight movement and logistics demand. Commercial vehicle exports also expanded by 17.4%, reflecting continued demand from neighbouring countries and the Middle East.



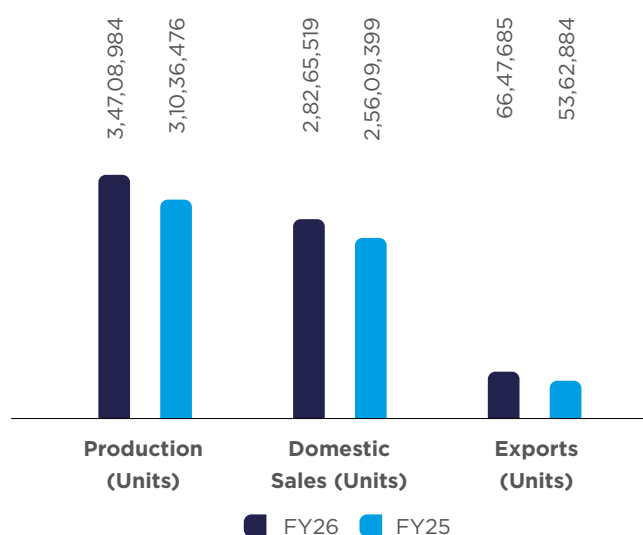
The three-wheeler segment recorded its highest-ever sales of 8,36,231 units in FY 2025-26, registering a growth of 12.7% over the previous year. Demand was driven by increased mobility requirements, improving economic activity and the growing adoption of electric three-wheelers. Exports remained particularly strong, increasing by 50.1% during the year, supported by robust demand from Sri Lanka, Africa and other international markets.



Overall vehicle production across passenger vehicles, commercial vehicles, two-wheelers and three-wheelers stood at 34.71 million units during FY 2025-26. Total domestic vehicle sales reached 28.27 million units, while vehicle exports increased to 6.65 million units. All major vehicle categories recorded their highest-ever annual sales during the year, underscoring the industry's strong demand momentum across both domestic and international markets.



Total Vehicle Industry Performance



Source: SIAM

Outlook

The outlook for the Indian automotive industry remains positive, supported by strong demand momentum and a favourable policy environment. Recent trends indicate continued growth across segments, with passenger vehicles, two-wheelers and three-wheelers recording double-digit growth in FY 2025-26, reflecting sustained consumer demand and improving market sentiment.

The growing adoption of electric mobility, particularly across two and three-wheelers, along with improving rural demand and financing availability, is expected to further support industry growth. Overall, the sector is well-positioned to sustain its growth trajectory in the medium term, buoyed by structural drivers and a favourable policy ecosystem.

Auto Component Industry

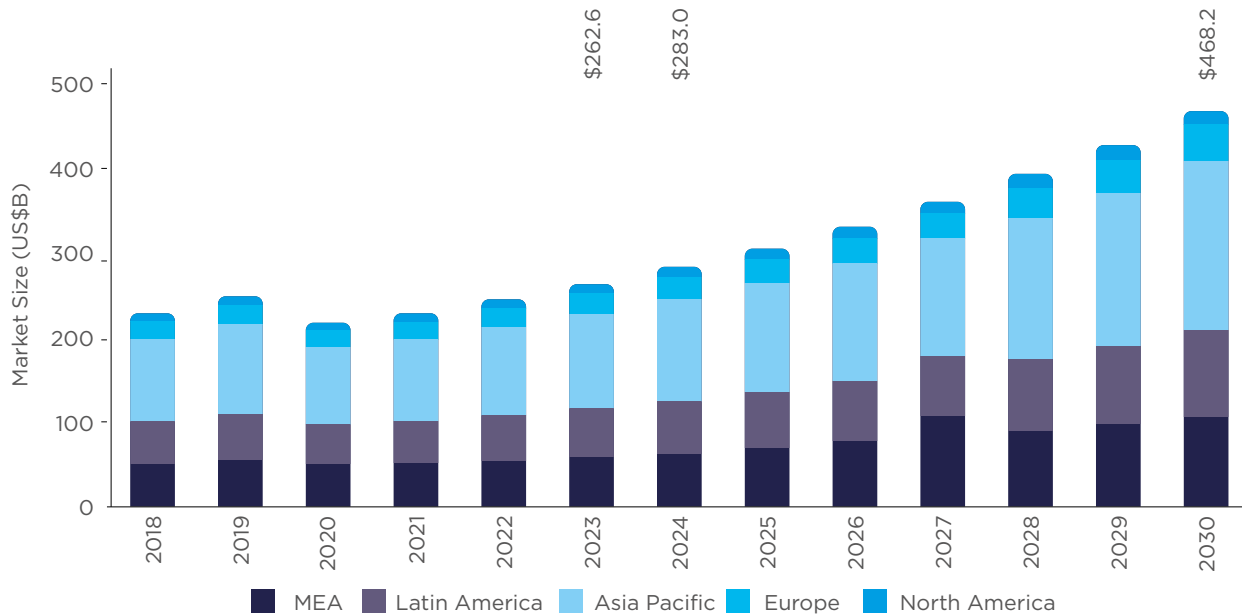
Global Industry Overview

The automotive components industry continues to emerge as one of the fastest-growing segments within the automotive ecosystem, driven by increasing demand for advanced safety features, enhanced connectivity and infotainment systems. The global automotive market is projected to reach **USD 468,200 million by 2030**, expanding at a CAGR of **8.8%** over the forecast period, supported by the rising adoption of Advanced Driver Assistance Systems (ADAS), electric vehicles and software-defined vehicle architectures.



¹⁴<https://www.grandviewresearch.com/industry-analysis/automotive-electronics-industry>

Automotive Market Size, by region, projection for 2030



Source – Grand View Research

This growth is accompanied by a broader structural shift within the industry. Advances in technology, the pace of electrification and the growing integration of electronics are redefining vehicle design and component requirements. While the global auto components sector continues to navigate near-term headwinds stemming from macroeconomic uncertainties and input cost pressures, its long-term outlook remains robust, supported by ongoing trends in electrification, digitalisation and the increasing technological sophistication of modern vehicles.

Indian Industry Overview

The Indian auto components industry continues to be a crucial pillar of the country's manufacturing ecosystem, driven by strong domestic demand and growing integration with global supply chains. During the year, the industry benefited from strong growth across major automotive segments, with total vehicle retail sales reaching a record 29.7 million units, reflecting growth of 13.3%. Rising rural demand, infrastructure-led economic activity and increasing technology content per vehicle

continued to support component demand across both OEM and aftermarket channels.

Export momentum remained encouraging, with industry exports reaching ₹1,960,000 million in FY2024-25, reflecting India's growing importance within global automotive supply chains and international sourcing programmes. At the same time, demand for advanced components such as automotive electronics, sensors, lighting systems, power electronics and battery management systems continued to strengthen, driven by evolving vehicle architectures and increasing adoption of electrified and connected mobility solutions.

Overall, the Indian auto components industry remains well-positioned for long-term growth, supported by favourable domestic demand fundamentals, export opportunities, policy-led manufacturing initiatives and the ongoing transition towards technology-driven mobility. Continued investments in localisation, engineering capabilities and advanced manufacturing are expected to strengthen the industry's competitiveness and support sustainable growth in the years ahead.

¹⁵[https://fada.in/images/press release/169d329fc83770FADA%20releases%20FY%202026%20and%20March%202026%20Vehicle%20Retail%20Data.pdf](https://fada.in/images/press%20release/169d329fc83770FADA%20releases%20FY%202026%20and%20March%202026%20Vehicle%20Retail%20Data.pdf)

Key Growth Drivers

Growth Drivers	Description
Strong Domestic Automotive Demand	Sustained growth in the automotive sector, supported by rising income levels, urbanisation and improving rural demand, continues to drive component demand across segments.
Export Opportunities and Global Supply Chain Diversification	India is emerging as a preferred global sourcing hub, with increasing exports. 'China+1' strategies and supply chain diversification are creating significant opportunities for Indian component manufacturers to expand their global footprint.
Electrification and Shift in Component Mix	The transition towards electric mobility is driving demand for high-value components such as power electronics, sensors and battery management systems.
Government Policy Support and Localisation Initiatives	Policy measures such as the Production Linked Incentive (PLI) scheme, Automotive Mission Plan and focus on domestic manufacturing are encouraging localisation, capacity expansion and technology upgradation, strengthening the industry's competitiveness.
Growth in the Aftermarket Segment	The expanding vehicle park and increasing formalisation of the repair and maintenance ecosystem continue to support steady growth in the aftermarket segment
Increasing Technology Content per Vehicle	Rising adoption of electronics, ADAS, connectivity and safety systems is increasing the value of components per vehicle, thereby driving higher revenue potential for suppliers, especially those with capabilities in advanced electronics and software-driven solutions
Investments in Capacity Expansion and Technology Upgradation	The industry is witnessing continued investments in manufacturing capacity, automation and R&D, enabling players to enhance productivity, improve quality standards and align with evolving global requirements.

Company Overview

Established in 1988, Varroc Engineering Limited is a global automotive component group. The Company is engaged in the design, development and manufacturing of advanced automotive systems and components for leading OEM (Original Equipment Manufacturers) worldwide. The Company offers a diversified portfolio comprising e-mobility solutions, body systems, lighting systems, human-machine interface (HMI) solutions, ICE powertrain components and advanced electronics across two and three-wheelers, passenger and commercial vehicles, as well as off-highway applications.

With an expansive global footprint, Varroc operates multiple manufacturing facilities and R&D centres across India, Europe and Asia, supported by a strong aftermarket presence serving customers worldwide. The Company's integrated capabilities across product

design, engineering, manufacturing and validation enable it to deliver innovative and technology-driven solutions aligned with evolving mobility requirements.

Backed by strong engineering capabilities and technological collaborations, the Company continues to focus on key automotive megatrends such as electrification, connectivity, safety and sustainability. Varroc remains a preferred partner for global OEMs, with a track record of innovation supported by a growing patent portfolio.

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Operating Manufacturing Facilities

08

Countries



Business Review

The Company operates through two distinct business verticals—Business I and Business II—each catering to evolving market requirements across domestic and global markets.

Business I

Business I is primarily focused on the domestic market, with a diversified portfolio across:

E-Mobility Solutions: Development of energy-efficient systems, including traction motors, controllers and power electronics for electric two- and three-wheelers.

ICE Powertrain: Manufacturing of key components, such as transmission systems, crankshafts, camshafts and related products across vehicle segments.

Body Systems Solutions: Supply of polymer and painted components for multiple vehicle categories.

HMI Solutions: Integrated solutions, including displays, telematics, sensors and control systems, enhancing user interaction and vehicle intelligence.

Aftermarket Division: A comprehensive aftermarket network offering a wide spectrum of products across electrical, electronics, engine components and accessories.

With over 800 Channel Partners in India and 30+ countries globally, the Company operates with 8,000+ SKUs under 40+ product lines, with a 1,60,000 sq. ft warehouse.

Manufacturing operations under this segment are largely concentrated in India, supported by an extensive distribution and service network.

Business II

Business II represents the Company's international operations and focuses on advanced electronics and global lighting solutions for leading automotive OEMs.

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

EMS:

- High Voltage Electronics PCBA
- Low Voltage Electronics PCBA

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

Fleet Management Solutions: Fleet Management solutions enabled through regular & video telematics

Advanced Infotainment System: Entertainment, communication and navigation features in a vehicle, along with

- Surround View System
- Cabin Monitoring System
- Telematics Control Unit

2. **Global Lighting Solutions:** The Company is a global supplier of advanced exterior lighting solutions,

supported by manufacturing facilities in India, Thailand, Italy, Romania and Vietnam and engineering centres across Europe and Asia. Its portfolio focuses on innovative lighting technologies that improve safety, energy efficiency and vehicle aesthetics, while addressing evolving regulatory standards and market requirements.

R&D Centres in India, Poland, Italy, China and Vietnam Global supplier of exterior lighting systems for 2W, 3W and 4W OEMs.



Strengths

- Cost-competitive manufacturing base in India, supported by vertical integration across electrical production
- Strong R&D capabilities, with DSIR-accredited facilities driving innovation and product development
- Established global presence across Europe and Asia, enhancing market access and customer diversification
- Advanced IoT-enabled testing infrastructure improving product quality, efficiency and reliability
- Robust capabilities in EV components, including traction motors and battery management systems, are aligned with global electrification trends
- Strategic partnerships with leading OEMs and Tier-1 suppliers, strengthening positioning in high-growth segments such as two-wheelers and sustainable mobility



Opportunities

- Rising adoption of electric vehicles across India and Europe is driving demand for traction motors, controllers and telematics solutions
- Government initiatives such as the Production Linked Incentive (PLI) scheme, supporting domestic manufacturing and localisation
- Shift towards premiumisation and connected vehicle technologies, creating opportunities for advanced components
- Potential for strategic collaborations with global OEMs, particularly in Europe, to enhance export competitiveness in high-value markets



Challenges

- Substantial dependence on the cyclical automotive sector, leading to demand volatility
- Limited localisation of critical EV components, such as battery cells, leading to import dependence
- Operational challenges in European markets, including high labour costs and a complex regulatory environment, are affecting margins
- Competitive pressures from local distributors and counterfeit products in international markets are impacting brand positioning



Threats

- Geopolitical tensions and trade disruptions are impacting global supply chains and logistics
- Stringent emission and regulatory norms, particularly in Europe, necessitate sustained investments in technology upgrades
- Volatility in raw material prices and foreign exchange rates is affecting the cost structure and margin
- Economic uncertainty in major markets such as Europe and the US may potentially affect demand for automotive components

SWOT Analysis

Financial Overview

Abridged Consolidated Profit and Loss (Continuing Operations)

(₹ in Million)

Particulars	FY 2026	FY 2025	YoY	FY 2024	YoY
Revenue from Operations	88,905	81,541	9.0%	75,519	8.0%
Raw Material Cost including change in Inventories	57,016	52,092	9.5%	47,333	10.1%
Employee benefit expenses	9,631	8,877	8.5%	8,092	9.7%
Other Expenses	13,894	12,804	8.5%	12,504	2.4%
Finance Cost	1,342	1,702	-21.2%	1,939	-12.2%
Depreciation and Amortisation (D&A) expense	3,317	3,233	2.6%	3,368	-4.0%
Exceptional Item	437	1,473	-70.3%	-	-
Share of Profit/(Loss) from the Joint Ventures	37	37	0.4%	444	-91.7%
PBT	3,415	1,693	101.7%	3,149	-46.2%
PAT	2,298	697	229.7%	5,530	-87.4%

Key financial ratios (consolidated continuing operations)

Particulars	March 31, 2026	March 31, 2025	March 31, 2024
Debtors Turnover Ratio	12.57	13.92	13.87
Inventory Turnover Ratio	6.85	7.40	7.04
Interest Service Coverage Ratio	6.34	4.76	4.36
Current Ratio	0.88	0.77	0.79
Gross Debt Equity Ratio	0.41	0.59	0.79
Return on Capital Employed (ROCE)*	24.2%	23.9%	23.4%
Operating Margin	5.7%	5.6%	5.8%
Net Profit Margin	2.6%	0.9%	7.3%
Return on Net Worth	12.6%	4.4%	36.2%

*ROCE = [Profit/(loss) before share of net profit/(loss) of investments accounted for using equity method and tax from continuing operations + Finance cost] / Average [Total equity + Net Debt - Investments accounted for using the equity method - Non current Investments - Assets classified as held for sale]

Revenue from Operations:

The Company's consolidated revenue from operations changed to ₹88,905 million in FY 2026, up by 9.0 % from ₹81,541 million in FY 2025.

Raw material

Raw material cost (cost of material consumed + changes in stock of finished goods and work-in-progress) for operations has changed by 9.5% to ₹ 57,016 million in FY 2026 as compared to ₹52,092 million in FY 2025.

Employee benefit expenses

In FY 2026, the employee benefit expenses were at ₹ 9,631 million as compared to ₹ 8,877 million in FY 2025, recording a change of 8.5%.

Finance Cost

Finance Cost has reduced by 21.2% to ₹ 1,342 million in FY 2026 as compared to ₹1,702 million in FY 2025.

Depreciation and Amortisation (D&A) expense

Depreciation and amortisation increased slightly by 2.6% from FY 2025 to FY 2026. The absolute depreciation and amortisation expense stood at ₹3,317 million for FY 2026, compared to ₹3,233 million in FY 2025.

Other expenses

The other expenses have changed from ₹12,804 million in FY 2025 to ₹13,894 million in FY 2026.

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

The PBT in FY 2026 was ₹3,415 million as compared to ₹1,693 million in FY 2025.

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

In FY 2026, the group reported a profit after tax of ₹2,298 million compared to the profit reported in FY 2025 of ₹697 million.

Net Debt

Net debt for FY 2026 was ₹ 4,952 million as compared to ₹7,480 million in FY 2025.

Net worth

Net worth of the Group in FY 2026 was ₹ 18,182 million compared to ₹15,979 million in FY 2025.

Research and Development

The Company continues to prioritise research and development as a key driver of innovation and long-term competitiveness. Backed by a global network of engineering and technical centres across India, Europe and Asia, Varroc has established robust in-house capabilities to support end-to-end product development across multiple automotive segments.

During the year, the Company further strengthened its focus on electric mobility, advanced electronics, lighting technologies and software-driven solutions, in line with evolving customer requirements and industry trends. This strategic emphasis was reflected in strong business momentum, including several new programme wins across electrification-led platforms and advanced automotive applications. The Company also continued to invest in enhancing its engineering and innovation capabilities to support future growth opportunities.



Leveraging its core competencies, Varroc remains focused on developing cost-efficient, high-quality solutions aligned with evolving customer requirements. As an early development partner to leading OEMs, the Company continues to deliver integrated solutions, reinforcing its position as a preferred technology partner in the global automotive ecosystem.

07

Technical Centres

130+

Patents Filed

Technology

The Company continues to strengthen its technology capabilities across automotive lighting, electronics, human-machine interface (HMI) solutions and electrification-focused products. Through sustained investments in engineering, product development and customer-centric innovation, the Company is enhancing its ability to address evolving mobility requirements across domestic and international markets.

The Company remains focused on developing advanced lighting systems, connected vehicle solutions, EV-related components and electronic architectures that support improved safety, efficiency and user experience. Backed by its engineering expertise, global development capabilities and strong customer relationships, the Company continues to expand its participation in technology-intensive and higher-value automotive programmes.

Human Resource

The Company rolled out Microsoft HoloLens devices across its technical teams, facilitating immersive 3D visualisation of intricate assemblies. Initial pilot implementations in production environments led to a reduction in assembly-line training time for new employees.

5400+

Total Employees as on March 31, 2026

Outlook

The Company remains well positioned to benefit from the favourable long-term growth drivers of the automotive industry, supported by rising vehicle penetration, increasing electrification and premiumisation trends across segments. Its India business continues to demonstrate strong operating performance, backed by deep customer relationships, expanding product offerings and increasing content per vehicle. The Company achieved its highest-ever annual order intake during the year, with a significant share linked to electric vehicle programs, providing healthy revenue visibility and reinforcing its growth prospects. Increasing EV-led revenues, strong demand across key automotive segments and a robust order pipeline are expected to support sustained business momentum in the coming years.

The overseas business has started witnessing a gradual recovery, aided by a strong order book and new program launches, particularly in lighting, electronics and EV-related applications. Recent business wins, including passenger vehicle lighting and charging solutions, are expected to contribute progressively from FY2026-27 onwards, with a more visible improvement anticipated from the second half of FY2026-27. The Company remains focused on enhancing profitability through disciplined capital allocation, operational efficiency initiatives and continued investments in technology, engineering and innovation capabilities, while maintaining a balanced approach towards growth, margin expansion and long-term value creation.

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 an audit, observations are carefully monitored and status reports are 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 2026.



Board's Report

Dear Shareholders,

Your Directors are pleased to present the 38th Annual Report on the business and operations of Varroc Engineering Ltd. ("the Company") together with audited financial statements for the financial year ended March 31, 2026.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for the Financial Year 2025-26 as compared to the previous Financial Year is given below:

(₹ in Million)

Particulars	STANDALONE		CONSOLIDATED	
	Financial Year 2025-26	Financial Year 2024-25	Financial Year 2025-26	Financial Year 2024-25
Revenue from operations	81,455.32	73,685.82	88,904.93	81,540.84
Other Income	123.58	276.24	175.46	176.82
Earnings before Finance Costs, tax, depreciation and amortisation, expenses	8,566.41	7,946.50	8,473.49	8,064.37
Less: Finance costs	1,205.49	1,622.26	1,342.19	1,702.29
Less: Depreciation and amortization	2,610.84	2,517.36	3,317.11	3,233.21
Add/(Loss): Share of Net Profit/(Loss) of Investment accounted for using the equity Method	-	-	37.24	37.09
Less: Exceptional item	871.37	208.12	436.87	1,473.37
Profit/(loss) before tax	3,878.71	3,598.76	3,414.56	1,692.59
Less: Current tax expense	-	-	147.73	151.13
Less: Short/(excess) provision for tax in respect of previous years	1.12	(5.32)	7.11	8.02
Less: Deferred tax	995.66	845.58	961.39	836.68
Net profit/(loss) for the year	2,881.93	2,758.50	2,298.33	696.76
Other Comprehensive income/ (loss), (Net of tax)	44.83	3.66	56.95	67.81
Total Other comprehensive income/(loss), net of tax	2926.76	2762.16	2,355.28	764.57
Total comprehensive income/(Loss) for the year attributable to:				
Shareholders of the Company	-	-	2,305.51	680.27
Non-Controlling Interests	-	-	49.77	84.30

REVIEW OF OPERATIONS

Continuing the resilient revenue growth, on a consolidated basis, the revenue from operations for the financial year 2025-26 (FY26) was ₹ 88,904.93 million with an increase of 9.03% in rupee terms. EBITDA margin stood at 9.4% for FY 26 while PBT before JV profit margin and exceptional items improved by 50 bps and stood at 4.3%. The detailed State of Company's Affairs have been outlined in Management Discussion and Analysis Report, which forms part of this Annual Report.

VOLUNTARY SEPARATION SCHEME ("VSS")

During the year under review, the Group had implemented a Voluntary Separation Scheme ("VSS") for permanent workmen across various manufacturing facilities of the Group to streamline its workforce and optimize operating costs. The Scheme was structured in a manner that was beneficial to both the Group and the participating workmen. Pursuant to the Scheme, the Group had received a total of 432 applications from eligible workmen, of which 411 applications were accepted. The total outflow on account of implementation of above Scheme was ₹ 799.49 million. The scheme was concluded on January 16, 2026.

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 at IND AA+/Stable. The rating on the Company's short-term bank facilities and commercial paper programme has been affirmed at 'IND A1+'. This indicates the Company's good financial health and its ability to meet financial obligations.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during the financial year ended March 31, 2026.

SHIFTING OF REGISTERED OFFICE

During the year under review, there has been no change in the Registered Office of the Company.

ALTERATION OF OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

During the year under review, after obtaining requisite approval of the members, the Object clause of Memorandum of Association of the Company has been altered.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis, as stipulated under Regulation 34 of SEBI Listing Regulations forming part of this report has been given under separate section.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

DIVIDEND AND RESERVES

DIVIDEND

The Board has recommended a final dividend of ₹1.50/- per equity share (face value of Re.1/- each) @150% subject to approval of the Members at the ensuing Annual General Meeting ("**AGM**"). The dividend recommended is in accordance with the Dividend Distribution Policy.

In terms of Ind AS 10, events after the reporting period as notified by the Ministry of Corporate Affairs ("**MCA**"), the proposed dividend of ₹ 229.18 million is not recognised as liability as on March 31, 2026.

The dividend, if approved at the ensuing AGM, would be paid to those Members whose names appear in the Register of Members maintained by the Registrar and Share Transfer Agents/ Beneficial Owners maintained by the depositories as stated in Notice of the ensuing AGM.

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy of the Company approved by the Board of Directors ("Board") is in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The policy is available on the Company's website https://www.varroc.com/upload/financial_results/1706864856652337785.pdf

UNCLAIMED DIVIDENDS

In accordance with the provisions of Section 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), following dividends declared by the Company and remaining unclaimed for seven consecutive years will be transferred to the Investor Education and Protection Fund (IEPF) during the Financial Year 2026-27:

Sr. No	Particulars	Date of declaration	Last date of claiming dividend
1	Final Dividend FY 2018-19	09.08.2019	15.09.2026
2	Interim Dividend FY 2019-20	13.02.2020	21.03.2027
3	Final Dividend FY 2024-25	21.08.2025	27.09.2032

Further, shares in the folios/demat accounts in which dividend(s) have remained unclaimed for seven consecutive years are also liable to be transferred to IEPF.

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 Companies Act, 2013 ("the Act") no amounts have been transferred to the Investor Education and Protection Fund established by the Central Government during the Financial Year 2025-26.

b) TRANSFER OF SHARES TO IEPF

As required under Section 124 of the Act, no equity shares have been transferred by the Company to the Investor Education and Protection Fund Authority (IEPF) during the Financial Year 2025-26.

TRANSFER TO RESERVES

Since the requirement to do transfer from Current Year Profits to Reserves have been dispensed off by the MCA no amount was transferred to any reserve during the financial year.

SHARES AND SHARE CAPITAL

RE-CLASSIFICATION OF AUTHORISED SHARE CAPITAL

During the year under review, the Authorised Share Capital of ₹ 5,49,00,000/- divided into 54,90,000 equity shares having face value of ₹ 10/- each has been re-classified into 5,49,00,000 equity shares having face value of Re. 1/- each. Accordingly, clause V of the Memorandum of Association of the Company has been altered to this effect after obtaining approval from the shareholders of the Company.

During the year under review, there was no change in the paid-up share capital of the Company. The paid-up & subscribed equity share capital of your Company is ₹ 152.79 million. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.

During the year under review, the Company has not raised funds by way of public issue, rights issue or preferential issue and hence, the disclosure under Regulation 32(4) of SEBI Listing Regulations is not applicable.

Presently, the Company does not have any scheme for the issue of shares, including sweat equity to the Employees or Directors of the Company.

NON-CONVERTIBLE DEBENTURES

During the Financial Year 2023-24, the Company had issued 25,000 Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures ("NCDs") of ₹ 1 Lakh each aggregating to ₹ 2,500 million bearing coupon rate of 8.60% on September 7, 2023 (Date of Allotment), which were 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 had exercised call option for early redemption of above NCDs issued by the Company as per terms and conditions stated in the issue documents including Debenture Trust Deed executed between the Company and its Debenture Trustee ("DTD"), Information Memorandum/General Information Document dated September 4, 2023 ("GID"). Accordingly, on March 06, 2026, these NCDs were fully redeemed. The Company has also delisted the above NCDs by completing relevant formalities with BSE Ltd. effective from March 23, 2026.

During the year under review, the Company has not issued any Debentures.

DEPOSITS

The Company has not accepted any deposits from the public during the year under review within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Further, no amount of principal or interest on deposits was outstanding as on the date of the balance sheet.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on March 31, 2026, the Company had 14 subsidiaries as against 16 in the previous year.

Pursuant to an internal reorganization exercise, following were the changes in step-down subsidiaries during the year:

Deregistration

The following step-down subsidiaries were deregistered during the year:

- i. Varroc Czech Republic s.r.o. has been de-registered w.e.f. June 16, 2025
- ii. Varroc Lighting Systems Bulgaria EOOD has been de-registered w.e.f. October 2, 2025

As reported last year, regarding successful resolution of Joint Venture dispute, the following JV Companies were ceased effective from May 07, 2025:

- i. Varroc TYC British Virgin Islands
- ii. Varroc TYC Auto Lamps Co. Ltd. Changzhou
- iii. Varroc TYC Auto Lamps Co. Ltd. Chongqing

A list of subsidiaries/joint ventures of your Company is provided as part of the notes to the consolidated financial statements.

In accordance with the provisions of Companies Act, 2013, the consolidated financial statements of the Company and its subsidiaries are prepared and form part of this Annual Report. Further, a statement containing the salient features of the financial statements of the Company's subsidiaries, associates and joint ventures in Form AOC-1, as required under Section 129(3) of the Companies Act, 2013, forms part of the Annual Report. The statement provides details of the performance and financial position of each of the Subsidiaries, Associates and Joint Ventures.

In line with the requirements of Regulation 16(1)(c) of the SEBI Listing Regulations, the Company has a policy on identification of material subsidiaries, which is available on the Company's website https://www.varroc.com/upload/financial_results/1767938195158573509.pdf.

Pursuant to 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.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the audited standalone and consolidated financial statements of the Company, together with the audited financial statements of each of its subsidiaries, are available on the Company's website at <https://www.varroc.com/investors/financial-results>. These documents will also be available for inspection by the Members during business hours at the Registered Office of the Company up to the date of the Annual General Meeting.

CONSOLIDATED FINANCIAL STATEMENT

Audited annual consolidated financial statements forming part of the annual report have been prepared in accordance with Companies Act, 2013, Indian Accounting Standards (Ind AS) 110- 'Consolidated Financial Statements' and Indian Accounting Standards (Ind AS) 28- Investments in Associates and Joint Ventures', notified under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

AUDITORS & THEIR REPORT

STATUTORY AUDITORS

The Members of the Company had appointed SRBC & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 324982E/E300003), as Statutory Auditors of the Company for a term of 5 (five) consecutive years to conduct the audit from FY 2022-23 to FY 2027-28. The SRBC & Co. LLP, Chartered Accountants have confirmed that they are not disqualified from continuing as Auditors of the Company.

SECRETARIAL AUDITORS

As per the provisions of Regulation 24A of SEBI Listing Regulations, the members in their 37th Annual General Meeting held on August 21, 2025 had appointed M/s. Uma Lodha & Co. Company Secretaries, Mumbai (Mem No. FCS 5363 C.P. No.2593 & Peer review Certificate No. 6629/2025) as Secretarial Auditors, to conduct Secretarial Audit of the Company for 5 consecutive financial year effective from the financial year 2025-26. The Secretarial Auditor has confirmed that they have subjected themselves to Peer Review process by the Institute of Company Secretaries of India ("ICSI") and hold valid certificate issued by the Peer Review Board of ICSI.

EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITORS

(i) Auditors' Report:

The Auditor's report for FY 2025-26 on the **consolidated financial statements** of the Company contains the following **qualifications**:

- As disclosed in note 50A(a) to the consolidated financial statements and other financial information for the year ended March 31, 2026, the Group received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to ₹ 209.89 million recognized during the year ended March 31, 2026 and ₹ 231.82 million recognized during the previous year ended March 31, 2025 by the Group under 'Revenue from operations', as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Group also received a 'Statement of Claim' under the arbitration proceedings with TYC Parties on the aforesaid matter and on certain additional claims/ breaches under the aforesaid TMA against which the Company has filed Statement of defence in March 2026. Pending disposal of the arbitration proceedings and in the absence of sufficient appropriate audit evidence, we are unable to comment on the said income recognized in the books and consequential impact, including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the year ended March 31, 2026 and retained earnings as at March 31, 2026.

Management Response:

- The Group has strong belief that the income recognized in the books have been received based on valid agreement(s) entered into between the parties and necessary services have been availed by overseas entities.

The Group believes that it has a strong case and will take appropriate actions, including filing of counter claims, as necessary to protect its interests. Pending disposal of the arbitration proceedings, the Group is unable to determine the possible impact of this matter.

The Auditor's report for FY 2025-26 on the **standalone financial statements** of the Company contains the following **qualifications**:

- As disclosed in note 55(a) to the standalone financial statements and other financial information for the year ended March 31, 2026, the Company received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to ₹ 209.89 million recognized by the Company under 'Revenue from operations' during the year ended March 31, 2026, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Company also received a 'Statement of Claim' under the arbitration proceedings with TYC Parties on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA against which the Company has filed Statement of defence in March 2026.

Management Response:

- The Company has strong belief that the income recognized in the books have been received based on valid agreement(s) entered into between the parties and necessary services have been availed by overseas entities.

The Company believes that it has a strong case and will take appropriate actions, including filing of counter claims, as necessary to protect its interests. Pending disposal of the arbitration proceedings, the Company is unable to determine the possible impact of this matter.

Apart from the above, there are no further qualifications, reservations, or adverse remarks on the financial statements for the year ended March 31, 2026. 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, have been provided in Corporate Governance Report forms part of this annual report.

(ii) Secretarial Audit Report:

The Secretarial Audit Report for the year under review confirming compliance by the Company with the Act (including circulars issued thereunder) and applicable regulations and circulars/ guidelines/directions issued by SEBI is appended to the Board's Report. There is no adverse remark, qualification, reservation or disclaimer in the Secretarial Audit Report.

(iii) Reporting of frauds by auditors

There were no frauds reported by the Auditors of the Company under Section 143(12) of the Act to the Audit Committee ("AC").

COST RECORDS

The Cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, are prepared, maintained and the same are audited by the Cost Auditor.

COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors at their meeting held on May 27, 2026, has re-appointed M/s S. R. Bhargave & Co., Cost Accountants, Pune (Firm Registration No. M – 000218), to audit the Cost Accounts of the Company for the year ending March 31, 2027. Their remuneration is proposed to be ratified by Members at the ensuing Annual General Meeting. The Cost Audit Report and other documents for the year ended March 31, 2025 were submitted with the Central Government by filing Form CRA-4 vide SRN AB6478031 dated September 03, 2025.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134 of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed by the Board of Directors:

- that in the preparation of the annual accounts for the financial year ended March 31, 2026, the Indian Accounting Standards (Ind AS) have been followed along with proper explanation relating to material departures;
- that they had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year ended on that period.
- that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they had prepared the accounts for the financial year ended March 31, 2026 on a 'going concern' basis.
- that they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company comprises an appropriate mix of Executive and Independent Directors, including Women Director, possessing rich experience and expertise across diverse fields such as corporate finance, strategic management, legal, social initiatives, general management and strategy. Except for the Independent Directors, all other Directors are liable to retire by rotation in accordance with the provisions of the Act.

As on March 31, 2026, the composition of the Board is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations, with an appropriate combination of Executive Directors and Independent Directors.

The list of Directors of the Company has been disclosed as part of the Corporate Governance Report.

Changes during the year:

- The appointment of Mrs. Liselott Kilaas (DIN: 10953529) was approved as an Independent Director, by the Members through special resolution passed by way of postal ballot on April 26, 2025, for a period of 5 (Five) years commencing from March 27, 2025 to March 26, 2030.
- Mr. Akshaykumar Chudasama (DIN 00010630) was appointed as an Independent Director on the Board of the Company for a first term of up to five years with effect from May 29, 2025 till May 28, 2030, by the Board based on recommendation of the Nomination and Remuneration Committee ("NRC") of the Company. Further, the said appointment was approved by the Members by way of a special resolution passed at the AGM held on August 21, 2025.

- Mr. Tarang Jain (DIN 00027505) was re-appointed as Chairman & Managing Director on the Board of the Company with effect from June 01, 2025, by the Board based on recommendation of NRC of the Company. Further, the said re-appointment was approved by the Members by way of a special resolution passed at the AGM held on August 21, 2025.
- Mr. Dhruv Jain (DIN 09710448) was appointed as Whole Time Director on the Board of the Company with effect from June 01, 2025, by the Board based on recommendation of NRC of the Company. Further, the said appointment was approved by the Members by way of a special resolution passed at the AGM held on August 21, 2025.
- Mr. Vidyadhar Limaye (DIN: 06720053) Whole Time Director & Occupier of the plants of the Company resigned from the directorship of the Company w.e.f. 30th June, 2025. 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.
- Mr. Padmanabh Sinha (DIN: 00101379) was appointed as an Independent Director on the Board of the Company for a first term of up to five years with effect from July 18, 2025 till July 17, 2030, by the Board based on recommendation of the NRC of the Company. Further, the said appointment was approved by the Members by way of a special resolution passed at the AGM held on August 21, 2025.
- Mr. Gautam Khandelwal (DIN: 00270717), Mrs. Vijaya Sampath (DIN: 00641110) and Mr. Marc Szulewicz (DIN: 01911768) Independent Directors of the Company, who were appointed for second term of five years, from July 20, 2020 to July 19, 2025, have ceased to be the Independent Directors of the Company from July 19, 2025 pursuant to completion of their second term. The Board records its deepest appreciation for contribution by the said Independent Directors in guiding and supporting the management during their tenure as Independent Directors of the Company over the last so many years.
- Mr. Ajay Sharma (ACS:9127) resigned as Group General Counsel & Company Secretary of the Company from the close of business hours on July 31, 2025. The Board had expressed its sincere gratitude and placed on record its appreciation of his significant contribution during his tenure as Company Secretary & Compliance Officer of the Company.
- Mr. Anil Ghatiya (ACS: 16620) appointed as Company Secretary & Compliance Officer of the Company from July 31, 2025, by the Board based on recommendation of the NRC of the Company.
- Mr. Arjun Jain (DIN 07228175) was re-appointed as Whole time Director on the Board of the Company with effect from August 07, 2025, by the Board based on recommendation of NRC of the Company. Further, the said re-appointment was approved by the Members by way of a special resolution passed at the AGM held on August 21, 2025.
- Mr. Avinash Chintawar (DIN: 07817177) was appointed as Whole Time Director & Occupier of the plants of the Company by the Board based on recommendation of the NRC of the Company with effect from November 12, 2025. Further, the shareholders through special resolution passed by way of postal ballot appointed him as Whole time Director, liable to retire by rotation, for a period of 3 (Three) years commencing from November 12, 2025 to November 11, 2028.

Appointment of Director retire 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. Arjun Jain (DIN 07228175) 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. Arjun 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.

KEY MANAGERIAL PERSONNEL

In terms of the provisions of Section 203 of the Act, as on March 31, 2026, the Company has the following Key Managerial Personnel:

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

- (b) Mr. Arjun Jain, Whole Time Director
- (c) Mr. Dhruv Jain, Whole Time Director
- (d) Mr. Avinash Chintawar, Whole Time Director
- (e) Mr. K. Mahendra Kumar, Group Chief Financial Officer
- (f) Mr. Anil Ghatiya, Company Secretary & Compliance Officer

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received declaration of independence from all the Independent Directors as stipulated under Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, confirming that they meet the criteria of independence, which has been duly assessed by the Board as part of their annual performance evaluation exercise.

Further, in terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have also 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 with an objective independent judgement and without any external influence.

The Independent Directors have confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

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.

STATEMENT REGARDING INTEGRITY, EXPERTISE AND EXPERIENCE OF INDEPENDENT DIRECTORS

In the opinion of the Board, the Independent Directors possess a clear sense of values and integrity and have the requisite expertise, experience and proficiency in their respective fields. All the Independent Directors of the Company are registered with the Data Bank maintained by the Indian Institute of Corporate Affairs. In terms of the provisions of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors of the Company are exempt from undertaking the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs, except those who were required to undertake such test and have successfully passed the online proficiency self-assessment test within the prescribed time.

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

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, the performance of its Committees and that of Individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The evaluation process considered various aspects including the composition of the Board, experience and competencies of Directors, governance practices and the contribution of Directors towards the strategic direction and effective functioning of the Company.

In accordance with the provisions of Section 178(1) of the Companies Act, 2013 and the SEBI Listing Regulations, the Company has adopted a Policy for Performance Evaluation of Independent Directors, the Board, its Committees and other Directors, which also lays down the criteria for evaluation of Executive and Non-Executive Directors. Based on the said Policy, the Board carried out the evaluation of its performance, the performance of its Committees and individual Directors. The details of the evaluation process have been provided in the Report on Corporate Governance, forming part of this Annual Report.

The Policy is available on the Company's website and may be accessed at: https://www.varroc.com/upload/financial_results/17068646041473196366.pdf.

BOARD FAMILIARISATION

The Company has put in place a Familiarisation Programme for Independent Directors to familiarise them with their roles, rights and responsibilities in the Company, the nature of the industry in which the Company operates, the business model of the Company and related matters. The details of such familiarisation programmes are available on the Company's website at: <https://www.varroc.com/investors/corporategovernance-programs>.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Nomination and Remuneration Committee selects the candidates to be appointed as the Director on the basis of the requirement and enhancing the competencies of the Board. The current policy is to have a balance of Executive and Independent Directors to maintain the independence of the Board and to separate the functions of governance and management. The composition of Board of Directors during the year ended March 31, 2026 is in conformity with Regulation 17 of the SEBI Listing Regulations, 2015 read with Section 149 of the Companies Act, 2013. The Company has policy, namely policy on Directors' appointment and remuneration and other matters ("**Remuneration Policy**") to govern directors' appointment, including criteria for determining qualifications, positive attributes, independence of a director, remuneration to the directors and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013. The said policy is available on the website of the Company and link for the same is https://www.varroc.com/upload/financial_results/17068646041473196366.pdf.

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 details of the 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>.

MEETINGS OF THE BOARD

During the year under review, the Board of Director met 6 (Six) times. The gap between two Board meetings was within the time prescribed under the Act and SEBI Listing Regulations. The composition of Board of Directors during the year ended March 31, 2026 is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013. For further details, please refer Report on Corporate Governance attached to this Annual Report.

INDEPENDENT DIRECTORS

During FY26, Independent Directors held their separate meetings on May 29, 2025 and March 26, 2026, respectively, in accordance with the requirements of Schedule IV of the Act, Secretarial Standard-1 on Board Meetings issued by the Institute of Company Secretaries of India and the SEBI Listing Regulations. A separate meeting of the Independent Directors was also convened on May 27, 2026.

AUDIT COMMITTEE

As on March 31, 2026 the Audit Committee comprised of 3 Independent Directors as its Members. The Chairperson of the Committee is an Independent Director. The Members possess adequate knowledge of accounts, audit, finance, etc. The composition of the Audit Committee is in conformity with requirements as per the Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. For further details, please refer Report on Corporate Governance attached to this Annual 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.

CORPORATE GOVERNANCE

The Company is committed to maintain the standards of corporate governance and adherence to the corporate governance requirement set out by SEBI Listing Regulations. The report on Corporate Governance as stipulated under the SEBI Listing Regulations forms an integral part of this Report. The requisite certificate from the Secretarial Auditors of the Company confirming compliance with the conditions of corporate governance is attached with the report on Corporate Governance.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

Details of investments made and/or loans or guarantees given and/or security provided, if any, are given in the notes to the Standalone and Consolidated financial statements which form part of this Annual Report.

BUSINESS RESPONSIBILITY SUSTAINABILITY REPORT

As per Regulation 34(2)(f) of SEBI Listing Regulations, the Annual Report shall contain business responsibility and sustainability report (BRSR) describing the initiatives taken by the Company from environmental, social and governance perspective. Having regard to the green initiative, the BRSR is made available on the Company's website at https://www.varroc.com/upload/financial_results/17815315122112124593.pdf.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all related party transactions were in the ordinary course of business and on arm's length terms. The Audit Committee, on a quarterly basis during the Financial Year 2025-26, reviewed the related party transactions vis-a-vis the omnibus approval(s) accorded by it. Prior approval of the Audit Committee was obtained for all the related party transactions to be entered into by it for the Financial Year 2025-26 with adequate disclosures being placed for review of the Audit Committee as per the prevailing regulations.

During the year under review, the Company has not entered into material related party transactions. Furthermore, there was no contract/arrangement with related parties referred to in sub-section (1) of Section 188 of the Act, which required Board's approval.

All Related Party Transactions entered during FY26 were in compliance with the Act and the SEBI Listing Regulations, details whereof are disclosed in the section 'Notes to the financial statements' forming an integral part of this Annual Report.

For the current financial year, the Audit Committee, before the commencement of the financial year, has accorded its prior approval for the related party transactions proposed in FY27 and has also reviewed the information required for entering into related party transaction(s).

The related party transaction policy of the company can be accessed on the Company's website at the link: https://www.varroc.com/upload/financial_results/17702856591505710973.pdf.

The details of transactions with related parties as required under Indian Accounting Standard (Ind AS) 24 are provided in the Notes to the Financial Statements forming part of this Annual Report.

As all Related Party Transactions entered into during the financial year were in the ordinary course of business and on an arm's length basis, the disclosure of Related Party Transactions in Form AOC-2 in terms of Section 188 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is not applicable.

RISK MANAGEMENT FRAMEWORK

The Company has constituted a Risk Management Committee ("RMC") in terms of the requirements of Regulation 21 of the SEBI Listing Regulations and has also adopted an Enterprise Risk Management Policy. The details are covered as part of the Corporate Governance Report.

The Company has a risk management framework, and Board members are informed about risk assessment and minimization procedures and periodical review to ensure management controls risk by means of a properly designed framework. The AC and the Board are kept apprised of the proceedings of the meetings of the RMC.

The Company, as it advances towards its business objectives and goals, is often subjected to various risks. Credit risk, market risk, liquidity risk, transition risk, strategic risk and operational risk are some of the risks that your Company is exposed to and details of the same are covered in the Management Discussion and Analysis and Corporate Governance section of the Report.

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

INTERNAL CONTROL SYSTEMS AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Internal Audit (IA) function of the Company monitors and evaluates the efficacy and adequacy of the internal control system in the Company to ensure that financial reports are reliable, operations are effective and efficient and activities comply with applicable laws and regulations. Based on the report of the IA function, process owners undertake preventive and corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and preventive and corrective actions thereon are presented to the AC of the Company from time to time.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The objective of the Company's Corporate Social Responsibility (CSR) initiatives is to improve the quality of life of communities through long-term value creation for all stakeholders. The Company has formulated a CSR Policy which provides guidelines for undertaking CSR activities.

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.

During the year under review the Company was required to spend an amount of ₹ 48.43 million towards CSR activities against which, the Company has spent ₹ 51.11 million and availed surplus of ₹ 4.42 million from previous year.

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 - I** to this Report.

PARTICULARS REGARDING CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE & OUTGO

Information pursuant to the provision of Section 134 of Companies Act, 2013 read with the rule 8 of Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given is annexed hereto as **Annexure - II**.

ANNUAL RETURN

As per the provisions of section 134 (3) (a) the Annual Return of the Company for the Financial Year 2025-26 may be accessed under investor relation tab on the Company's website at the link https://www.varroc.com/upload/financial_results/17815320971003804398.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>.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company has been appended as **Annexure – III** to the Board's Report.

In terms of second proviso to Section 136 of the Act, the Report and accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said information is available for inspection by the Members.

The Board of Directors affirms that the remuneration paid to the employees of the Company is as per the policy on Directors' appointment and remuneration/compensation for Directors, Senior Management Personnel, Key Managerial Personnel and other employees and is in accordance with the requirements of the Act and SEBI Listing Regulations and none of the employees listed in the said Annexure are related to any Directors of the Company.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace. Further, the Company has constituted an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where complaints in the nature of sexual harassment can be registered. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.

During the year under review, the Company received Nine (9) complaints in this regard. All nine (9) complaints were disposed of during the year. All new employees go through a detailed orientation on anti-sexual harassment policy adopted by your Company.

VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations, the Company has adopted a whistle blower policy and has established the necessary vigil mechanism for directors and its employees of the Company. The objective is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which all the stakeholders such as Employees, Directors and service providers (agency, vendor, contractor or any outsourced partner) can raise actual or suspected violations.

The Vigil Mechanism provides for adequate safeguards against victimization of the persons who use such mechanism and make provisions for direct access to chairman of the Audit Committee ("AC"). The effectiveness of the vigil mechanism is regularly reviewed by the AC, which ensures that all grievances are handled promptly and judiciously. The AC's oversight ensures that the framework is accessible to all stakeholders and that it aligns with best practices. Necessary details pertaining to the vigil mechanism are disclosed in the Corporate Governance Report.

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

DISCLOSURE UNDER MATERNITY BENEFIT ACT, 1961

The Company is committed to providing a safe, inclusive and supportive work environment for all employees, including women employees. The Company complies with the provisions of the Maternity Benefit Act, 1961 and the rules framed thereunder, as amended from time to time.

Further, in accordance with the provisions of the said Act, the Company provides maternity leave and other related benefits to its eligible women employees. The Company also ensures that the rights and benefits of women employees during maternity are protected, and that appropriate facilities and support are provided in compliance with the applicable statutory requirements.

CYBER SECURITY

In view of the evolving cyber threat landscape, the Company's cybersecurity framework is reviewed periodically, and the requisite processes and technology controls are continuously enhanced in alignment with emerging threat scenarios. The Company's technology environment is enabled with real-time security monitoring, with robust controls implemented across multiple layers encompassing end-user devices, network infrastructure, servers, applications, and data. These measures are designed to ensure confidentiality, integrity, and availability of information assets, and to safeguard the interests of all stakeholders.

OTHER DISCLOSURES

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. No Whole-time Director received remuneration from any of the subsidiary(ies) of the Company.
2. No corporate insolvency resolution process was initiated under the Insolvency and Bankruptcy Code, 2016, either by or against the Company, before NCLT or other court(s).
3. Issue of equity shares with differential rights as to dividend, voting or otherwise.
4. Issue of Shares (Including Sweat Equity Shares) to employees of your Company under any scheme.
5. No 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.
6. 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).
7. The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.
8. 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
9. There were no instance of revision of financial statements and Board's Report of your Company.
10. The Certificate duly signed by the Chairman & Managing Director and Chief Financial Officer on the Financial Statements of the Company for the year ended March 31, 2026, as submitted to the Board of Directors at its meeting held on May 27, 2026, is annexed to this report.
11. 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.

12. The Government of India notified on November 21, 2025, the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour and Employment, Government of India has notified Social Security (Central) Rules, 2026 on May 08, 2026. The Government of India is in the process of notifying other related rules to the New Labour Codes and the impact of these will be evaluated and appropriately accounted as and when notified.
13. The Company uses SAP accounting software for maintaining its Books of Accounts which has a feature of recording audit trail (edit log) in respect of the application and the same has been operated throughout the year for all relevant transactions. Further, there were no instances of the audit trail feature being tampered with in respect of the accounting software during the year. 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.
14. The Company uses a software for payroll processing which is operated by third party software service provider which has a feature of recording audit trail (edit log) in respect of the application layer and the same has been operated throughout the year for all relevant transactions except that audit trail feature is not enabled for direct changes to the data when using certain access rights. 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.

ACKNOWLEDGEMENTS

The Directors express their sincere gratitude and appreciation towards all those who have contributed to the success of the Company during the past year. It is through the collective effort and dedication of many stakeholders that we have achieved our goals and milestones.

We express our sincere gratitude to SEBI, BSE Limited, National Stock Exchange of India Limited,

Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies and other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them.

We would also like to thank our esteemed customers and shareholders. As we reflect on the accomplishments of the past year, we are deeply grateful for your unwavering support and partnership. Your loyalty and trust have been the cornerstone of our success, empowering us to overcome challenges and pursue new opportunities with confidence. We recognize the importance of your continued commitment, and we remain steadfast in our dedication to delivering value and excellence in all that we do.

Lastly, we extend our deepest appreciation to our employees, whose hard work, commitment, and innovative ideas have been instrumental in driving our growth and success. Their unwavering dedication and professionalism have played a significant role in overcoming challenges and seizing opportunities.

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

Tarang Jain

Chairman and Managing Director
 (DIN 00027505)

Date: May 27, 2026
 Place: Pune

Annexure – I

CSR Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2025-26

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	3	3
2.	Mr. Gautam Khandelwal [#]	Member	3	1
3.	Mrs. Liselott Kilaas *	Member	3	2
4.	Mr. Arjun Jain	Member	3	3
5.	Mr. Dhruv Jain *	Member	3	2

[#]Mr. Gautam Khandelwal ceased to be a member of the CSR Committee w.e.f. May 29, 2025.

*Mrs. Liselott Kilaas and Mr. Dhruv Jain have been appointed as a member of the CSR Committee w.e.f. May 29, 2025

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/upload/financial_results/17068631711735884362.pdf
CSR projects	https://www.varroc.com/investors/corporategovernance-responsibility

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	2,421.26
(b)	Two percent of average net profit of the company as per sub-section (5) of Section 135	48.43
(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years and utilised in current year*	4.42
(d)	Amount required to be set off for the financial year, if any	4.42
(e)	Total CSR obligation for the financial year [(b)-(d)]	44.01

* This includes an amount of ₹ 4.42 million available for set-off till March 31, 2026.

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)	51.11
(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)]	51.11

(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
51.11	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	48.43
(ii)	Total amount spent for the Financial Year	51.11
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.68
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years and Utilised in current year	4.42
(v)	Amount available for set off in succeeding financial years. (available till March 31, 2027)	7.84
(vi)	Amount available for set off in succeeding financial years. (available till March 31, 2028)	7.25
(vii)	Amount available for set off in succeeding financial years. (available till March 31, 2029)	7.10

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

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

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

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

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

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

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

Date: May 27, 2026
Place: Pune

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

Annexure - II

Research & Development

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 40,61,156 units of electricity. The Company earned an income of ₹ 13.22 million (including captive consumption of ₹9.34 million) from the generation of wind power.

Further, the solar plant installed by the Company at Shivaji Nagar, Dist. Dhule, Maharashtra State, generated 32,64,799 units of electricity. The said units were captively consumed by the Company. The total amount of captive consumption is ₹ 20.32 million.

Further, the Roof Top Solar installed by the Company at various manufacturing locations, generated 91,57,666 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 5,54,93,310 units.

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

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

During FY 2025-26, your Company remained committed to reducing energy consumption and enhancing energy efficiency across operations. The Company has a dedicated 'Energy Cell' which is continuously working for achieving Energy excellence, by identifying and implementing new and innovative measures across the Company's plants. The team closely monitors specific energy consumption pattern across all manufacturing sites. It also conducts periodic external energy audits. This has resulted in reduction of energy and CO2 footprint.

Further, 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.

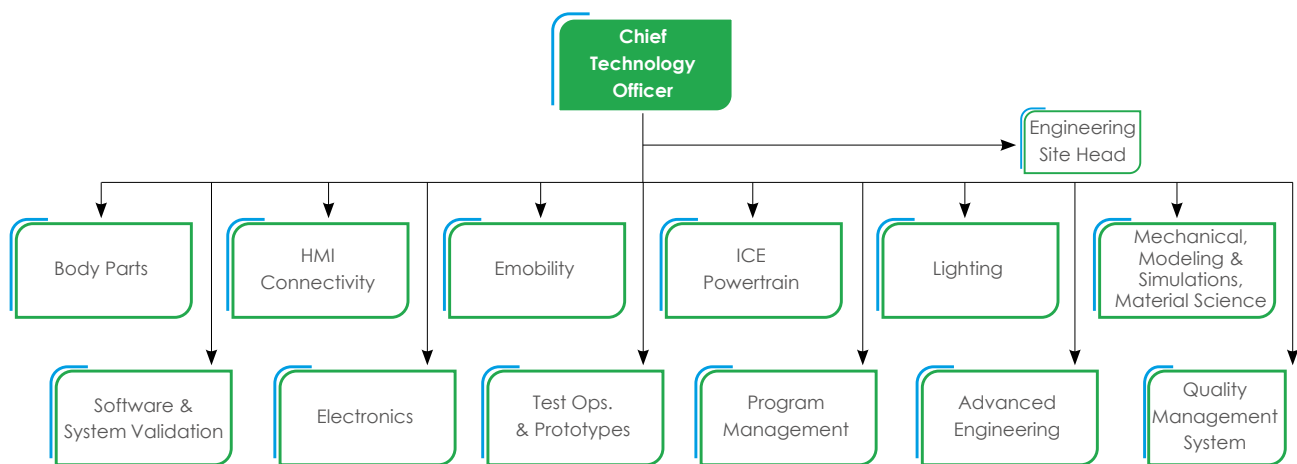
B) TECHNOLOGY ABSORPTION

(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 entered 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 and an Analytical lab.

The R&D team is equipped with various CAD Software tools Like Catia, UG and CAE software tools like LS-Dyna, Nastran, Moldflow. Various Inhouse developed tools and processes like "Varroc Development System", 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 initiatives and processes like Knowledge Sharing Sessions, Change Management, VA/VE, have been implemented to substantively improve Product Design & Development process.

The Company has achieved key milestones in last few years by successfully delivering FSS capabilities in the 4W Interiors and Exteriors segment. R&D has worked closely with multiple global and local 4W OEMs to design and develop new products and systems like Instrument Panels, Door Trims, Consoles, Pillar Trims, Claddings, Roof rails, Bumpers...etc. Many of these vehicles are now launched and successfully running at the customer's end.

The Company works with global & local 2W/3W/4W OEMs to develop world-class quality products like Mirrors, 2W Plastic Panels, Air filters, Seats, 4W Interior and Exterior assemblies and components. So far 20 patents have been filed, out of which 6 have already been granted and multiple research papers have been published.

In the competitive Indian & global market, company focuses on new innovations and patents to add value to its customers, keeping in mind the stringent cost targets. Various VAVE and benchmarking initiatives help R&D come up with ready-to-launch products at competitive pricing, which is highly appreciated by the customers.

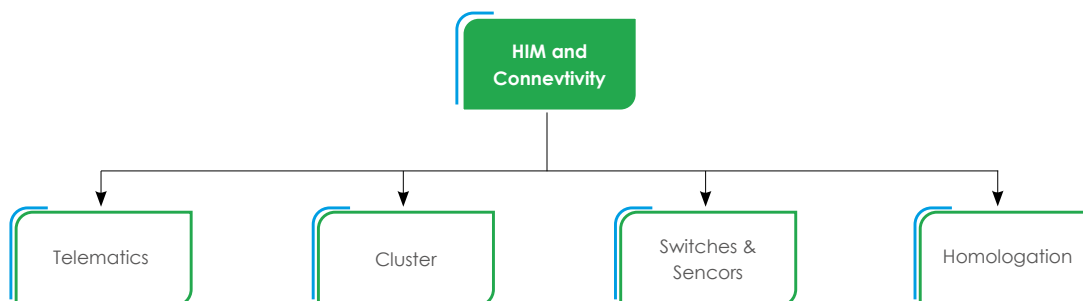
In FY 2025-26, Body parts product line started production of a commercial vehicle Cockpit (Complete Dashboard assembly along with CCB, Wiring harness and multiple other components), Door & Pillar Trims. PC-ABS Claddings production started for multiple vehicles. Production of 8 different Air Filters for new CT Boxer & Platina NXT, 5 Mirror Assemblies, 19 Seat assemblies & multiple molded parts started in FY 25-26. Few technologies like Aerofill Seat, Show Button Seat, Body Colored Painted Housing Mirror, were introduced in 2W segment.

Looking at the cost-sensitive Indian market and the increasing volume of electric vehicles, Body Parts R&D is focused on various technological innovations to enable cost and weight reductions. Various materials are being studied and tested for recyclability and the environmentally friendly aspects of plastics. Various processes enabling the weight reduction of injection molded parts are being studied. Body Parts R&D is also focused on finding opportunities for metal to plastic conversions to achieve better mileage through weight reduction.

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 partner's D&D, analysis and testing capabilities to balance the cyclic workload and to use their experience and expertise to bring niche know-how 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.
- CAN/LIN based switches.
- 4W steering wheel switches and power window switches.

4. 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.
- **Renewal notifications to OEM/Customer:** Renewal to the customer/OEM are shared well in advance so necessary action can be taken to avoid last-minute hassle. Also, any regulation changes are notified, discussions took place with OEM/Customer and corrective actions can be taken.

3. Emobility



E-Mobility Group Formation and Strategic Focus

The group is structured into specialized sub-teams focused on:

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

Each sub-team is tasked with market analysis, new product development, process optimization, continuous innovation to disrupt the market, and sustained competitiveness through product improvement and cost reduction.

System Development Focus

The E-Mobility Group has developed a comprehensive five-year technology roadmap emphasizing modularity, scalability, sustainability, self-reliance and regulatory compliance.

Key developments include:

- **Traction Motors (TM):** Varroc has indigenously designed, developed, and productionised advanced traction motor platforms with voltage ratings from 48V to 400V and power outputs ranging from 2.5 kW to 70 kW. The portfolio supports both PMSM and SynRM topologies. Varroc's SynRM motors are completely rare-earth-free, eliminating external supply chain dependencies and enabling a self-reliant, indigenous solution for EV propulsion.
- **Traction Motor Controllers (TMCU):** Designed for operating voltages from 36V to 420V, these controllers incorporate Field-Oriented Control (FOC), IP67 ingress protection, and compliance with EMI/EMC standards (AIS 004 & CISPR 25).
- **EV Transmissions:** Varroc has developed a range of transmissions for electric vehicle applications, enabling the company to offer complete end-to-end powertrain solutions integrating Traction Motor, Controller, and Transmission.
- **DC-DC Converters:** Available in non-isolated and isolated variants for 48V and 96V systems. These converters support output currents up to 30A, deliver peak efficiencies of >95%, and feature EMI/EMC compliance with IP67/IP68 protection.
- **Onboard & Offboard Chargers:** Power range from 455W to 7.4 kW, compliant with IEC 61851 and IS17017 standards. The chargers support CAN communication and protection ratings from IP42 to IP67. Combo units integrating Onboard Charger (OBC) + DC-DC Converter are available for high-power applications.
- **Battery Management Systems (BMS):** Advanced BMS solutions featuring passive cell balancing, accurate SOC/SOH estimation, fault monitoring, onboard MOSFET-based cutoffs, and isolated CAN communication.

4. ICE 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.

- **Electrical and Electronics Components**
 - **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 sensor less ISG controller configurations
 - ISG controllers and integrated with EFI
- **Precision Forged Machine Parts** for non-automotive applications including medical implants and titanium-alloy components
- **Engine valves Development based on**
 - **Advanced/upcoming fuel technology like**
 - CNG Application
 - Bi-fuel Application
 - Flex Fuel Application
- **New Engine Technology & High-performance application**
 - Turbo Charger (TC) Engine
 - Turbocharged Gasoline Direct Injection (TGDI) Engine
- **Transmission**
 - **Material Grade:** Titanium-ELi specification + Medical grade SS Orthinox steel alloy being studied for forging & machining affinity.
 - **Electric Vehicles (EVs)-** Mechanical performance related parts that remain essential in :
 - Planetary Gear Train- Raw prototype for single stage reduction is done. Team is currently pursuing 2 stage complex Planetary system. Active RFQ is already there for EV steering system. Work is on with helical shaping capability development.
 - Driveline Components- Slip Yokes, flanges, Cross etc. to be able to deliver system level solution to Customers. Past years' RFQ analysis shows couple of RFQs around these parts.
 - Steering Components- Active high probable RFQ is there with one of the prestigious Customer (Danfoss) for Hydro-mechanical Steering parts.

- Differential Gearing System- an integral part of drivetrain systems, Team has successfully completed forging prototype. Further work is on at system level integration i.e. complete differential assy. Design, drafting, detailing, CAD based inspections & prototyping. Eventually Live axle becomes the target for one stop solution for Customers.
- In parallel working on single & 2 stage reduction gear box for EVs is also at prototyping stage.

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.

Quality Systems Advancement: ASPICE Maturity Expansion

Building on prior achievements, the organization successfully extended Automotive SPICE® (ASPICE) Level 2 certification to the Passenger Vehicle Tail Lamp system, reinforcing process standardization and disciplined software development practices.

In parallel, a structured roadmap has been initiated to achieve ASPICE Level 3 maturity by FY 2026–27, including:

- Establishment of a centralized process and metrics database
- Organization-wide process harmonization through Business Process Re-engineering (BPR) initiatives
- Initiation of Hardware ASPICE capability development, with Level 1 targeted in the upcoming cycle

These initiatives strengthen process predictability, reuse, and continuous improvement across engineering programs.

Functional Safety Integration: Platform-Level Capability Development

Significant progress was made in embedding functional safety practices aligned with ISO 26262.

- Achieved ASIL-B safety analysis for the Traction Motor Controller based on the Safety Element out of Context (SEooC) concept
- Advanced system-level design and validation activities to achieve full product-level ASIL-B compliance
- Developed an in-house safety analysis toolchain, enhancing capabilities in HARA, FMEA, and safety concept development

This marks a transition from project-specific safety implementation toward reusable, platform-based safety engineering.

Cybersecurity Readiness: Structured Framework Deployment

The organization established a foundational cybersecurity framework aligned with ISO/SAE 21434, supporting secure product development practices.

Key achievements include:

- Definition of an enterprise-level Cybersecurity Management System (CSMS) framework
- Release of common baseline security requirements for telematics systems
- Organization-wide capability building through targeted trainings on cybersecurity regulations and compliance

These efforts position the organization for progressive alignment with regulatory expectations including UN Regulation R155

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.

We have developed PoCs together with 4W lighting team to scale down the usage for 2W lighting new programs. ADB integration is highly focused in top premium OEMs so we are working with our 4W lighting team to adapt this technology for 2W.

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.

Part of this process, mandatory DFA/DFM workshop is rolled out in all new programs to work with all CFTs to make sure early identification of risks and corrective actions even before the tool is released. This workshop significantly enhances our early detection to reach our first time right goal.

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)
	For the year ended March 31, 2026
Capital	138.32
Recurring	1,683.63
Total	1,821.95
Total R&D expenditure as a % of total turnover	2.24%

C) Foreign Exchange Earning and Outgo for the year 2025-26

	(₹ in Million)
	2025-26
A Used For	
1 Capital Goods	680.73
2 Raw Material	5,198.61
3 Components, Stores & Spares	13.31
4 Foreign Travel	18.60
5 Consultancy Charges	255.37
6 Interest on Term Loan	0.41
7 Royalty	47.11
8 Others	1,169.47
Total	7,383.61
B Earned	
1 Exports	3,015.45
2 Others	19.02
Total	3,034.47

ANNEXURE -III

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 2025-26 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	13597%	Nil
Mr. Arjun Jain	Whole Time Director	3563%	10.23%
Mr. Dhruv Jain [#]	Whole Time Director	N.A.	N.A.
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
Mrs. Liselott Kilaas	Independent Director	N.A.	Nil
Mr. Akshaykumar Chudasama [%]	Independent Director	N.A.	Nil
Mr. Padmanabh Sinha [%]	Independent Director	N.A.	Nil
Mr. Vidyadhar Limaye ^{\$}	Whole Time Director	N.A.	N.A.
Mr. Avinash Chintawar [#]	Whole Time Director	N.A.	N.A.
Mr. K. Mahendra Kumar	Group Chief Financial Officer	3941%	11.27%
Mr. Ajay Sharma ^{\$}	Group General Counsel & Company Secretary	N.A.	N.A.
Mr. Anil Ghatiya [#]	Company Secretary and Compliance officer	N.A.	N.A.

^{\$}Mr. Vidyadhar Limaye (resigned as Whole-time Director) and Mr. Ajay Sharma (resigned as Group General counsel & Company Secretary) during FY 2025- 26. Hence Ratio to Median Remuneration and % change remuneration over previous year are not applicable.

[#]Mr. Dhruv Jain (appointed as a Whole Time Director), Mr. Avinash Chintawar (appointed as a Whole Time Director) and Mr. Anil Ghatiya (appointed as a Company Secretary and Compliance officer) during FY 2025-26, Hence Ratio to Median Remuneration and % change remuneration over previous year are not applicable.

[@]Mr. Gautam Khandelwal, Mr. Marc Szulewicz and Mrs. Vijaya Sampath completed their tenure as Independent Director on July 19, 2025

[%]Mr. Akshaykumar Chudasama and Mr. Padmanabh Sinha are appointed as Independent Directors during the FY 2025-26

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 2025-26, there was an increase of 12.40% in the median remuneration of the employees.
- There were 5079 permanent employees on the payroll of the Company as on March 31, 2026.
- For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2025-26, the average increase in remuneration was 12.31%. The average increase in remuneration for Managerial Personnel in the financial year 2025-26 was 13.52%.

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.

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 MARCH 31, 2026

To,
The Members of
Varroc Engineering Limited
Plot No. L-4, MIDC, Waluj,
Chhatrapati Sambhaji Nagar
(erstwhile Aurangabad)- 431136.

We have conducted the Secretarial Audit of the compliance of applicable statutory provision and the adherence to good corporate practices by 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 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 March 31, 2026 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 Varroc Engineering Limited for the financial year ended March 31, 2026 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 and 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 laws applicable specifically to the Company as per **ANNEXURE B**.

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

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

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

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

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

We further report that:

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

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system

exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

For **Uma Lodha & Co.**
Practicing Company Secretaries

Uma Lodha
(Proprietor)
FCS No.: 5363
C.P. No.2593

Place: New York UDIN: F005363H000425013
Date: 27/05/2026 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

VARROC ENGINEERING LIMITED

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

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

For **Uma Lodha & Co.**
Practicing Company Secretaries

Uma Lodha

(Proprietor)

FCS No.: 5363

C.P. No.2593

UDIN: F005363H000425013

Peer Review Certificate No. 6629/2025

Place: New York

Date: 27/05/2026

ANNEXURE B

List of other applicable Acts.

1.	Motor Vehicles Act, 1988 and the Rules made thereunder.
2.	Explosives Act, 1884 and the Gas Cylinders Rules, 2016.
3.	Petroleum Act, 1934 and the Rules made thereunder.
4.	Environment (Protection) Act, 1986 read with the Bio-Medical Waste Management Rules, 2016.
5.	Water (Prevention and Control of Pollution) Act, 1974.
6.	Air (Prevention and Control of Pollution) Act, 1981.
7.	Battery Waste Management Rules, 2022.
8.	Public Liability Insurance Act, 1991 and the Rules made thereunder.
9.	Competition Act, 2002 and the Rules and Regulations made thereunder.
10.	Legal Metrology Act, 2009 and the Rules made thereunder.

Corporate Governance Report

This Corporate Governance Report relating to the Financial Year ended on March 31, 2026, 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 comprises the framework of principles, values, and processes that guide the functioning of the Company's Board and management. It serves as a foundation for promoting transparency, accountability, and ethical conduct in decision-making, thereby supporting sustainable long-term growth. Effective corporate governance, driven by strong leadership and high ethical standards, is fundamental to building a successful and resilient organization.

At Varroc Engineering Limited, we are proud to be a part of the Varroc Group, established by the distinguished Indian industrialist, Mr. Tarang Jain. The Company remains steadfast in upholding the vision, values, and principles laid down by our Founder. Our corporate governance philosophy is anchored in a longstanding tradition of fairness, integrity, and transparency. Several of our governance practices were implemented voluntarily well before they were mandated by regulations, demonstrating our enduring commitment to our core values, collectively represented by the acronym 'SHIPS', as set out 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. The Company promotes a culture of integrity, accountability and ethical conduct across all levels of the organization. Its governance framework is supported by well-defined policies, codes and internal controls that encourage responsible behaviour, transparency and compliance with applicable laws and regulations.

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. During the year, the Company refreshed its corporate brand positioning from **Perform@Change** to **Brilliance@Scale**. While **Perform@Change** reflected the Company's agility, resilience, and ability to successfully navigate evolving market dynamics, **Brilliance@Scale** represents the next phase of its growth journey, emphasizing consistent excellence, innovation, competitiveness, and global impact. The new positioning underscores the Company's commitment to delivering value through its people, processes, products, and partnerships, while continuing to shape the future through sustainable and scalable growth.

The Company believes that Corporate Governance is not merely a set of principles to be followed, but a way of life that is deeply embedded in its culture and conduct. It continually strives to adopt industry best practices, with a strong emphasis on transparency in its operations, effective functioning of the Board and Management, and accountability towards all stakeholders. The Company's governance philosophy is directed towards creating sustainable long-term value for shareholders while fulfilling its social responsibilities and ensuring compliance with applicable laws and regulations.

The Company's policies are designed to enhance long-term shareholder value while upholding the highest standards of integrity. Its interactions with stakeholders are guided by the principles of fairness, propriety, and justice. The Company's corporate governance framework also fosters a culture of openness and trust, supported by mechanisms that encourage employees to raise concerns freely and without fear of retaliation or inhibition.

The Company's corporate governance framework is further reinforced through its Code of Conduct for Prevention of Insider Trading, which promotes ethical conduct and safeguards the integrity of unpublished price-sensitive information. The Company also has a comprehensive Information Security Policy in place to ensure the secure and appropriate use of information technology resources and to protect critical business information.

As a responsible corporate citizen, the Company actively encourages and recognizes employee participation in environmental and social initiatives that support sustainable development. Such initiatives are deeply integrated into the Company's operational philosophy and business practices, reflecting its commitment to long-term sustainability and responsible growth rather than serving as tools for image-building or publicity.

The Company believes that sound corporate governance is fundamental to sustainable value creation and long-term business success. Its governance framework is founded on the principles of integrity, accountability, transparency, fairness and responsible business conduct. The Company remains committed to maintaining the highest standards of governance while balancing the interests of its shareholders, employees, customers, business partners, regulators and the communities in which it operates.

2. Board of Directors:

The Board of the Company is constituted with an optimal mix of Executive and Non-Executive Directors, ensuring not only compliance with statutory requirements but also a diverse blend of experience, expertise, and professional backgrounds. In discharging its responsibilities and providing effective leadership, the Board upholds the Company's core values, fosters an ethical culture, promotes sustainability, and encourages innovation. Independent Directors play a vital role in strengthening the corporate governance framework and ensuring objectivity and fairness in decision-making. With their diverse expertise and experience, they provide independent judgment on matters relating to strategy, risk management, internal controls, and business performance.

The Board comprises accomplished professionals of high integrity, possessing extensive industry knowledge, leadership capabilities, and financial acumen. They remain committed to the Company's long-term success and devote adequate time and attention to Board deliberations, enabling informed decision-making and effective oversight.

The Company believes that diversity of thought, experience, expertise, age, gender, and cultural background enhances the effectiveness of Board deliberations and decision-making. The Board comprises members with diverse professional backgrounds and global experience, enabling balanced perspectives and robust oversight of the Company's business and strategic priorities.

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 is 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, 2026, the Board of Directors of the Company consists of Eight (8) Directors of whom, Four (4) are 'Executive' Directors and Four (4) are Independent Directors including One (1) Woman Independent Director.

The details of the Board of Directors as on March 31, 2026, are as follows:

Name of the Director	Category of Director	Particulars
Mr. Tarang Jain (DIN 00027505)	Promoter/ 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) *	Whole Time Director Executive / Non-Independent	Appointed as Whole Time Director for three (3) years from June 1, 2025, to May 31, 2028
Mr. Avinash Chintawar (DIN 07817177) *	Whole Time Director Executive / Non-Independent	Appointed as Whole Time Director for (three) 3 years effective from November 12, 2025, to November 11, 2028
Dr. Vinish Kathuria (DIN 01951771)	Non -Executive/ Independent Director	Re-appointed as an Independent Director for the next term of five (5) years effective from February 06, 2023 to February 5, 2028.
Mrs. Liselott Kilaas (DIN 10953529) **	Non -Executive/ Independent Director	Appointed as a Non-Executive/ Independent Director for a first term of five (5) years from March 27, 2025, to March 26, 2030
Mr. Akshaykumar Chudasama (DIN 00010630) **	Non -Executive/ Independent Director	Appointed as a Non-Executive/ Independent Director for a first term of five (5) years from May 29, 2025, to May 28, 2030
Mr. Padmanabh Sinha (DIN 00101379) **	Non -Executive/ Independent Director	Appointed as a Non-Executive/ Independent Director for a first term of five (5) years from July 18, 2025, to July 17, 2030

During the year under review:

* Mr. Dhruv Jain and Mr. Avinash Chintawar have been appointed as Whole-Time Directors with effect from June 1, 2025, and November 12, 2025, respectively.

** Mrs. Liselott Kilaas, Mr. Akshaykumar Chudasama, and Mr. Padmanabh Sinha have been appointed as Independent Directors with effect from March 27, 2025, May 29, 2025, and July 18, 2025, respectively.

Mr. Vidyadhar Limaye resigned from the position of Whole-time Director due to early retirement on account of personal reasons, with effect from June 30, 2025.

Mr. Gautam Khandelwal, Mrs. Vijaya Sampath and Mr. Marc Szulewicz, Independent Directors of the Company, ceased to hold office upon completion of their respective tenures, with effect from July 19, 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. The Directors are also provided the facility of video conferencing to enable them to participate effectively in the Meeting(s), as and when required.

Apart from the Directors and the Company Secretary, the Board and Committee meetings are generally attended by the Chief Financial Officer, Senior Management Personnel and other officers of the Company, as and when necessary.

During the year under review, six (6) meetings of the Board of Directors were held on May 29, 2025, July 18, 2025, August 7, 2025, November 12, 2025, February 05, 2026, and March 26, 2026. 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, 2026, 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 as on March 31, 2026, are as follows:

Name of the Director and Category of Directorship	No. of Board Meetings attended during the F.Y. 2025-26	Whether attended the last AGM held on August 21, 2025	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	6	Yes	2	0	3	TCPL Packaging Limited (Independent Director)
Mr. Arjun Jain Executive / Non- Independent	6	Yes	1	-	1	-
Mr. Dhruv Jain Executive / Non- Independent	5	Yes	1	-	1	-
Mr. Avinash Chintawar Executive / Non- Independent	3	NA	1	-	-	-
Dr. Vinish Kathuria Non -Executive/ Independent	6	Yes	1	3	0	-
Mrs. Liselott Kilaas Non -Executive/ Independent	6	Yes	1	-	2	-
Mr. Akshaykumar Chudasama Non - Executive/ Independent	5	Yes	4	-	6	Artemis Medicare Service Limited (Independent Director) JSW Cement Limited (Independent Director) Borosil Renewables Limited (Independent Director)
Mr. Padmanabh Sinha Non -Executive / Independent	5	Yes	1	-	-	-

Note:

*This excludes directorships in Private Companies, Foreign Companies and Companies licensed under the 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 the 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, 2026, six (6) Board meetings were held on May 29, 2025, July 18, 2025, August 7, 2025, November 12, 2025, February 05, 2026 and March 26, 2026. The Annual General Meeting was held on August 21, 2025. 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 August 21, 2025
	Held	Eligible to attend	Attended	
Mr. Tarang Jain	6	6	6	✓
Mr. Arjun Jain	6	6	6	✓
Mr. Dhruv Jain	6	6	5	✓
Mr. Avinash Chintawar (From November 12, 2025)	3	3	3	⊗
Mr. Vidyadhar Limaye (Up to June 30, 2025)	1	1	1	⊗
Mr. Gautam Khandelwal (Up to July 19, 2025)	2	2	2	⊗
Mrs. Vijaya Sampath (Up to July 19, 2025)	2	2	2	⊗
Mr. Marc Szulewicz (Up to July 19, 2025)	2	2	2	⊗
Dr. Vinish Kathuria	6	6	6	✓
Mrs. Liselott Kilaas (From March 27, 2025)	6	6	6	✓
Mr. Akshaykumar Chudasama (From May 29, 2025)	6	6	5	✓
Mr. Padmanabh Sinha (From July 18, 2025)	5	5	5	✓

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

2.3 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. Avinash Chintawar, 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.

2.4 Shareholding of Directors and Key Managerial Personnel:

Details of the shareholding of Directors and Key Managerial Personnel in the Company as on March 31, 2026, 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*	Wholetime Director	5,000
Dr. Vinish Kathuria	Independent Director	Nil
Mrs. Liselott Kilaas**	Independent Director	Nil

Name	Designation	No. of shares held
Mr. Akshaykumar Chudasama**	Independent Director	Nil
Mr. Padmanabh Sinha**	Independent Director	6,327
Mr. Avinash Chintawar*	Whole Time Director	Nil
Mr. K. Mahendra Kumar	Chief Financial Officer	Nil
Mr. Anil Ghatiya***	Company Secretary & Compliance Officer	150

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

*Mr. Dhruv Jain and Mr. Avinash Chintawar have been appointed as Whole-Time Directors with effect from June 1, 2025, and November 12, 2025, respectively.

**Mrs. Liselott Kilaas, Mr. Akshaykumar Chudasama, and Mr. Padmanabh Sinha have been appointed as Independent Directors with effect from March 27, 2025, May 29, 2025, and July 18, 2025, respectively.

***Mr. Anil Ghatiya has been appointed as a Company Secretary & Compliance Officer with effect from July 31, 2025

During the Financial Year 2023-24, the Company had issued 25,000 Rated, listed, senior, secured, redeemable, taxable, transferable, Non-Convertible Debentures ("NCDs") of ₹ 1 Lakh each aggregating to ₹2500 Million bearing coupon rate of 8.60% on September 7, 2023, which were due for redemption on September 7, 2028. The Company has exercised call option for early redemption of these NCDs on March 6, 2026, as per terms and conditions stated in the issue documents including Debenture Trust Deed executed between the Company and its Debenture Trustee ("DTD"), Information Memorandum / General Information Document dated September 4, 2023 ("GID"). 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 2025-26, except Commercial Papers, the Company has not issued any other securities.

2.5 Familiarization Programme for Independent Directors:

The Company has in place a structured familiarisation programme for Independent Directors aimed at providing insights into the Company's business model, industry dynamics, operational performance, regulatory developments, risk management framework and governance practices. Periodic presentations are made by senior management to enable Directors to effectively discharge their responsibilities.

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/17708861202095134869.pdf

2.6 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	✓	✓	✓	✓	✓	✓	✓
Mr. Arjun Jain	✓	✓	✓	✓	✓	✓	✓
Mr. Dhruv Jain	✓	✓	✓	✓	-	-	✓
Mr. Avinash Chintawar	✓	-	-	✓		-	✓
Dr. Vinish Kathuria	✓	✓	✓	✓	✓	✓	✓
Mrs. Liselott Kilaas	✓	✓	-	✓	✓	-	✓
Mr. Akshaykumar Chudasama	✓	✓	-	✓	✓	✓	✓
Mr. Padmanabh Sinha	✓	✓	✓	-	✓	✓	✓

The Board possesses a balanced mix of skills, expertise and experience across areas such as strategy, finance, accounting, risk management, governance, legal and regulatory affairs, manufacturing, technology, sustainability, human resources and global business operations. The diverse competencies of the Directors enable the Board to effectively discharge its responsibilities and provide strategic guidance to the management.

2.7 Director(s) seeking Appointment/Re-appointment:

In compliance with the provisions of the Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Arjun Jain (DIN:07228175) and Mr. Dhruv Jain (DIN: 09710448) will retire by rotation at the ensuing Annual General Meeting, and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their Meeting held on May 27, 2026 it is proposed to re-appoint him as a Director of the Company.

The information about above Director is 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.

2.8 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.

2.9 Independent Directors:

Independent Directors play a key role in the governance processes of the Board and in shaping various strategic initiatives of the Company. These Directors are professionals, with expertise and experience in general corporate management, business, finance and information technology. This wide knowledge of their respective fields of expertise and best-in-class boardroom practices helps foster varied, unbiased, independent and experienced perspective and also prevent possible conflicts of interest that may emerge in such decision making.

Your Company has several Subsidiaries, both in India and overseas. In order to leverage the experience of Independent Directors of the Company for the benefit of and for improved Corporate Governance and better reporting to the Board, some of the Independent Directors also serve on the Boards of 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 the 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. However, Mr. Gautam Khandelwal, Mrs. Vijaya Sampath and Mr. Marc Szulewicz, Independent Directors of the Company, ceased to hold office upon completion of their respective tenures, with effect from July 19, 2025.

Pursuant to the completion of terms of the above Independent Directors, the Company had appointed Mrs. Liselott Kilaas, Mr. Akshaykumar Chudasama, and Mr. Padmanabh Sinha as Independent Directors with effect from March 27, 2025, May 29, 2025, and July 18, 2025, respectively.

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 consider 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 2025-26, the Independent Directors held a separate meeting on May 29, 2025 and March 26, 2026, 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.

2.10 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 the 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.

2.11 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 the 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.

2.12 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, in aggregate, not exceeding 1% of the Net Profits of the Company or ₹ 15 million (whichever is lower). The Chairman and Managing Director, Whole-time Directors 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(s) 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 of the Company.

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	-	-	124.90	11.48	6.68	143.06
Mr. Arjun Jain	Whole Time Director	-	-	30.17	0.35	1.08	31.60
Mr. Dhruv Jain*	Whole Time Director	-	-	15.54	1.55	0.80	17.89
Mr. Vidyadhar Limaye**	Whole Time Director	-	-	6.21	0.01	0.15	6.37
Mr. Avinash Chintawar*	Whole Time Director	-	-	9.37	0.41	0.29	10.07
Mrs. Vijaya Sampath#	Independent Director	0.50	-	-	-	-	0.50
Mr. Marc Szulewicz#	Independent Director	0.30	-	-	-	-	0.30
Mr. Gautam Khandelwal#	Independent Director	0.70	-	-	-	-	0.70
Dr. Vinish Kathuria	Independent Director	1.80	1.70	-	-	-	3.50
Mrs. Liselott Kilaas***	Independent Director	1.60	1.90	-	-	-	3.50
Mr. Akshaykumar Chudasama***	Independent Director	1.10	1.82	-	-	-	2.92
Mr. Padmanabh Sinha***	Independent Director	0.60	2.32	-	-	-	2.92
Grand Total		6.60	7.74	186.19	13.80	9.00	223.33

* Mr. Dhruv Jain and Mr. Avinash Chintawar have been appointed as Whole-Time Directors with effect from June 1, 2025, and November 12, 2025, respectively.

**Mr. Vidyadhar Limaye ceased as the Whole Time Director of the Company w.e.f. June 30, 2025.

*** Mrs. Liselott Kilaas, Mr. Akshaykumar Chudasama, and Mr. Padmanabh Sinha have been appointed as Independent Directors with effect from March 27, 2025, May 29, 2025, and July 18, 2025, respectively.

#Mr. Gautam Khandelwal, Mrs. Vijaya Sampath and Mr. Marc Szulewicz, Independent Directors of the Company, ceased to hold office upon completion of their respective tenures, with effect from July 19, 2025.

Other than the above, no other payments are made to the Independent Directors of the Company.

- 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.
- Salary included details of fixed component and performance linked incentives, basis their Key Responsibility Areas / performance criterias;
- service contracts, notice period, severance fees; Not Applicable
- 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 the Section 177 of the Companies Act, 2013 and the Regulation 18(1) of Listing Regulations.

The constitution of the Audit Committee as on March 31, 2026, is as follows:

Name of the Member	Position in the Committee	Category
Dr. Vinish Kathuria	Chairman	Non – Executive, Independent Director
Mrs. Liselott Kilaas	Member	Non – Executive, Independent Director
Mr. Akshaykumar Chudasama	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/ Members are financially literate, and Dr. Vinish Kathuria and Mr. Akshaykumar Chudasama 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 the Regulation 18(1)(d) of the Listing Regulations, the Chairperson of the Audit Committee attended the Annual General Meeting to address Shareholder queries.

3.1.2 Terms of reference:

The terms of reference of the Audit Committee cover all the areas mentioned under the 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 inter alia 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/17706222881519206341.pdf>

The Audit Committee serves as a key pillar of the Company's governance framework and assists the Board in fulfilling its oversight responsibilities relating to financial reporting, internal controls, risk management, audit processes, regulatory compliance and related party transactions. The Committee regularly interacts with management, internal auditors and statutory auditors to ensure the integrity and transparency of the Company's financial reporting processes.

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 Year, Five (5) Audit Committee meetings were held on May 29, 2025, August 7, 2025, November 12, 2025, February 5, 2026, and March 26, 2026.

The Attendance of the Committee members at these Audit Committee meetings is given below:

Name of the the Member	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal (Up to the date of cessation i.e., July 19, 2025)	5	1	1
Mrs. Vijaya Sampath (Up to the date of cessation i.e., July 19, 2025)	5	1	1
Mr. Tarang Jain*	5	4	4
Dr. Vinish Kathuria	5	5	5
Mrs. Liselott Kilaas (Effective from March 27, 2025)	5	4	4
Mr. Akshaykumar Chudasama (Effective from May 29, 2025)	5	4	3

*Mr. Tarang Jain, stepped down as a Member of Audit Committee effective from February 5, 2026.

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 the 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, 2026, is as follows:

Name of the Member	Position in the Committee	Category
Mr. Akshaykumar Chudasama	Chairman	Non – Executive, Independent Director
Dr. Vinish Kathuria	Member	Non – Executive, Independent Director
Mrs. Liselott Kilaas	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 the Section 178 of the Companies Act, 2013 and Regulation 19 (4) of the Listing Regulations. The Nomination and Remuneration Committee is entrusted with, inter alia, the responsibility of 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/17706224681260025813.pdf>

The Nomination and Remuneration Committee periodically reviews succession plans for the Board, Key Managerial Personnel and Senior Management to ensure leadership continuity and long-term organizational sustainability.

3.2.3. Attendance:

During the Financial Year ended on March 31, 2026, three (3) Nomination and Remuneration Committee meeting were held on May 29, 2025, July 18, 2025, and November 12, 2025. The Attendance of the members at this Committee meeting is given below: -

Name of the Member	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal (Up to the date of cessation i.e., July 19, 2025)	3	1	1
Mrs. Vijaya Sampath (Up to the date of cessation i.e., July 19, 2025)	3	1	1
Mr. Marc Szulewicz (Up to the date of cessation i.e., July 19, 2025)	3	1	1
Dr. Vinish Kathuria (Effective from May 29, 2025)	3	2	2
Mrs. Liselott Kilaas (Effective from May 29, 2025)	3	2	2
Mr. Akshaykumar Chudasama (Effective from May 29, 2025)	3	2	2

As per Regulation 19(3) of the Listing Regulations, the Chairperson of the Nomination and Remuneration Committee attended the Annual General Meeting to address 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 2025-26 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 29, 2025.

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.

Based on the evaluation undertaken, the Board is of the view that it operates effectively and continues to maintain an appropriate balance of skills, experience, independence and diversity. The evaluation process also confirmed the effectiveness of the Board Committees and the constructive contribution made by individual Directors.

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 the 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, 2026, is as follows:

Name of the Member	Position in the Committee	Category
Dr. Vinish Kathuria	Chairman	Non – Executive, Independent Director
Mr. Akshaykumar Chudasama	Member	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Whole Time Director, Executive, Non-Independent Director
Mr. Dhruv Jain	Member	Whole Time Director, Executive, Non-Independent Director

The Company Secretary is the Secretary to the Stakeholders Relationship Committee.

As per Regulation 20(3) of the Listing Regulations, the Chairperson of the Stakeholders Relationship Committee attended the Annual General Meeting to address Shareholder queries.

3.3.2. Terms of Reference:

The terms of reference of the Stakeholders Relationship Committee cover all the areas mentioned under the Section 177 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The Stakeholders Relationship Committee is entrusted with 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, 2026, one (1) meeting of the Stakeholders Relationship Committee was held on May 26, 2025. The Attendance of the Members at this Committee meeting is given below:

Name of the Member	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Gautam Khandelwal	1	1	1
Mr. Arjun Jain	1	1	1
Dr. Vinish Kathuria	1	1	1

3.3.4 Compliance Officer:

Mr. Anil Ghatiya, 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, India

Phone: (0240) 6653675

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, 2026.

3.3.6 Details of Complaints from Security Holders:

No. of complaints remaining unresolved as on 01.04.2025	0
No. of complaints received during the year	0
No. of complaints resolved during the year	0
No. of complaints unresolved as on 31.03.2026	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 the Section 135 of the Companies Act, 2013.

The constitution of the Corporate Social Responsibility Committee as on March 31, 2026, is as follows:

Name of the Member	Position in the Committee	Category
Mr. Tarang Jain	Member	Chairman and Managing Director
Mrs. Liselott Kilaas	Member	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Whole Time Director, Executive, Non-Independent Director
Mr. Dhruv Jain	Member	Whole Time Director, Executive, Non-Independent 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 the 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, 2026, 3 (three) meetings of the Corporate Social Responsibility Committee were held on May 26, 2025, November 12, 2025, and March 26, 2026. The Attendance of the Members at these Committee meetings is given below:

Name of the Member	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	3	3	3
Mr. Gautam Khandelwal (Up to the date of cessation i.e., July 19, 2025)	3	1	1
Mr. Arjun Jain	3	3	3
Mr. Dhruv Jain (Effective from May 29, 2025)	3	2	2
Mrs. Liselott Kilaas (Effective from May 29, 2025)	3	2	2

3.5. Risk Management Committee:

3.5.1 Constitution and Composition:

The Risk Management Committee was constituted on April 3, 2019, in compliance with the provisions of Regulation 21 of the Listing Regulations.

The constitution of the Risk Management Committee as on March 31, 2026, is as follows:

Name of the Member	Position in the Committee	Category
Mrs. Liselott Kilaas	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, Executive, Non-Independent Director
Mr. Dhruv Jain	Member	Whole Time Director, Executive, Non-Independent 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 inter alia 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/>.

The Company has established a robust enterprise risk management framework to identify, assess, monitor and mitigate risks that may impact the achievement of its strategic and operational objectives. The Risk Management Committee provides oversight of key business, financial, operational, regulatory, cybersecurity and sustainability-related risks and periodically reviews the effectiveness of mitigation measures implemented by the management.

The Company continues to strengthen its cyber security and information security framework through appropriate policies, controls, monitoring mechanisms, and employee awareness initiatives to safeguard business-critical information and digital assets. The Company also continues to leverage technology and digital initiatives to enhance operational efficiency, decision-making and stakeholder engagement. Appropriate governance mechanisms are in place to oversee technology-related risks and opportunities arising from the evolving digital landscape.

3.5.3. Attendance:

During the Financial Year ended on March 31, 2026, 2 (Two) meetings of the Risk Management Committee were held on May 26, 2025, and November 11, 2025. The Attendance of the Members at the said Committee meeting is given below:

Name of the Member	No. of Meetings		
	Held	Eligible to attend	Attended
Mrs. Vijaya Sampath (Up to the date of cessation i.e., July 19, 2025)	2	1	1
Mrs. Liselott Kilaas (Up to the date of cessation i.e., July 19, 2025)	2	1	1
Dr. Vinish Kathuria	2	2	2
Mr. Tarang Jain	2	2	2
Mr. Arjun Jain	2	2	2
Mr. Dhruv Jain (Effective from May 29, 2025)	2	1	1
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, 2026, is as follows:

Name of Member	Position in the Committee	Category
Mr. Tarang Jain	Chairman	Chairman and Managing Director
Mr. Arjun Jain	Member	Whole Time Director
Mr. K. Mahendra Kumar	Member	Group Chief Financial Officer

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 Association Directors under the provisions of the 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, 2026, 3 (three) meetings of the Finance Committee were held on August 7, 2025, November 12, 2025, and February 5, 2026.

The Attendance of the members at the said Committee meetings is given below:

Name of the Member	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	3	3	3
Mr. Arjun Jain	3	3	3
Mr. K. Mahendra Kumar	3	3	3

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 as on March 31, 2026, is as follows:

Name of the Member	Position in the Committee	Category
Mr. Tarang Jain	Chairman	Chairman and Managing Director
Mrs. Liselott Kilaas	Member	Non – Executive, Independent Director
Mr. Arjun Jain	Member	Whole Time Director, Executive, Non-Independent Director
Mr. Dhruv Jain	Member	Whole Time Director, Executive, Non-Independent 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>

The Board recognizes Environmental, Social and Governance (ESG) considerations as integral to sustainable business growth and long-term value creation. Through the ESG Steering Committee, the Company continues to integrate sustainability considerations into strategic decision-making, risk management and operational practices while monitoring progress against its ESG objectives and commitments.

3.7.3 Attendance:

During the Financial Year ended on March 31, 2026, one (1) meeting of the Environmental, Social & Governance Steering Committee was held on May 26, 2025.

Name of the Member	No. of Meetings		
	Held	Eligible to attend	Attended
Mr. Tarang Jain	1	1	1
Mr. Arjun Jain	1	1	1
Mr. Gautam Khandelwal (Up to the date of cessation i.e., July 19, 2025)	1	1	1
Mrs. Liselott Kilaas (Effective from May 29, 2025)	-	-	-
Mr. Dhruv Jain (Effective from May 29, 2025)	-	-	-

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, Chhatrapati Sambhaji Nagar (Erstwhile 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
35th	September 13, 2023, 11:00 A.M.	1. To Issue of Non – Convertible Debentures on Private Placement Basis 2. Appointment of Mr. Tarun Tyagi as Whole Time Director of the Company 3. To Consider and Approve the amendment in Articles of Association of the Company
36th	September 12, 2024, 11:00 A.M.	1. To Issue of Non – Convertible Debentures on Private Placement Basis.
37th	August 21, 2025, 11:00 A.M	1. Appointment of Mr. Akshaykumar Chudasama (DIN 00010630) as an Independent Director of the Company 2. 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. Amendment in Main Object Clause of the Memorandum of Association of the Company 5. Approval for Transactions under The Section 185 and 186 of the Companies Act, 2013 6. Re-appointment to Mr. Tarang Jain (DIN 00027505), as Chairman and Managing Director of the Company and Payment of Remuneration 7. Re-appointment of Mr. Arjun Jain (DIN 07228175) as Whole Time Director of the Company and Payment of Remuneration 8. Appointment of Mr. Dhruv Jain (DIN 09710448) as Whole Time Director of the Company and payment of Remuneration

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 2025-26.

4.3 At the ensuing 38th Annual General Meeting to be held on Thursday, August 20, 2026, through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), three (3) Resolutions are proposed to be passed as a Special Resolution.

4.4 Postal Ballot:

The Company during the Financial Year 2025-26 had once sought the approval of the shareholders by way of Special Resolution through the Postal Ballot Notice dated November 12, 2025, in respect of the following matter:

- Appointment of Mr. Avinash Ramdas Chintawar (DIN - 07817177) as a Director / Whole Time Director of the Company.

Pursuant to the 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, No. 03/2025 dated September 22, 2025 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 & CP No. 2593), was appointed as the Scrutiniser to scrutinise 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. Anil Ghatiya, Company Secretary and Compliance Officer 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 result of the voting by Postal Ballot and e-Voting was then announced by Mr. Anil Ghatiya.

4.4.1 - Appointment of Mr. Avinash Ramdas Chintawar (DIN - 07817177) 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., Tuesday, November 11, 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, November 14, 2025, at 9.00 a.m. (IST) and ended on Saturday, December 13, 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, December 13, 2025, and the results of which were announced on Saturday, December 13, 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/17657772861249166171.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	327	13,88,91,048	99.96%
Total	327	13,88,91,048	99.96%

(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	27	52,850	0.04%
Total	27	52,850	0.04%

(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= 13,89,43,898

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 of India Limited 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 ("AGM").

Further, the Company, in the AGM Notice, has provided the procedure for asking questions to the Management. Shareholders can refer to the AGM Notice for a better understanding of the procedure.

The Company believes that transparent and timely communication is fundamental to building trust and maintaining strong relationships with its stakeholders. It engages proactively with shareholders, investors, customers, employees, suppliers, regulators and the communities in which it operates, and seeks to ensure that material information is disseminated in a fair, accurate and timely manner.

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 the 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, Business Responsibility and Sustainability Reporting 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 38th Annual General Meeting of the Company is as under:

Date:	Thursday, August 20, 2026
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 13, 2026
Record Date for Final Dividend	Friday, August 7, 2026

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 13, 2026.

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 7, 2026, as the 'Record Date' for determining entitlement of Members to final dividend for the financial year ended March 31, 2026, if approved at the AGM.

The dividend will be within a period of 30 days from the date of approval by the Members.

6.4. Electronic Voting:

6.4.1. Pursuant to the 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 38th 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 17, 2026, to 5:00 p.m. end on Wednesday, August 19, 2026, both days inclusive.

6.4.2. The following Special Resolutions are proposed to be passed through electronic voting for:

1. Approval for increase in the overall borrowing limit of the Company under the Section 180(1)(c) of the Companies act, 2013
2. Approval for creation of charges on the Movable and Immovable Properties of the Company, both present and future, under the Section 180(1)(A) of the Companies Act, 2013
3. Approval for Issue of Non-Convertible Debentures on Private Placement Basis

6.4.3. Scrutiniser for electronic voting:

Mrs. Uma Lodha, Proprietor of Uma Lodha & Co, Practicing Company Secretaries (Membership No. 5363 and C.P. No. 2593) of Suite No. 507, 5th Floor, Highway Commercial Centre, I.B Patel Road, Goregaon East, Mumbai – 400 063 [Phone: 022-4013 1001 / 4013 1002 Email : uma@umalodha.com] been appointed as the Scrutiniser to scrutinise the remote electronic voting process and the e-voting at the Annual General Meeting in a fair and transparent manner and to give her report to the Chairman.

6.5. Listing on Stock Exchanges:

The Company has listed its Equity shares at the following Stock Exchanges on July 6, 2018, with the ISIN INE665L01035:

Sr. No.	Name	Address	Stock Code
1	BSE Limited (BSE)	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	541578
2	National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051	VARROC

During the Financial Year 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 were due for redemption on September 7, 2028. During the year under review, the Company exercised call option, in accordance with the terms set out in the Debenture Trust Deed and the General Information Document, in respect of the aforesaid debentures for early redemption prior to its maturity, with due intimation of the call option notice to the debenture holder and the trustee. The said debentures were duly

redeemed on March 6, 2026, upon payment of the entire principal amount along with the accrued interest, and an application was filed with BSE Limited for delisting of the said securities. The Company has duly received approval for the same from BSE Limited.

During the year under review, the Company has not issued any Debentures.

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 2025-26 and 2026-27. 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 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

(Formerly known as Link Intime India Private Limited)

SEBI Registration No.: INR000004058

Unit: Varroc Engineering Limited

C-101, 1st Floor, 247 Park, LBS Marg

Vikhroli West, Mumbai – 400 083 (M.S.)

Tel : +91 810 811 6767 / 022 49186000

Email: investor.helpdesk@in.mpms.mufg.com

For any queries: - https://web.in.mpms.mufg.com/helpdesk/Service_Request.html

6.8 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.

6.9 Distribution of Shareholding as on March 31, 2026:

The below two tables provide details about the pattern of shareholding among various categories and the number of shares held, as on March 31, 2026.

No of Shares Held	No. of Shareholders	% to total no. of shareholders	No. of shares	% to total no. of shares
1 - 500	82,569	96.16	45,73,519	2.99
501 - 1000	1,548	1.80	11,41,177	0.75
1001 - 2000	809	0.94	11,69,393	0.77
2001 - 3000	308	0.36	7,80,961	0.51
3001 - 4000	154	0.18	5,41,185	0.35
4001 - 5000	98	0.11	4,53,109	0.30
5001 - 10000	178	0.21	12,44,218	0.81
10001 and above	201	0.24	14,28,82,838	93.52
Total	85,865	100	15,27,86,400	100

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	1,52,45,729	9.97
	Alternate Investment Funds III	7,22,122	0.47
	Foreign Portfolio Investors Category I	65,25,055	4.27
	Foreign Portfolio Investors Category II	2,40,225	0.16
	Insurance Companies	13,69,464	0.90
	Non-Institutions:		
	Individuals/ Public	1,11,88,321	7.32
	Foreign Portfolio Investors Category (Individual) – II	35,600	0.02
	Others:		
	Trust	940	0.00
	LLP	68,485	0.04
	HUF	7,51,946	0.49
	NRIs (including Non Repatriable)	6,94,710	0.45
	Clearing Members	96,877	0.06
	Bodies Corporate	12,50,649	0.82
	Directors	6,327	0.00
	KMP	150	0.00
(C)	Non-Promoter – Non-Public		
(C1)	Shares Underlying DRs	0	0.00
(C2)	Shares Held by Employee Trust	0	0.00
	Total	15,27,86,400	100.00

6.10.1 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 on March 31, 2026, 100% Shares of the Company are held in demat form.

Particulars	Position as on March 31, 2026	
	No. of shares	% to total shareholding
Physical	0	0
Dematerialised		
NSDL	14,55,82,434	95.28
CDSL	72,03,966	4.72
Total	15,27,86,400	100.00

6.10.2 Outstanding Global Depository Receipts ('GDRs') / American Depository Receipts ('ADRs')/ Warrants/ Convertible Instrument/ Stock Options and likely impact on equity:

There are no outstanding GDRs/ ADRs/Warrants/Convertible Instrument/Stock Options that likely impact on equity.

Previously, 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 (Date of Allotment), which were 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.

Further, the Company exercised its call option, in accordance with the terms set out in the Debenture Trust Deed and the General Information Document, in respect of the aforesaid debentures for early redemption prior to their maturity, with due intimation of the call option notice to the debenture holder and the trustee. The said debentures were duly redeemed on March 6, 2026, upon payment of the entire principal amount along with the accrued interest, and an application was filed with BSE Limited for delisting of the said securities. The Company has received approval from BSE Limited.

During the year under review, the Company has not issued any Debentures.

6.10.3 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.

6.10.4 Plant Location:

The details of manufacturing plants are available on the website of the Company.

6.10.5 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
SEBI Registration No.: INR000004058 Unit: Varroc Engineering Limited C-101, 1st Floor, 247 Park, LBS Marg Vikhroli West, Mumbai – 400 083 (M.S.) Tel : +91 810 811 6767 / 022 49186000 Email: investor.helpdesk@in.mpms.muvg.com For any queries: - https://web.in.mpms.muvg.com/helpdesk/Service_Request.html	Registered Office: Plot No L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Erstwhile Aurangabad)– 431 136, Maharashtra Contact person: Mr. Anil Ghatiya, Company Secretary and Compliance Officer Telephone: +91 (240) 6653675 E-mail: investors@varroc.com

6.11 Details of utilization of funds raised through preferential allotment or Qualified Institutions Placement as specified under Regulation 32 (7A):

During the Year Under Review, the Company has issued Commercial Papers as below:

- ₹ 50 Cr by way of Commercial Paper in Q1 FY 2025-26 (Date of Allotment May 21, 2025, and Date of Redemption August 19, 2025)
- ₹ 50 Cr by way of Commercial Paper in Q2 FY 2025-26 (Date of Allotment August 22, 2025, and Date of Redemption November 20, 2025)
- ₹ 50 Cr by way of Commercial Paper in Q4 FY 2025-26 (Date of Allotment January 01, 2026, and Date of Redemption January 27, 2026) and
- ₹ 50 Cr by way of Commercial Paper in Q4 FY 2025-26 (Date of Allotment January 28, 2026, and Date of Redemption February 27, 2026)

The issue proceeds of Commercial Paper have been fully utilized for the purpose stated its offer document/General Information Document.

6.12 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.

6.13 Transfers during the year to the Investor Education and Protection Fund (IEPF) and Unclaimed Dividend to be transferred to IEPF:

The **"Final Dividend for FY 2018-19"** is due to be transferred to the Investor Education and Protection Fund (IEPF) during FY 2026-27, in accordance with applicable Regulations. A separate communication has been sent to all the shareholders whose dividends have remained unpaid or unclaimed for a period of seven (7) consecutive years.

Accordingly, the Members are requested to claim their unpaid dividends and corresponding shares, if any, before they are transferred to the said fund. Such claims may be submitted by the Shareholders by contacting the RTA 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 : +91 810 811 6767 / 022 49186000

Email: investor.helpdesk@in.mpms.mufg.com

For any queries: - <https://web.in.mpms.mufg.com/contact-us.html>

The details of unpaid and unclaimed amounts lying with the Company as on March 31, 2026, are available on the website of the Company at <https://www.varroc.com/investors/shareholders-information>

6.14. Unclaimed Shares:

As on March 31, 2026, 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 the 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/17702856591505710973.pdf

b) Details of non-compliance, if any:

There were no instances of non-compliance, penalties, or strictures imposed on the Company by the Stock Exchanges, SEBI, or any statutory authority on matters relating to the capital markets during FY 2025-26 and FY 2023-24.

During FY 2024-25, the following instances of non-compliance were observed:

1. The Company received a notice from BSE Limited imposing a fine of ₹ 49,560/- including GST for non-compliance with Regulation 54(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company duly paid the fine and noted that the non-compliance occurred due to an inadvertent oversight.
2. The Company received cautionary letters from BSE Limited and the National Stock Exchange of India Limited in respect of a delay in disclosure of the schedule of analysts' / institutional investors' meetings under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has taken note of the observations and has strengthened its internal processes to ensure timely compliance with the applicable disclosure requirements.

c) Whistle Blower Policy/Vigil mechanism:

Pursuant to the Section 177(9) of the Act, the Board at its meeting held on April 7, 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 from time to time 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.	Mrs. Kavita Kulkarni *	Group Chief Human Resources Officer
3.	Mr. Avijit Roy #	Group Chief Human Resources Officer
4.	Mr. Fritz Abraham *	Chief Technical Officer
5.	Mr. Pawan Chandra	CSCO - SCM
6.	Mr. Anil Ghatiya**	Company Secretary & Compliance Officer
7.	Mr. Manoj Dhar	Chief Internal Officer & Risk Officer
8.	Mr. Hariprasad Rayapalyam	Group General Counsel – Legal (Initially designated as Head - Legal)

* Mr. Fritz Abraham and Mrs. Kavita Kulkarni ceased to a SMP of the Company with effect from March 27, 2026, and April 10, 2026, respectively.

#Mr. Avijit Roy was appointed and designated as a SMP of the Company with effect from April 10, 2026.

**Mr. Anil Ghatiya was appointed as a Company Secretary and Compliance Officer with effect from July 31, 2025.

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 have issued modified opinions on both the Standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2026. The Company has taken note of the observations forming part of the modified opinions and is taking appropriate steps to address the underlying matters. The Company has submitted a Statement on Impact of Audit Qualifications with the Stock Exchanges and also management response has given under the Board's Report.

The management remains committed to strengthening internal controls and processes with a view to moving towards a regime of financial statements with unmodified audit opinions in future periods.

- **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, 2026
Statutory Audit fees (Including limited reviews)	20.63
Others (including Certifications)	6.37
Re-imbursement of expenses	2.11
Total	29.11

- 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	9
b. Number of complaints disposed of during the Financial Year	9
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 2025-26
1	Varroc Connect Private Limited (Formerly CarlQ Technologies Private Limited)	177.90	Loans / Advance given by the Company

*Outstanding values as on March 31, 2026, have been considered for disclosure.

- 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 Financial Results and Audit Report on Audited Consolidated Financial Results for year ended March 31, 2026, with modified opinions. The Company has submitted a Statements 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:**

There are no material subsidiaries of the Company as on date of the report. The Company has framed the policy on determination of Material Subsidiaries https://www.varroc.com/upload/financial_results/1767938195158573509.pdf

- 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**

The Company views Corporate Governance as a strategic enabler rather than merely a compliance requirement. By fostering a culture of integrity, accountability, transparency and responsible leadership, the Company seeks to create sustainable value for its shareholders and other stakeholders while maintaining the highest standards of ethical business conduct.

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 - 431 136.

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 March 31, 2026 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	ARJUN JAIN	07228175	07/08/2018
3	DHRUV JAIN	09710448	01/09/2022
4	VINISH KATHURIA	01951771	06/02/2018
5	AVINASH CHINTAWAR	07817177	12/11/2025
6	PADMANABH SINHA	00101379	18/07/2025
7	AKSHAYKUMAR CHUDASAMA	00010630	29/05/2025
8	LISELOTT KILAAS	10953529	27/03/2025

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

Place: Mumbai
Date: 06.05.2026

Uma Lodha
Proprietor
C.P. No. 2593
Membership No.5363
UDIN NO.: F005363H000287689

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)** (hereinafter referred to as 'the Company') for the year ended March 31, 2026 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015") as referred in Regulation 15(2) of the listing regulations for the period from April 1, 2025 to March 31, 2026.

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 with 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: F005363H000287458

Place: Mumbai
Date: 06.05.2026

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, 2026

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 2025-26.

For **Varroc Engineering Limited**

Tarang Jain

(Chairman & Managing Director)

DIN:00027505

Date: May 27, 2026

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, 2026,

1. We have reviewed the Financial Results and Cash Flow Statement for the year as aforesaid and to the best of our knowledge and belief:
 - (1) These Financial Results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these results together present a true and fair view of the listed entity's affairs and are in compliance with Indian Accounting Standards (Ind AS), applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct for Directors and Employees.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems for financial reporting of the Company and there were no deficiencies in the design or operation of such internal controls, and
4. We have indicated to the Auditors and the Audit committee:
 - (1) That there were no significant changes in internal control over financial reporting during the year;
 - (2) All significant changes in the accounting policy during the year, if any, have been disclosed in the notes in respective place in the Financial Statements; and
 - (3) There were no instances of fraud of which we have become aware of.

For **Varroc Engineering Limited**

Tarang Jain

(Chairman & Managing Director)

DIN:00027505

For **Varroc Engineering Limited**

K. Mahendra Kumar

(Group Chief Financial Officer)

Business Responsibility and Sustainability Reporting

FY2025-26



Section A

General Disclosures



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 & regulatory policy should do so in a manner that is responsible & 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, Chhatrapati Sambhajinagar (M.S.) - 431136
5	Corporate Address:	Plot No. L-4, MIDC, Waluj, Chhatrapati Sambhajinagar (M.S.) - 431136
6	E-mail:	investors@varroc.com
7	Telephone:	0240-6653700
8	Website:	www.varroc.com
9	Financial year for which the reporting is done:	FY 2025-26
10	Name of the Stock Exchange(s) where shares are listed:	1. National Stock Exchange of India Limited, Mumbai 2. BSE Limited, Mumbai
11	Paid-up Capital:	INR 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. Avinash Chintawar Whole-time Director & COO Email: avinash.chintawar@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	41.41%
2.	Steel-Forged Products	2410	7.03%
3.	Polymer Auto parts	2220	34.83%
4.	Engine valves	2813	1.91%
5.	After Market Auto parts		10.90%
6.	Toolings		1.46%
7.	Job work		0.58%

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	30	3	33
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? 3.8%

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)	3482	3246	93%	236	6.8%
2.	Other than Permanent (E)	22	16	72%	6	27%
3.	Total employees (D+ E)	3504	3262	93%	242	6.9%

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
WORKERS						
4.	Permanent (F)	1890	1831	97%	59	3.1%
5.	Other than Permanent (G)	23227	16941	72%	6286	27%
6.	Total workers (F + G)	25117	18772	74%	6345	25%

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)	1	0	0	1	100%
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	1	0	0	1	100%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	Total differently abled workers (F + G)	0	0	0	0	0

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors - Varroc	4	0	0%
Independent Board of Directors	4	1	25%
Key Management Personnel	2	0	0%

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

Particulars	FY 2026 (Turnover rate in current FY)			FY 2025 (Turnover rate in previous FY)			FY 2024 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	17.09%	22.57%	17.46%	16.50%	18.40%	16.60%	14.70%	18.70%	15%
Permanent Workers	1.68%	4.72%	1.77%	6.30%	20.10%	6.80%	4%	9.50%	4.10%

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 Pvt Ltd	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
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 Intelligent Driving R&D center (Changzhou)Co.Ltd.	Subsidiary	100%	No
14.	Varroc (Thailand) Co.Ltd.	Subsidiary	100%	No
15.	Varroc Dell'Orto Pvt Ltd	Joint Venture	50%	No
16.	Nuova CTS S.r.L., Italy	Joint Venture	50%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
- (ii) Turnover (in ₹): ₹ 81,455.32 million
- (iii) Net worth (in ₹): ₹ 20,651.41 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)	FY2026 Current Financial Year			FY2025 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
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	9	0	All the complaints filed during the year has been resolved	3	0	All the complaints 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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY2026 Current Financial Year			FY2025 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
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

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)
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
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

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)
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
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.	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.								
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								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9. 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 four-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)	Not Applicable -								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	At present, Varroc is voluntarily reporting under the BRSR framework and has initiated internal ESG assessments and audits, with a particular focus on strengthening ESG compliance across our supply chain. As we progressively expand ESG compliance coverage and maturity across a significant portion of our supply chain operations, we intend to undertake formal independent/third-party evaluations and assurance of our ESG policies and practices in the future to further enhance transparency, governance, and stakeholder confidence. Currently, Varroc does not fall within the category of mandatory BRSR compliance entities as prescribed by SEBI based on market capitalization rankings.								
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1:

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

S. No.	Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
1	Board of Directors	14	During the year, the Board of Directors of the Company invested time on various key trainings & updates regarding Leadership-Offsite, SHIPS, POSH, LYD Toolkit, Panel Intervention, 7 dysfunction of the team, Employee Health & general Safety, Albus competency framework & financial planning & awareness	50%
2	Key Management Personnel	74	During the year, the Key Managerial personnels of the Company invested time on various trainings & updates regarding SEED Leadership Program, Mindful Inclusion, Managerial Skills Development, Entrepreneurial Spirit, POSH etc.	89%
3	Employees other than BODs and KMPs	230	POSH, SHIPS, EHS, IT & Data Security, ALBUS model, Develop Self & Nurture Teams, Submastery, THORS, Finance for non finance, Collaboration & Team work etc.	83%
4	Workers	300	Behavioral Safety, MOST, POSH Awareness, Positive Work Culture, SHIPS, Albus, Safety, Technical, Firefighting, Health, etc.	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	No	NA	NA	NA	NA
Settlement	No	NA	NA	NA	NA
Compounding fee	No	NA	NA	NA	NA

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	No	NA	NA	NA
Punishment	No	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

S. No.	Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable		

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

We have an Anti-Corruption and Anti-Bribery policy which has been approved by the board and uploaded on the Company's website. The Anti-Bribery and Anti-Corruption Policy is designed to enforce a strict zero-tolerance stance towards bribery and corruption. The policy is applicable to all employees and associated parties across global operations. It outlines specific protocols against engaging in bribery through third parties, prohibits inappropriate gifts and hospitality, and bans political and certain charitable contributions unless approved. Additionally, it also includes measures such as monitoring and reporting systems to maintain transparency and accountability.

https://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	FY2026	FY2025
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY2026		FY2025	
	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 corruption and conflict of interests.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format.

	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
Number of days of accounts payables	93.15	94.42

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	FY2026	FY2025
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	33%	33%
	b. Number of trading houses where purchases are made from	118	118
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	30%	30%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	10.9%	10.5%
	b. Number of dealers /distributors to whom sales are made	981	849
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers /distributors	17.83%	15.4%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	2.0%	0.3%
	b. Sales (Sales to related parties / Total Sales)	0.5%	0.4%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	97.6%	2.3%
	d. Investments (Investments in related parties / Total Investments made)	99%	98%

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
30	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	76%

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.

	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	38%	27.3%	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	3.7%	5.1%	-

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

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.

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.

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, Varroc has successfully secured Extended Producer Responsibility (EPR) certification across all applicable manufacturing plants through CPCB-registered recyclers.

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. Preparatory studies have been undertaken; detailed assessment and product sustainability disclosures will be furnished in the next reporting cycle.

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
	No significant social or environmental risks associated with the production, use, or disposal of the Company's products have been identified through Life Cycle Assessment (LCA) studies or other assessment mechanisms. The Company continues to monitor and strengthen its environmental and social management practices through applicable compliance measures and sustainable operational initiatives.	

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
At present, no recycled or reused input materials are being utilized in Varroc's manufacturing operations. Hence, the percentage of recycled or reused input material to the total material consumed is currently not applicable.	Not Applicable	Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2026			FY 2025		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	943	1438	NA	464	1609	NA
E-waste	NA	16.8	NA	NA	16.57	NA
Hazardous waste	NA	1194	1209	NA	1873	1361
Other waste	479	10291	NA	201	6850	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
The reclaimed products and packaging materials are not reused within Varroc's operations. Such materials are handled through authorized recyclers and are recycled or utilized externally. Hence, disclosure of reclaimed products and packaging materials as a percentage of products sold is currently not applicable.	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	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	3246	3246	100%	3246	100%	NA	NA	3246	100%	NA	NA
Female	236	236	100%	236	100%	236	100%	NA	NA	0	0
Total	3482	3482	100%	3482	100%	236	6.7%	3246	93%	0	0
Other than Permanent employees											
Male	16	16	100%	16	100%	NA	NA	16	100%	NA	NA
Female	6	6	100%	6	100%	6	100%	NA	NA	0	0
Total	22	22	100%	22	100%	6	27%	16	73%	0	0

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	
		Number (B)	% (B / A)	Number (C)	% (C / A)	No. (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	1831	1831	100%	1831	100%	NA	NA	1831	100%	NA	NA
Female	59	59	100%	59	100%	59	100%	NA	NA	0	0
Total	1890	1890	100%	1890	100%	59	3%	1831	97%	0	0
Other than Permanent workers											
Male	16941	16941	100%	16941	100%	NA	NA	16941	100%	NA	NA
Female	6286	6286	100%	6286	100%	6286	100%	NA	NA	0	0
Total	23227	23227	100%	23227	100%	6286	28%	16941	72%	0	0

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2026 Current Financial Year	FY 2025 Previous Financial Year
Cost incurred on well- being measures as a % of total revenue of the company	0.4%	0.10%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	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%	100%	100%
Female	100%	100%	100%	100%
Total	100%	100%	100%	100%

*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	FY2026			FY2025		
	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						

Category	FY2026			FY2025		
	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 Workers						
Male	1831	1831	100%	2294	2294	100%
Female	59	59	100%	79	79	100%
Total	1890	1890	100%	2373	2373	100%

8. Details of training given to employees and workers:

Category	FY 2026 (Current Financial Year)					FY 2025 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	3262	1058	32%	2643	81%	3118	900	29%	326	10.4%
Female	242	72	30%	242	100%	215	56	26%	28	13%
Total	3504	1130	32%	2885	82%	3333	956	29%	354	10.62%
Workers										
Male	1831	1395	76%	1250	68%	2294	1193	52%	918	40%
Female	59	42	71%	38	64%	79	40	50%	25	32%
Total	1890	1437	76%	1288	68%	2373	1233	51%	943	39%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2026 (Current Financial Year)			FY2025 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	%(D/C)
Employees						
Male	3262	2818	86%	3118	2806	90%
Female	242	185	76%	215	194	90%
Total	3504	3003	85%	3333	3000	90%
Workers						
Male	1831	1231	67%	2294	1376	60%
Female	59	38	64%	79	44	56%
Total	1890	1269	67%	2373	1420	60%

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	0.030	0.031
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:

	FY 2026 (Current Financial Year)			FY 2025 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	442	0	NA	480	0	NA
Health & Safety	22	0	NA	38	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 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

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 196 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	Business Performance, Business Updates
2	Investors (other than shareholders)	No	Investor Calls, meets, emails	Annual, Periodic	Business Performance, Financial Performance
3	Customers	No	Emails, SMS, advertisements, website, social media	Monthly	Offers
4	Employees and Workers	No	Town halls, training sessions, emails, intranet	Monthly	Employee engagement, talent management
5	Distributor channel partner	No	Email, SMS, advertisement, meetings, website	Monthly	Business target, incentives, query resolution
6	Vendors	No	Email, vendor meetings	Monthly	Query and grievance redressal
7	Community	Yes	On site CSR work meetings	Monthly	CSR Developmental Programmes

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The company has 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	FY 2026 Current Financial Year			FY 2025 Previous Financial Year		
	Total (A)	No. of Employees / workers covered (B)	% (B / A)	Total (C)	No. of employee/ workers covered (D)	% (D / C)
Employees						
Permanent	3482	1390	40%	3333	502	15.1%
Other than permanent	22	22	100%	25	25	100%
Total Employees	3504	1412	40%	3358	527	15.7%
Workers						
Permanent	1890	1172	62%	2373	1370	57.7%
Other than permanent	23227	10452	45%	21872	7500	34.3%
Total Workers	25117	11624	46.27%	24245	8870	36.58%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2026 Current Financial Year					FY 2025 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B /A)	No. (C)	% (C /A)		No. (E)	% (E /D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	3246	0	0%	3262	100%	3118	0	0%	3118	100%
Female	236	0	0%	242	100%	215	0	0%	215	100%
Other than Permanent										
Male	16	0	0%	16	100%	18	0	0%	18	100%
Female	6	0	0%	6	100%	7	0	0%	7	100%
Workers										
Permanent										
Male	1831	0	0%	1831	100%	2294	0	0%	2294	100%
Female	59	0	0%	59	100%	79	0	0%	79	100%
Other than Permanent										
Male	16941	16941	100%	0	0	17612	17612	100%	0	0
Female	6286	6286	100%	0	0	4260	4260	100%	0	0

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

S. No.	Type of employee	Male		Female	
		Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
1	Board of Directors (BoD)	8	NA	1	-
2	Key Management Personnel (KMP)	2	2,05,06,876	0	-
3	Employees other than BOD and KMP	3262	8,76,000	242	10,00,008
4	Workers	1831	5,62,517	59	5,26,503

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY2026 (Current Financial Year)	FY2025 (Previous Financial Year)
Gross wages paid to females as % of total wages	7.06%	7.00%

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	FY2026 (Current Financial Year)			FY2025 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	9	0	All the complaints filed during the year has been resolved	3	0	All the complaints 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:

	FY2026	FY2025
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	9	3
Complaints on POSH as a % of female employees / workers	0.13%	0.07%
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.

No significant risks or concerns were identified during the specific assessments detailed in Question 10.

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	100%
Discrimination at workplace	100%
Child labor	100%
Forced/involuntary labor	100%
Wages	100%
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.

No corrective actions were required, as the assessments conducted by Varroc's Supply Chain team did not identify any significant risks or concerns among the Tier 1 suppliers assessed during the reporting period.

PRINCIPLE 6:

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) – GJ	259,406.79	172,731.82
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	259,406.79	172,731.82
From non-renewable sources		
Total electricity consumption (D) – GJ	482976.53	450,284.38
Total fuel consumption (E) – GJ	12,502	9,652
Energy consumption through other sources (F) – GJ	0	0
Total energy consumed from non-renewable sources (D+E+F) – GJ	495,478.53	459,936.38
Total energy consumed (A+B+C+D+E+F) – GJ	754,885.32	632,668.20
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations) – GJ/INR Lakhs	0.92	0.85
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	0.92	0.85
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

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

PAT scheme does not apply to Varroc Engineering Limited

3. a. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	165,238.57	158,788.4
(ii) Groundwater	189,232.03	159,834.9
(iii) Third party water	116,589	107,667
(iv) Seawater / desalinated water	0	0

Parameter	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
(v) Others	27174	17699
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	498,233.60	443,989
Total volume of water consumption (in kiloliters)	419,024	412,228
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) – KL/INR Lakhs	0.51	0.55
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	0.51	0.55
Water intensity in terms of physical output	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA

- b. Indicate if any independent assessment/ evaluation/assurance has been carried out for Water Withdrawal and Consumption data by an external agency? (Yes/No)

No

4. Provide the following details related to water discharged:

Parameter	FY 2026	FY 2025
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	21,787	20,241
- No treatment	0	0
- With treatment – please specify level of treatment	21,787	20,241
(ii) To Groundwater	13245	11,780.60
- No treatment		0
- With treatment – please specify level of treatment	13245	11,780.6
(iii) To Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third parties	13,626	11,519.97
- No treatment	180.42	234.97
- With treatment – please specify level of treatment	13,445	11,285
(v) Others	30,551	26,320.79
- No treatment	0	0
- With treatment – please specify level of treatment	30,551	26,320.79
Total water discharged (in kiloliters) – outside the operational boundary((i)+(iv))	35,413	31,760.97

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	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
NOx	mg/Nm3	27.62	28.35
SOx	mg/Nm3	17.22	16.58
Particulate matter (PM)	mg/Nm3	44.30	42.85
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	FY2026 (Current Financial Year)	FY2025 (Previous Financial Year)
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	8020	2157
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	75805	100,639
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	0.10	0.14
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	0.10	0.14
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 90% of our plants and made significant investments in open access procurement through Renewable Purchase Obligations (RPO). As a result, more than 45% of our renewable energy is sourced through this mechanism. For FY 2026, renewable energy accounts for 45% of Varroc's total electricity consumption and 36% of overall energy mix. 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 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	FY2026	FY2025
Total Waste generated (in metric tonnes)		
Plastic waste (A)	2381	2073
E-waste (B)	16.82	16.57
Bio-medical waste (C)	1.80	0.03
Construction and demolition waste (D)	0	0
Battery waste (E)	36.4	39.56
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	2386	3234
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	11466	7,012
Total (A+B + C + D + E + F + G + H)	16288	12,375
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations) – MT/INR Lakhs	0.02	0.02
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.02	0.02
Waste intensity in terms of physical output	NA	NA
Waste intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Parameter	FY2026	FY2025
Category of waste		
(i) Recycled	13237	10349
(ii) Re-used	943	464
(iii) Other recovery operations	479	201
Total	14659	11014

Parameter	FY2026	FY2025
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	868	557
(ii) Landfilling	73	258
(iii) Other disposal operations	688	546
Total	1629	1361

b. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such 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.

No, the entity does not have any operations/offices located in or around ecologically sensitive areas.

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. a. **Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):**

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Not applicable

Parameter	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kiloliters)	NA	NA
Total volume of water consumption (in kiloliters)	NA	NA
Water intensity per rupee of turnover (Water consumed/ turnover?)	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA

Parameter	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
(ii) To Groundwater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) To Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kiloliters)	NA	NA

- b. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

2 a. 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	FY 2026	FY 2025
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

- b. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

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 2.8 million kWh units saved
2	Renewable Energy	1. Installed solar rooftop systems in more than 50% of the plants.	Total RE generation in FY2026 was more than 77 million kWh units
3	Water – Zero Liquid Discharge	Implemented Zero Liquid Discharge (ZLD) systems in five of Varroc's plants.	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), ZLD's at all our plants for recycling the wastewater and the treated water is used for gardening & utility related activities	45% 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, Electrocution, Fall from height, Chemical/ Acid exposure, Earthquake, Natural disasters among others. In order to prevent any adverse impacts as a result of these events, we have incorporated the following key aspects:

- Formed emergency response teams in our plants
- Formed firefighting and first aider teams in our plants
- Deployment of minimum number of first aiders and fire fighters at all times in the plant
- Conducting mock drills and plant level evacuation at scheduled intervals

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not Applicable

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable.

PRINCIPLE 7:

Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

6

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Automobile Component Manufacturers Association (ACMA)	National
2	Society of Indian Automobile Manufacturers (SIAM)	National
3	Bajaj Auto Vendor Association (BAVA)	State
4	Confederation of Indian Industries (CII)	National
5	Marathwada Association of Small-Scale Industries & Agriculture (MASSIA)	State
6	Chamber of Marathwada Industries Association (CMIA)	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Not Applicable	Not Applicable	Not Applicable

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others – please specify)	Web link, if available
Not Applicable					

PRINCIPLE 8:**Businesses should promote inclusive growth and equitable development****Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link

Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (in INR)

Not applicable

3. Describe the mechanisms to receive and redress grievances of the community.

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.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2026	FY 2025
Directly sourced from MSMEs/ small producers	30%	29%
Directly from within India	96%	96%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.

Location	FY 2026	FY 2025
Rural	0%	0%
Semi-urban	5%	5%
Urban	93%	93%
Metropolitan	2%	2%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (in INR)
Nil			

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.	749	-
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.	1,391	-
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 Sambhajinagar	120	-
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.	7360 students (184 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 Sambhajinagar 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. Sambhajinagar 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	-

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:

	FY 2026 (Current Financial Year)			FY2025 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. Details of instances of product recalls on account of safety issues:

Not applicable since the products are sold to OEMs and aftermarkets and not directly to end customers. The primary control for the product is with the OEMs/customers.

	Number	Reasons for recall
Voluntary recalls	Not Applicable	Not Applicable
Forced recalls	Not Applicable	Not Applicable

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

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

Qualified Opinion

We have audited the standalone financial statements of Varroc Engineering Limited ("the Company"), which comprise the Balance sheet as at March 31, 2026, 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, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' section of our report, 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, 2026, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

As disclosed in Note 55(a) to the standalone financial statements, during the current year, the Company received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to ₹ 209.89 million recognised by the Company under 'Revenue from operations' during the year ended March 31, 2026, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Company also received a 'Statement of Claim' under the arbitration proceedings with TYC Parties on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA against which the Company has filed Statement of defense in March 2026.

Pending disposal of the arbitration proceedings and in the absence of sufficient appropriate audit evidence, we

are unable to comment on the said income recognised in the books and consequential impact including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the year ended March 31, 2026 and retained earnings as at March 31, 2026.

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 qualified audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to the following matters:

- a. Note 55(b) of the standalone financial statements regarding an arbitration initiated by OPmobility Lighting Holding, France ("OPmobility") at the ICC International Court of Arbitration alleging breaches of certain covenants under the Securities Purchase Agreement entered with OPmobility. Pending disposal of the arbitration proceedings and basis the legal opinion obtained, the management of the Company believes that no provision is considered necessary in the standalone financial statements.
- b. Note 50 of the standalone financial statements which describes the effects of the Orders received by the Company from GST Appellate Authorities. The Company is in the process of filing further appeals against the aforesaid Orders, pending conclusion of which no adjustments have been made in respect of these matters in the standalone financial statements.

Our opinion on the standalone financial statements is not modified in respect of the above 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, 2026. 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. 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 fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Recoverability of investment in VarrocCorp Holding BV, Netherlands (as described in note 7 of the standalone financial statements) The Company has equity investment of ₹ 7,768 Million (net of impairment provision of ₹ 1,904 Million) in its wholly owned subsidiary VarrocCorp Holding BV Netherlands ('VCHBV') as at March 31, 2026. As required by Ind AS 36 "Impairment of assets", at each reporting period end, management assesses the existence of impairment indicators for investments in subsidiaries. In case of existence of impairment indicators, the investment balances are subjected to impairment test. VCHBV holds equity investments in overseas subsidiaries - primarily in Vietnam, Romania, Italy and Thailand. Hence for impairment testing, the management has assessed the recoverability of the aforesaid underlying investments in overseas subsidiaries as at March 31, 2026. The recoverable amounts are 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 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 investment as at March 31, 2026.	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 23 of the standalone financial statements) During the year ended March 31, 2024, the Company had 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, 2026; • Assessed the adequacy of disclosures in the standalone financial statements

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, 2026 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.
 - (a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (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) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 the Basis for Qualified Opinion paragraph and the matters described in the 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, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act;
2. As required by Section 143(3) of the Act, we report that:
 - (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, 2026 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 50 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 22 and 26 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 52 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 the 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 mis-statement.
- v. As stated in note 44(b) 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. Further, the final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- 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.
- The Company has used a software for payroll processing which is operated by third-party software service provider. Based on our examination which included test checks and the Service Organization Controls (SOC) report, the software has a feature of recording audit trail (edit log) facility at the application layer, and the same has operated throughout the year for all relevant transactions except that, audit trail feature is not enabled for direct changes to data when using certain access rights. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of the software where the audit trail has been enabled.
- 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.
- (Refer Note 53 to the standalone financial statements)

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Mustafa Saleem

Partner

Membership Number: 136969

UDIN: 26136969TPWTZA5834

Place of Signature: Pune

Date: May 27, 2026

Annexure '1'

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 were physically verified by management in the previous year in accordance with a planned program of verifying them once in three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of 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 note 3 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, 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	40.27	Varroc Polymers Limited	No	01/04/2024	Refer note 1
Right to Use Asset- Land	20.55	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.

- (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, 2026.
- (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 21 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)

Particulars	Guarantees	Loans
Aggregate amount granted/ provided during the year		
- Subsidiaries	1,200.68	296.13
Balance outstanding as at balance sheet date in respect of above cases		
- Subsidiaries	1,902.87	177.90

- (b) During the year, 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 made investments, 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)	Receipt Date
VEHBV	0.56	30-Apr-22	1423	23-Mar-26
VEHBV	1.30	30-Jul-22	1332	23-Mar-26
VEHBV	1.63	30-Oct-22	1240	23-Mar-26
VEHBV	2.50*	30-Jan-23	1156	NA
VEHBV	3.25*	30-Apr-23	1066	NA
VEHBV	3.46*	30-Jul-23	975	NA
VEHBV	3.73*	30-Oct-23	883	NA
VEHBV	3.61*	30-Jan-24	791	NA
VEHBV	3.48*	31-Jul-24	608	NA
VEHBV	3.51*	31-Oct-24	516	NA
VEHBV	3.04*	31-Jan-25	424	NA
VEHBV	2.82*	30-Apr-25	335	NA
VEHBV	2.93*	31-Jul-25	243	NA
VEHBV	2.85*	31-Oct-25	151	NA
VEHBV	2.95*	31-Jan-26	59	NA
VEHBV	1.19	31-Jul-25	235	23-Mar-26
VEHBV	1.16	31-Oct-25	143	23-Mar-26
VEHBV	1.20	31-Jan-26	51	23-Mar-26
VarrocCorp Holding B.V.	28.25	30-Apr-24	373	08-May-25
VarrocCorp Holding B.V.	20.57	31-Jul-24	282	08-May-25
VarrocCorp Holding B.V.	16.41	31-Oct-24	190	08-May-25
VarrocCorp Holding B.V.	13.40	31-Jan-25	98	08-May-25

Name of the Subsidiary	Amount (₹ Million)	Due date	Extent of delay (days)	Receipt Date
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	0.27	31-Mar-25	365	31-Mar-26
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	2.08	30-June-25	274	31-Mar-26
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	2.71	30-Sept-25	182	NA
Varroc Connect Private Limited (erstwhile CarlQ Technologies Private Limited)	3.41	31-Dec-25	90	NA

* This interest on loans given to Varroc European Holdings B.V. Netherlands ("VEHBV") aggregating Rs 38.13 Million has not been accrued in books of account post impairment of the underlying loans. The Loan amount granted to VEHBV, Netherlands aggregating Rs 199.80 million outstanding as at March 31, 2026 has been impaired.

- (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.

Name of subsidiary	Principal Amount Overdue	Interest Overdue (Amount in ₹ million)	Total Overdue (Amount in ₹ million)
VEHBV	Nil*	35.18*	35.18*
CarlQ	Nil	2.71	2.71

* This interest on loans given to Varroc European Holdings B.V. Netherlands ("VEHBV") has not been accrued in books of account post impairment of the underlying loans. The Loan amount granted to VEHBV, Netherlands aggregating Rs 199.80 million outstanding as at March 31, 2026 has been impaired.

- (e) 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 15 to the financial statements during the year, the Company has granted loans or advances in the nature of loans repayable on demand or without specifying any terms or period of repayment:

Particulars	Subsidiaries
Aggregate amount of loans/ advances in nature of loans granted during the year	
- Repayable on demand (₹in million)	194.52*
Percentage of loans/ advances in nature of loans to the total loans granted during the year	66%

*This loan has been repaid during the year.

- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (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	116.90	AY 2008-09 AY 2013-14	Bombay High Court, Ch. Sambhajinagar (Aurangabad) Branch
Income Tax Act, 1961	Income Tax	99.21	AY 2015-16 AY 2018-19 AY 2020-21	Commissioner of Income Tax (Appeals), Pune
Income Tax Act, 1961	Income Tax	150.40	AY 2015-16 AY 2020-21 AY 2022-23	Income Tax Appellate Tribunal, Pune
Income Tax Act, 1961	Income Tax	34.44	AY 2023-24	Dispute Resolution Panel, Mumbai
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	25.67	FY 2012-13 to FY 2017-18	Various Excise and Service Tax Authorities
Customs Act, 1962	Custom Duty	54.86	FY 2021-22	Commissioner of Customs Mumbai
Goods and Service tax, 2017	Goods and Service Tax	170.77#	2021-22 to 2023-2024	Assistant Commissioner of Commercial Taxes (Enforcement)
Goods and Service tax, 2017	Goods and Service Tax	112.74^	2017 -2018 to 2023-2024	Additional Commissioner, Ch. Sambhajinagar (Aurangabad)
Goods and Service Act, 2017	Goods and Service Tax	63.49	FY 2017-18 to FY 2021-22	Various GST Authorities
State Value Added Tax	Value Added Tax	2.10	2006 -2007 & 2017 - 2018	Various VAT authorities

* Against the litigation amounts as mentioned above, Rs 56.00 million have been deposited with the respective authorities.

#This includes interest of ₹ 137.49 million and penalty of Rs 33.25 million

^ This includes interest of ₹ 98.83 million and penalty of ₹ 13.90 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) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, the Company has used funds raised on short-term basis in the form of current borrowings/payables aggregating to ₹ 4,045.02 million for long-term purposes representing non-current assets.
- (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 51 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 36(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 36(b) to the financial statements.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Mustafa Saleem

Partner

Membership Number: 136969

UDIN: 26136969TPWTZA5834

Place of Signature: Pune

Date: May 27, 2026

Appendix A referred to in Annexure 1 of our report clause 2b of even date

1. Inventories

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting [Note 21(a) of the standalone financial statements]	Post closure adjustments [Note 21(a) of the standalone financial statements]	
1	June 30, 2025	6,549.11	6,740.48	(211.37)	(234.47)	23.10	-
2	Sept 30, 2025	7,059.02	7,334.85	(275.83)	(182.43)	(93.40)	-
3	Dec 31, 2025	7,005.27	7,233.62	(228.35)	(228.35)	-	-
4	Mar 31, 2026	7,359.47	7,684.00	(324.53)	(353.32)	28.79	-

2. Trade Receivable (net of factoring)

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting [Note 21(a) of the standalone financial statements]	Post closure adjustments [Note 21(a) of the standalone financial statements]	
1	June 30, 2025	4,882.43	3,490.02	1,392.41	1,391.14	(1.27)	-
2	Sept 30, 2025	5,933.92	4,774.73	1,159.19	1,014.67	144.52	-
3	Dec 31, 2025	5,022.70	4,008.86	1,013.84	1,013.84	-	-
4	Mar 31, 2026	5,692.32	4,445.48	1,246.84	1,405.34	(158.50)	-

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting [Note 21(a) of the standalone financial statements]	Post closure adjustments [Note 21(a) of the standalone financial statements]	
1	June 30, 2025	12,395.57	10,910.37	1,485.20	1,481.96	3.24	-
2	Sept 30, 2025	14,634.02	12,534.20	2,099.82	2,118.50	(18.68)	-
3	Dec 31, 2025	13,500.74	11,541.48	1,959.26	2,026.02	(66.76)	-
4	Mar 31, 2026	14,055.99	11,379.13	2,676.86	2,840.81	(163.95)	-

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, 2026 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, 2026, 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 Mustafa Saleem

Partner

Membership Number: 136969

UDIN: 26136969TPWTZA5834

Place of Signature: Pune

Date: May 27, 2026

Standalone Balance Sheet as at March 31, 2026

Particulars	Notes	As at March 31, 2026 (₹ in Million)	As at March 31, 2025 (₹ in Million)
ASSETS			
Non-current assets			
Property, plant and equipment	3	15,790.86	14,311.34
Capital work-in-progress	3	333.12	708.62
Goodwill	4	183.90	183.90
Other Intangible assets	5	330.40	314.89
Intangible assets under development	5	550.11	26.64
Right to use asset	6	1,884.81	1,755.93
Investments in subsidiaries and joint venture	7	8,370.25	8,373.73
Financial assets			
Investments	8	63.66	142.73
Other financial assets	9	108.75	146.60
Income tax assets (net)		287.52	163.57
Deferred tax assets	23	-	815.38
Other non-current assets	10	843.37	728.25
Total non-current assets		28,746.75	27,671.58
Current assets			
Inventories	11	7,359.47	5,831.98
Financial assets			
Trade receivables	12	5,692.32	5,227.80
Cash and cash equivalents	13	308.52	591.42
Other bank balances	14	432.44	412.05
Loans	15	189.09	1,290.01
Other financial assets	16	213.03	136.21
Other current assets	17	3,044.71	2,966.14
Total current assets		17,239.58	16,455.61
Total Assets		45,986.33	44,127.19
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	152.79	152.79
Other equity	19	20,498.62	17,724.65
Total equity		20,651.41	17,877.44
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	1,976.68	3,129.96
Lease liabilities	6	826.58	927.34
Provisions	22	180.37	144.70
Deferred tax liabilities (net)	23	195.35	-
Deferred government grant	28	225.52	226.25
Total non-current liabilities		3,404.50	4,428.25
Current liabilities			
Financial liabilities			
Borrowings	21	3,795.32	5,427.18
Lease liabilities	6	199.67	162.66
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	24	2,448.28	1,782.37
Total outstanding dues of creditors other than micro enterprises and small enterprises	24	10,939.40	10,144.94
Acceptances		668.31	663.30
Other financial liabilities	25	2,245.63	1,956.98
Provisions	26	418.26	277.69
Other current liabilities	27	1,150.54	1,310.46
Deferred government grant	28	65.01	95.92
Total current liabilities		21,930.42	21,821.50
Total Equity and Liabilities		45,986.33	44,127.19

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)

Vinish Kathuria

Director

(DIN 01951771)

per Mustafa Saleem

Partner

Membership No. : 136969

K. Mahendra Kumar

Group CFO

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

Place : Pune

Date : May 27, 2026

Place : Pune

Date : May 27, 2026

Standalone Statement of Profit and Loss

for the year ended March 31, 2026

Particulars	Notes	For the year ended March 31, 2026 (₹ in Million)	For the year ended March 31, 2025 (₹ in Million)
Income			
Revenue from operations	29	81,455.32	73,685.82
Other income	30	123.58	276.24
Total income		81,578.90	73,962.06
Expenses			
Cost of materials consumed	31	54,259.08	48,960.09
Changes in stock of finished goods and work-in-progress	32	(509.79)	(286.40)
Employee benefits expense	33	6,950.34	6,693.88
Finance costs	35	1,205.49	1,622.26
Foreign exchange (gain)/loss (net)	30A	78.26	(96.99)
Depreciation and amortisation expense	34	2,610.84	2,517.36
Other expenses	36	12,234.60	10,744.98
Total expense		76,828.82	70,155.18
Profit before tax and exceptional items		4,750.08	3,806.88
Exceptional items [Refer Note 12 and 54]		871.37	208.12
Profit before tax		3,878.71	3,598.76
Income tax expense			
Current tax		-	-
Short/(excess) provision for tax relating to prior periods		1.12	(5.32)
Deferred tax		995.66	845.58
Total tax expense	38	996.78	840.26
Profit for the year		2,881.93	2,758.50
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gains of defined benefit obligation		59.90	4.89
Income tax relating to these items		(15.07)	(1.23)
Other comprehensive income for the year (net of tax)		44.83	3.66
Total comprehensive income for the year		2,926.76	2,762.16
Earnings per equity share [Nominal value per share: Re. 1 (Previous year : Re. 1)]	48		
Basic and Diluted (in Rupees)		18.86	18.05

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)

Vinish Kathuria

Director
(DIN 01951771)

per Mustafa Saleem

Partner

Membership No. : 136969

K. Mahendra Kumar

Group CFO

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

Place : Pune

Date : May 27, 2026

Place : Pune

Date : May 27, 2026

Standalone Statement of Cash Flows

for the year ended March 31, 2026

Sr. No	Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
		(₹ in Million)		(₹ in Million)	
A	Cash flow from operating activities				
	Profit/(loss) before tax and exceptional items		4,750.08		3,806.88
	Adjustments for:				
	Depreciation and amortization expense	2,610.84		2,517.36	
	Provision for doubtful debts / advances	0.13		(1.58)	
	Payment against Voluntary Separation Scheme (VSS)	(663.44)		-	
	Impact of changes in new wage code on Employee benefit expenses	(217.93)		-	
	Write back of excess accrual of Merger expenses	10.00		-	
	Unrealised exchange (gain)/loss on restatement of intercorporate loan	-		(23.22)	
	Realised exchange gain on intercorporate loan	(46.34)		-	
	Interest expenses	1,205.49		1,622.26	
	Rental Income	(3.35)		(3.10)	
	Unwinding of interest on security deposit	(6.37)		-	
	Unrealised exchange gain on forward Contracts	(4.18)		-	
	Profit on sale of current investments	-		(3.13)	
	Provisions/liabilities no longer required written back	(0.03)		(0.46)	
	(Profit)/Loss on sale of property, plant and equipment / intangible assets	(2.31)		5.51	
	Increase in surrender value of key man insurance	-		(18.33)	
	Dividend income	(0.03)		(125.79)	
	Interest income	(97.44)	2,785.04	(120.16)	3,849.36
	Operating profits before working capital changes		7,535.12		7,656.24
	Adjustments for changes in working capital				
	Trade receivables	(464.65)		(1,739.72)	
	Trade payables	1,465.41		1,448.09	
	Inventories	(1,527.49)		(760.49)	
	Other financial assets	(27.04)		171.53	
	Other current and non current assets	(351.81)		(745.57)	
	Provision	221.07		26.62	
	Other financial liabilities	(168.99)		615.28	
	Other current and non current liabilities	(191.56)	(1,045.06)	155.86	(828.40)
	Cash generated from operations		6,490.06		6,827.84
	Income tax paid (net of refund)		(110.00)		245.49
	Net cash flow generated from operating activities		6,380.06		7,073.33
B	Cash flow from investing activities				
	Dividend received	0.03		125.79	
	Interest received	171.13		66.69	
	Rental Income	3.35		3.10	
	Proceeds from sale of property, plant and equipment	80.19		87.00	
	Proceeds from sale of Non current investment	0.07		-	
	Loans repaid by subsidiaries	1,373.21		(600.43)	
	Loans given to subsidiaries	(296.13)		406.08	
	(Purchase of)/Proceeds from sale of current investment	-		651.24	

Standalone Statement of Cash Flows

for the year ended March 31, 2026

Sr. No	Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
		(₹ in Million)		(₹ in Million)	
	Purchase of property, plant and equipment	(3,642.38)		(2,721.10)	
	Fixed deposits (placed)/ redeemed (net)	(21.77)		(234.93)	
	Purchase of non current investment	-		(97.19)	
	Net cash flow used in investing activities		(2,332.30)		(2,313.75)
C	Cash flow from financing activities				
	Repayment of long term borrowings	(4,548.49)		(4,459.34)	
	Proceeds from long term borrowings	1,800.00		-	
	Proceeds from/(repayment of) short term borrowings (net)	(36.65)		1,606.10	
	Payment of principal portion of lease liability	(174.99)		(367.77)	
	Payment of interest on lease liability	(101.66)		(99.66)	
	Dividend paid	(152.79)		-	
	Interest paid	(1,116.08)		(1,532.44)	
	Net cash flow used in financing activities		(4,330.66)		(4,853.11)
	Net decrease in cash and cash equivalents		(282.90)		(93.53)
	Opening cash and cash equivalents		591.42		684.95
	Closing cash and cash equivalents		308.52		591.42
	Cash and cash equivalents consists of :				
	Cash in hand (refer note 13)		0.02		0.01
	Current accounts (refer note 13)		118.03		106.38
	Deposit with maturity of less than 3 months (refer note 13)		190.47		485.03
			308.52		591.42

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.
- 3) Refer note 20 and 21 for changes in liabilities arising from financing activities.

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Mustafa Saleem

Partner

Membership No. : 136969

Place : Pune

Date : May 27, 2026

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 27, 2026

Vinish Kathuria

Director

(DIN 01951771)

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

Standalone Statement of Changes in Equity

for the year ended March 31, 2026

A Equity share capital

(₹ in Million)

Particulars	Note	No of Shares		Equity Share Capital	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Balance at the beginning of the year	18	15,27,86,400	15,27,86,400	152.79	152.79
Changes in Equity Share Capital during the year*		-	-	-	-
Balance at the end of the year		15,27,86,400	15,27,86,400	152.79	152.79

* There are no changes in share capital due to prior period errors

B Other equity

(₹ in Million)

Particulars	Note	Retained earnings	General reserve	Capital reserve	Securities premium	Total
Balance at April 1, 2024	19	(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	19	1,467.18	2,690.04	226.71	13,340.72	17,724.65
Profit for the year		2,881.93	-	-	-	2,881.93
Remeasurement of defined benefit obligation (net of tax)		44.83	-	-	-	44.83
Dividend Paid	19	(152.79)	-	-	-	(152.79)
Balance at March 31, 2026	19	4,241.15	2,690.04	226.71	13,340.72	20,498.62

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Mustafa Saleem

Partner

Membership No. : 136969

Place : Pune

Date : May 27, 2026

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 27, 2026

Vinish Kathuria

Director

(DIN 01951771)

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 30 manufacturing plants, 3 research and development centres and 1 solar power projects in India and caters to customers both in the domestic and international markets. The above financial statements were approved for issue in accordance with a resolution of the Board of directors on May 27, 2026.

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 standalone financial statements (SFS) 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 presentation requirements of Division II of Schedule III to the Companies Act, 2013 (as amended from time to time), (Ind AS compliant Schedule III), as applicable to the SFS.

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 and Impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 Statement of Profit and 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 by Company
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

*Evaluated useful lives is different from Schedule II of Companies Act, 2013

The useful lives which have been determined to be different than those specified by Schedule II of the Companies Act, 2013 are based on technical evaluation done by the management's expert which are 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 Statement of Profit and Loss within other income.

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 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.

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 Statement of Profit and 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 and accounted prospectively.

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 and Loss when the asset is derecognised.

(i) Computer software

Software is amortised over a period of 3 years.

(ii) Technical know how

Expenditure on acquiring technical know-how (including income tax and R & D Cess) is capitalised and amortised over a period of six years.

(iii) Non compete fee

Non compete fee paid is capitalised and amortised over a period of 5 years.

(iv) Intellectual Property Right

Intellectual property right pertains to amount paid to acquire right to use technology for engine components which has been capitalised and amortised over a period of 10 years.

(v) Research and development

Research costs are expensed as incurred. Development costs on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. During the period of development, the asset is tested for impairment annually. Capitalised development costs are amortised over period of underlying project life which is generally 3 years.

B) Investments in subsidiaries/joint venture

The Company accounts for its investments in subsidiaries/joint venture at cost less accumulated impairment losses (if any) in its standalone financial statements. The Company assesses at the end of each reporting period, if there are

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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:

- Premises and building : 2 to 10 years
- Lease hold land : 30 to 99 years
- Plant and machinery : 5 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or

the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (D) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(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.

The Company applies the low-value asset recognition exemption on a lease-by-lease basis, if the lease qualifies as leases of low-value assets. In making this assessment, the Company also factors below key aspects:

- a. The assessment is conducted on an absolute basis and is independent of the size, nature, or circumstances of the lessee.
- b. The assessment is based on the value of the asset when new, regardless of the asset's age at the time of the lease.
- c. The lessee can benefit from the use of the underlying asset either independently or in combination with other readily available resources, and the asset is not highly dependent on or interrelated with other assets.
- d. If the asset is subleased or expected to be subleased, the head lease does not qualify as a lease of a low-value asset.

Based on the above criteria, the Company has classified leases of office equipment as leases of low value assets

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 recognised in the statement of profit or loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 Statement of Profit and 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, 2026

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 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

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 P - 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.

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 recognised in Statement of Profit and 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 recognised in respect of employee's 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 Statement of Profit and 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 is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and 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 recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised 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 Balance Sheet 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 recognised 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.

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. 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 Statement of Profit and Loss is recognised outside Statement of Profit and 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 recognised 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 recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised 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 to 3 years.

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

M) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average

number of equity shares outstanding during the reporting period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted earnings per share

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

N) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Bank overdraft are shown within borrowings in current liabilities in the balance sheet.

O) Segment reporting

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

P) Financial Instruments

Financial Assets

Initial Recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 Statement of Profit and Loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies for Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade

date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through Statement of Profit and 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 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 and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (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 similar options) over the expected life of the financial instrument.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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) recognised during the period is recognised 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 Statement of Profit and Loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised 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 recognised in Statement of Profit and Loss when the liabilities are derecognised 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 and Loss. This category generally applies to interest bearing loans and borrowings.

Derecognition

A financial liability is derecognised 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 recognised in the Statement of Profit and 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:

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised 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 42)

Financial instruments (including those carried at amortized cost) (Note 43, 44 and 45)

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 recognised 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 Statement of Profit and Loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to Statement of Profit and Loss when the hedge item affects Statement of Profit and Loss or treated as basis adjustment if a hedged forecast

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for the year ended March 31, 2026

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 recognised asset or liability or an unrecognised firm commitment
- 2 Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised 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 recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and 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 recognised in finance costs.

Amounts recognised as OCI are transferred to Statement of Profit and Loss when the hedged transaction affects Statement of Profit and Loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised 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 recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Q) Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

R) Changes in accounting policies and disclosures

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 April 01, 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(i) Amendments to Ind AS 21 - Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend 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 April 01, 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments do not have a material impact on the Company's financial statements.

(ii) Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement

- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

If there is a breach of a material covenant of a long term loan arrangement on or before the end of the reporting period, resulting in the liability becoming payable on demand as at the reporting date, and the lender agrees—after the reporting period but before the financial statements are approved for issue—not to demand repayment for at least 12 months as a consequence of the breach, this shall be treated as an adjusting event. Accordingly, the entity is not required to classify the liability as current.

The amendments are effective for annual reporting periods beginning on or after April 01, 2025 retrospectively in accordance with Ind AS 8.

The company has no impact of these amendments in its classification criteria of current and non-current liabilities.

(iii) Amendments to Ind AS 7 and Ind AS 107 - Supplier Finance Arrangements

In August 2025, the MCA notified amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures to clarify the characteristics of

Notes to the Standalone Financial Statements

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supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Company has provided additional disclosures about its supplier finance arrangement. Please refer to Note 24.

(iv) International Tax Reform—Pillar Two Model Rules – Amendments to Ind AS 12

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after April 01, 2025 but not for any interim periods ending on or before March 31, 2026.

The amendments had no impact on the Company's standalone financial statements as the Company is not in scope of the Pillar Two model rules

Recent accounting pronouncements

Standards issued but not yet effective

The new and amended standards that are notified by the Ministry of Corporate Affairs (MCA), but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company will adopt these new and amended standards, when they become effective.

- Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants and Ind AS 10 Events after the Reporting Period

Ind AS 10 has been amended to remove the previous treatment under which a lender's post-reporting-date waiver granted before the financial statements were approved for issue of a breach of a material covenant in a long-term loan arrangement that occurred on or before the end of the reporting period, resulting in the liability becoming payable on demand at the reporting date, was regarded as an adjusting event.

For annual reporting periods beginning on or after April 01, 2026 any breach of a covenant—whether material or immaterial—occurring on or before the reporting date will, in accordance with Ind AS 1, require the related liability to be classified as current, unless the lender has granted a waiver of the breach on or before the reporting date and has agreed not to demand repayment for at least 12 months after the reporting date as a consequence of the breach. Such a waiver shall be treated as an adjusting event.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

The amendments are effective for annual reporting periods beginning on or after April 01, 2026 retrospectively in accordance with Ind AS 8.

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) Revenue from contracts with customers

The Company provides product development/engineering services to its customers. Under Ind AS 115, the Company 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 Company 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 Company 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 cost' under Intangible assets (also refer note 5).

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.

2) 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 12).

3) 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 Limited ('VPL'), wholly owned subsidiary, now merged with the Company as explained in Note 54(c)) 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-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 Rs 2,968.93 million during the year ended March 31, 2024. Deferred tax asset on such losses available for set off against future income is ₹ 211.18 million as at March 31, 2026 (March 31, 2025: ₹ 1,378.38 million). Significant management judgement involved with respect to deductibility of such expenditure under Income tax Act, 1961 considering the same as business expenditure (refer note 23).

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 41.

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 and claims

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.

The Company estimates the provisions towards claims basis probability of expenses arising out of claims from legal disputes that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions for warranties and claims are reviewed at the end of each reporting date and are adjusted to reflect the current best estimates.

4) Useful life of property, plant and equipment and intangible assets:

The Company uses its technical expertise along with historical and industry trends

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for determining the economic useful life of assets. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised amount is charged over the remaining useful life of the assets.

5) Impairment of non-current investments (other than financial assets)

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available

data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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for the year ended March 31, 2026

Note 3 - Property, plant and equipment

Year ended March 31, 2026

Asset class	Gross carrying amount			Accumulated depreciation			Net Carrying Amount	
	As at April 1, 2025	Additions	Disposals	As at April 1, 2025	Depreciation charge for the year	Disposals	As at March 31, 2026	As at March 31, 2025
Freehold land	282.57	-	-	-	-	-	282.57	282.57
Factory buildings	5,224.76	314.25	2.67	1,726.97	212.84	1.04	3,597.57	3,497.79
Office buildings	917.33	-	-	160.74	19.75	-	736.84	756.59
Plant and machinery	21,260.72	3,206.73	353.04	12,201.32	1,751.45	284.24	10,445.88	9,059.40
Electrical installations	724.85	76.69	9.75	457.01	55.83	9.58	288.53	267.84
Computers	385.63	17.81	64.26	325.57	28.00	63.97	49.58	60.06
Mould and dies	1,118.54	114.42	43.79	933.78	113.36	39.34	181.37	184.76
Electrical fittings	135.68	14.25	0.45	90.83	9.52	0.39	49.52	44.85
Vehicles	125.40	24.00	6.27	77.26	14.50	4.61	55.98	48.14
Furniture and fixtures	334.74	14.39	3.02	256.55	21.43	2.68	70.81	78.19
Office equipments	206.27	11.32	9.34	175.12	9.79	8.87	32.21	31.15
Total	30,716.49	3,793.86	492.59	16,405.15	2,236.47	414.72	15,790.86	14,311.34

Capital work-in-progress as at March 31, 2026

Particulars	Amount
Opening capital work-in-progress	708.62
Add : Addition during the year	3,418.36
Less : Capitalised during the year	(3,793.86)
Closing capital work-in -progress	333.12

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

A. The Capital work-in-progress ageing schedule as at March 31, 2026, is as follows :

(₹ in Million)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	316.85	15.18	1.09	-	333.12
Total	316.85	15.18	1.09	-	333.12

No projects in CWIP are temporarily suspended.

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, vehicle and factory equipments under installation.

Notes:

- Refer note 47 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 20 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 as at March 31, 2026, 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	40.27	Varroc Polymers Limited	No	01-04-2024	Refer note 1
Right to Use Asset-Land	20.55	Varroc Polymers Limited	No	01-04-2024	Refer note 1

Note 1 : 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.(refer note 54 (c))

Note 2 : Period held has been considered from the appointed date as defined in the scheme of amalgamation.

- Transition to Ind AS: On transition to Ind AS (i.e. April 01, 2017), the Company has elected to continue with the carrying value of all property, plant and equipment measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Year ended March 31, 2025

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at April 1, 2024	Additions	Disposals	As at April 1, 2024	Depreciation charge for the year	Disposals	As at March 31, 2025	As at March 31, 2024
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	724.85	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	435.39
Addition during the year	2,541.50
Capitalised during the year	(2,268.27)
Closing capital work-in-progress	708.62

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

A. The Capital work-in-progress ageing schedule as at March 31, 2025, is as follows :

(₹ in Million)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	698.14	5.07	5.41	-	708.62
Total	698.14	5.07	5.41	-	708.62

No projects in CWIP are temporarily suspended.

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, vehicle and factory equipments under installation.

Notes:

- Refer note 47 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 20 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 as at March 31, 2025, except for the following:

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
Right to Use Asset-Land	60.77	Varroc Polymers Limited	No	01-04-2024	Refer note 1

Note 1: 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 Rs 98.60 million have been transferred in the name of the Company.

- Transition to Ind AS: On transition to Ind AS (i.e. April 01, 2017), the Company has elected to continue with the carrying value of all property, plant and equipment measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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, 2026 and March 31, 2025 is ₹ 183.90 million.

The Company performed its annual impairment test for years ended March 2026 and March 2025 on March 31, 2026 and March 31, 2025 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 for a period of five years 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 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, 2026	March 31, 2025
		Assumption used	Assumption used
TCPL (Recoverable amount in excess of carrying amount of the CGU is ₹105.92 million (March 31, 2025 : ₹ 249.00 million))	WACC	15.50%	14.50%
	Terminal	5.00%	5.00%
	Growth rate		

Reasonably possible change in above key assumptions would not cause the carrying amounts to exceed the recoverable amounts for year ended March 31, 2026 and March 31, 2025

Note 5 - Intangible assets

Year ended March 31, 2026

(₹ in Million)

Asset class	Gross carrying amount				Amortisation				Net carrying amount	
	As at April 1, 2025	Additions	Disposals	As at March 31, 2026	As at April 1, 2025	Amortisation charge for the year	Disposals	As at March 31, 2026	As at March 31, 2026	As at March 31, 2025
Software	919.74	104.76	-	1,024.50	766.91	114.51	-	881.42	143.08	152.83
Technical	28.30	-	-	28.30	28.30	-	-	28.30	-	-
Knowhow										
Non Compete	112.22	-	-	112.22	112.22	-	-	112.22	-	-
Fees										
Intellectual	301.99	-	-	301.99	158.11	29.32	-	187.43	114.56	143.88
Property Right										
Capitalised	664.44	69.74	-	734.18	646.26	15.16	-	661.42	72.76	18.18
development costs										
Total	2,026.69	174.50	-	2,201.19	1,711.80	158.99	-	1,870.79	330.40	314.89

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Intangible assets under development as at March 31, 2026

(₹ in Million)

Particulars	Amount
Opening balance	26.64
Addition during the year	697.97
Capitalised during the year	(174.50)
Closing balance	550.11

Intangible assets under development mainly include R&D design and development costs of various projects.

A. The intangible assets under development ageing schedule as at March 31, 2026, 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	550.11	-	-	-	550.11
Total	550.11	-	-	-	550.11

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, 2025

Asset class	Gross carrying amount				Amortisation				Net carrying amount	
	As at April 01, 2024	Additions	Disposals	As at March 31, 2025	As at April 01, 2024	Amortisation charge for the year	Disposals	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024
Software	845.70	74.04	-	919.74	661.66	105.25	-	766.91	152.83	184.04
Technical Knowhow	28.30	-	-	28.30	28.30	-	-	28.30	-	-
Non Compete Fees	112.22	-	-	112.22	105.57	6.65	-	112.22	-	6.65
Intellectual Property Right	301.99	-	-	301.99	126.74	31.37	-	158.11	143.88	175.25
Capitalised development cost	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

Intangible assets under development as at March 31, 2025

(₹ in Million)

Particulars	Amount
Opening balance	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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

A. The intangible assets under development 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	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

Note 6 - Right to use assets

The Company has lease contract 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, 2026			As at March 31, 2025		
	Land	Building	Total	Land	Building	Total
Opening balance	791.88	964.05	1,755.93	562.63	1,046.22	1,608.85
Add: Additions during the year	236.86	107.40	344.26	236.69	91.05	327.74
Less: Depreciation for the year (refer note 34)	(10.90)	(204.48)	(215.38)	(7.44)	(173.22)	(180.66)
Closing balance	1,017.84	866.97	1,884.81	791.88	964.05	1,755.93

(b) Set out below are the carrying amounts of lease liabilities and the movements during the year

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	1,090.00	1,130.03
Add: Addition during the year	111.24	84.90
Add: Accretion of interest (refer note 35)	101.66	99.66
Less: Payments during the year	(276.65)	(224.59)
Closing balance	1,026.25	1,090.00

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Current	199.67	162.66
Non Current	826.58	927.34
Total closing lease liabilities	1,026.25	1,090.00

Following is maturity profile of Contractual undiscounted cash flows as on March 31, 2026:*

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non-current					Total of Non- Current
			2027-28	2028-29	2029-30	2030-31	More than 5 years	
Lease liabilities	10%	285.65	230.35	219.08	183.74	149.14	258.70	1,041.01

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount. This also includes payments during non-cancellable periods.

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. This also includes payments during non-cancellable periods.

(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, 2026	For the year ended March 31, 2025
Depreciation expense of right-of-use assets (refer note 34)	215.38	180.66
Interest expense on lease liabilities (refer note 35)	101.66	99.66
Amounts included in Rent expense (refer note 36)		
Expense relating to leases of low-value assets	214.83	246.50
Total amount recognised in statement of profit and loss	531.87	526.82

The Company had total cash outflows for leases of ₹ 491.48 million for the year ended March 31, 2026 (previous year : ₹ 471.09 million). The company does not have non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2026 and March 31, 2025 other than as disclosed above.

(iii) Extension and termination options

As at March 31, 2026 and 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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, 2026	As at March 31, 2025
		March 31, 2026	March 31, 2025		
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	₹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.				(1,904.27)	(1,900.79)
Varroc European Holding B.V.				(1,300.42)	(1,300.42)
Total (B)				(3,204.69)	(3,201.21)
Total non current investment (A+B)				8,355.00	8,358.48

(b) Investment in joint venture - equity instruments at cost fully paid up

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at March 31, 2026	As at March 31, 2025
		March 31, 2026	March 31, 2025		
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)				8,370.25	8,373.73

Note 8 Non-current investments

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at March 31, 2026	As at March 31, 2025
		March 31, 2026	March 31, 2025		
Investment in fully-paid equity instruments valued at Fair Value through Profit or Loss (unquoted)					
The Saraswat Co-operative Bank Limited	₹10.00	2,500	10,000	0.03	0.10
Investment in fully-paid equity instruments valued at amortised cost (unquoted)					
Amp Energy C&I Twenty One Private Limited	₹10.00	64,80,000	64,80,000	19.75	18.06
Amp Energy C&I Five Pvt Ltd (Tamil Nadu)	₹10.00	7,64,610	7,64,610	2.40	7.65
Amp Energy C&I Six Pvt Ltd (Karnataka)	₹10.00	36,050	36,050	0.10	0.36
Amp Energy C&I Six Pvt Ltd (Karnataka) Ccd	₹1,000.00	3,245	3,245	0.97	3.25

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Particulars	Face value per share	Number of Shares as at		As at	As at
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Amp Energy C&I Twenty Pvt Ltd (Maharashtra)	₹10.00	38,16,000	38,16,000	11.63	10.63
Ampin Energy C&I Thirty Three Pvt Ltd (Maharashtra)	₹10.00	79,20,000	79,20,000	22.07	79.20
Amp Energy Green Thirteen Pvt Ltd (U.p)	₹10.00	54,000	54,000	0.16	0.54
Amp Energy Green Thirteen Pvt Ltd (U.p) Ccd	₹1,000.00	4,860	4,860	1.45	4.86
Ampin Energy C&I Thirty Four Pvt Ltd (Maharashtra)	₹10.00	18,00,000	18,00,000	5.02	18.00
Investment in Government securities valued at amortised cost (unquoted)					
National Saving Certificates				0.08	0.08
Total non-current investments				63.66	142.73
(a) Aggregate amount of quoted investments and market value thereof;				-	-
(b) Aggregate amount of unquoted investments; and				63.66	142.73
(c) Aggregate amount of impairment in value of investments.				-	-

Note 9 Non-current - Other financial assets (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Security deposits (considered good, unsecured)	87.80	124.86
Insurance claim receivable	0.19	2.36
Deposits with remaining maturity more than 12 months	20.76	19.38
Total non-current other financial assets	108.75	146.60

Note 10 Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital advances	68.87	305.98
Provision for capital advances	(2.51)	(2.51)
Net capital advances	66.36	303.47
Amount paid under protest	94.46	95.96
Prepaid expenses	211.04	149.30
Contract asset	57.76	-
Government grant receivable	413.75	179.52
Total other non-current assets	843.37	728.25

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 11 Inventories

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Raw materials [includes material in transit of ₹ 69.3 million (March 31, 2025 : ₹ 88.93 million)]	3,354.62	2,348.75
Work-in-progress	983.97	956.86
Finished goods [includes finished goods in transit of ₹ 600.31 million (March 31, 2025 : ₹ 487.44 million)]	2,602.77	2,120.09
Stores and spare-parts	275.29	268.15
Loose tools	78.75	82.08
Packing material	64.07	56.05
Total inventories	7,359.47	5,831.98

Note 12 Trade receivables (valued at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivables	5,477.91	5,029.93
Receivable from related parties (refer note 46)	214.41	197.87
Total trade receivables	5,692.32	5,227.80
Break-up of trade receivables		
External receivables (Unsecured, considered good)	5,477.91	5,029.93
External receivables (credit impaired)	19.25	190.31
Related Parties (Unsecured, considered good) (refer note 46)	214.41	197.87
Total	5,711.57	5,418.11
Less : Impairment allowance (external receivables - credit impaired)	(19.25)	(190.31)
Total	5,692.32	5,227.80
Presented as -		
Current Portion	5,692.32	5,227.80
Non-Current Portion	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

For outstanding Trade Receivables, the ageing schedule is as follows :

As at March 31, 2026

(₹ 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	79.40	5,243.17	143.97	-	11.37	-	-	5,477.91
2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
3) Undisputed Trade Receivables - credit impaired	-	-	-	-	1.94	4.50	12.81	19.25
4) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
B) Receivable from related parties								-
1) Undisputed Trade Receivables - considered good	-	111.04	40.63	38.05	6.56	9.47	8.66	214.41
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	79.40	5,354.21	184.60	38.05	19.87	13.97	21.47	5,711.57

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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	-	-	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	-	-	-	-	-	-	-	-
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

*Unbilled trade receivables majorly include price variation adjustment.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Credit risk

There are no trade receivables which have significant increase in credit risk as at March 31, 2026 and March 31, 2025 other than disclosed above.

Credit period

Trade receivables are non-interest bearing and are generally on payment terms of 30 to 120 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 46.

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 derecognised in the Balance-sheet. As at March 31, 2026, the amount of trade receivable derecognised pursuant to the aforesaid arrangement ₹ 7,582.94 mn (March 31, 2025 : ₹ 6,993.36 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 13 Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash in hand	0.02	0.01
Bank balances		
In current accounts	118.03	106.38
Deposits with original maturity of less than 3 months	190.47	485.03
Total cash and cash equivalents	308.52	591.42

Note 14 Other bank balances

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Deposits with original maturity more than 3 months but less than 12 months	432.44	412.05
Total other bank balances	432.44	412.05

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 15 Loans (Current) (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Loan to Subsidiaries (refer note 46)	177.90	1,208.64
Interest receivable on loan to subsidiaries (refer note 46)	11.04	81.25
Loans to employees	0.15	0.12
	189.09	1,290.01
Unsecured, considered doubtful		
Loan to subsidiary (refer note 46)	199.80	199.80
Provision for impairment	(199.80)	(199.80)
Interest receivable on loan to subsidiary (refer note 46)	-	3.41
Provision for impairment of interest on loan to subsidiaries	-	(3.41)
	-	-
Total current loans	189.09	1,290.01

Loan to subsidiary is non-derivative financial asset and the loan is repayable on demand.

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, 2026*	As at March 31, 2025*
Varroc Connect Private Limited	10%	Earlier of March 18, 2028 or on demand	Unsecured	80.00	80.00
	10%	Earlier of March 31, 2029 or on demand	Unsecured	92.90	-
		Repayable on Demand		5.00	5.00
VarrocCorp Holding B.V.	EURIBOR+2.5%	Repayable on Demand	Unsecured	-	1,031.26
Varroc European Holding B.V. #	EURIBOR+2.5%	Repayable on Demand	Unsecured	199.80	292.18
Total				377.70	1,408.44

*These loans have been utilized for meeting their working capital requirements and further investment in subsidiaries (refer note 52)

#Represents loan amounts before impairment provision.

Details of loans and advances given

As at March 31, 2026

Type of Borrower	Interest rate	Amount of Loan outstanding	Amount of Interest outstanding	Total Principal and Interest outstanding	Percentage to the total loans and advances in the nature of loans
Subsidiary Company within India	10%	177.90	9.99	187.89	48.33%
Subsidiary Company outside India	EURIBOR+2.5%	199.80	1.05	200.85	51.67%
Total		377.70	11.04	388.74	100.00%

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

As at March 31, 2025

Type of Borrower	Interest rate	Amount of Loan outstanding	Amount of Interest outstanding	Total Principal and Interest outstanding	Percentage to the total loans and advances in the nature of loans
Subsidiary Company within India	10%	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%

Note 16 Other financial assets (Current)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Derivative instruments at Fair Value through Profit and Loss		
Foreign exchange forward contracts	4.18	-
Non-derivative financial asset at amortised cost		
Earmarked balances with banks		
Balance with bank for unpaid dividend	0.16	0.14
Security deposits	205.70	135.54
Others	2.99	0.53
Total other current financial assets	213.03	136.21

Note 17 Other current assets

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance to suppliers	407.60	361.97
Prepaid expenses	272.96	148.94
Balance with government authorities	163.91	62.84
Government grant receivable	1,966.95	2,189.26
Export and other incentives	19.88	19.03
Contract assets	33.20	30.46
Others	180.21	153.64
Total other current assets	3,044.71	2,966.14

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 18 Share capital

Movement in authorised capital

(₹ in Million)

Particulars	Number of Shares as at		As at	As at
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Authorized:				
Equity shares of Re.1 each (previous year Re.1 each)	30,94,00,000	25,45,00,000	309.40	254.50
Equity shares of ₹10 each on account of Amalgamation of Varroc Polymers Limited with the company		54,90,000		54.90
Preference shares of Re 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 Re. 1 each (previous year Re. 1 each) fully paid up	15,27,86,400	15,27,86,400	152.79	152.79
			152.79	152.79

(a) Movement in share capital

Equity shares

Particulars	Numbers	₹ in Million	Numbers	₹ in Million
	As at March 31, 2026	As at March 31, 2026	As at March 31, 2025	As at March 31, 2025
Outstanding at the beginning of the year	15,27,86,400	152.79	15,27,86,400	152.79
Add/(Less):- Movement during the year	-	-	-	-
Outstanding at the end of the year	15,27,86,400	152.79	15,27,86,400	152.79

(b) Rights, preferences and restrictions attached to equity shares

The Company has equity shares having a par value of Re. 1 per share (previous year Re.1 per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at March 31, 2026		As at March 31, 2025	
	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	1,12,61,103	7.37%	81,81,424	5.35%

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(d) Details of shares held by Promoters in the Company

Name of the Shareholder	As at March 31, 2026		As at March 31, 2025		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 Holding Trust.

Name of the Shareholder	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 Holding Trust.

(e) The Company during the preceding 5 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 19 Other equity

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Retained earnings		
Balance at the beginning of the year	1,467.18	(1,294.98)
Add : Profit for the year	2,881.93	2,758.50
Add : Remeasurement of post-employment benefit obligation (net of tax)	44.83	3.66
Less:- Dividend for financial year 2024-25 of ₹ 1 per equity share of face value of Re.1 each (previous year Nil)	(152.79)	-
Balance at the end of the year	4,241.15	1,467.18
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

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
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 reserves and surplus	20,498.62	17,724.65
Total other equity	20,498.62	17,724.65

Nature and purpose of reserves

Retained Earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve or other reserve as well as dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. The amount is available for distribution to the shareholders.

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.

Distribution made and proposed

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Dividend on equity shares declared and paid		
Final dividend for the year ended on March 31, 2025 ₹1 per share (March 31, 2024: Nil)	152.79	-
	152.79	-
Proposed dividend on equity shares		
Proposed dividend for the year ended on March 31, 2026 ₹1.5 per share (March 31, 2025: ₹1 per share)	229.18	152.79
	229.18	152.79

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 20 Non- current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Debentures		
25,000 8.60% Non-convertible debentures of ₹100,000 each	-	1,544.70
Term loans		
Rupee loans from banks	1,976.68	1,585.26
	1,976.68	3,129.96
Total non-current borrowings	1,976.68	3,129.96

Maturity profile of borrowings as at March 31, 2026

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 21)	Non-Current					Total of non-current
			2027-28	2028-29	2029-30	2030-31	More than 5 years	
Term Loans	6.66 % to 7.65%	645.82	809.59	517.09	325.00	325.00	-	1,976.68
Total		645.82	809.59	517.09	325.00	325.00	-	1,976.68

Maturity profile of non-current borrowings as at March 31, 2025

Particulars	Effective Interest Rate	Current (refer note 21)	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

Nature of Security

1) Rupee Term Loans from Banks are secured by:

(a) HSBC BANK

- (i) Working Capital Term Loan (WCTL) of ₹ 435 Million having outstanding balance of ₹ 181.25 Million, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) is 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 PPE of the Company situated at:

- Varroc Engineering Limited, Plant IV - Plot No. M-140-141, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra
- Varroc Engineering Limited, Corporate Office, Plot No. L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

- (3) Varroc Engineering Limited, Pant Nagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand
- (4) Varroc Engineering Limited, Plant V - Plot No. 6/2, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- (5) Varroc Engineering Limited, R&D, Plot No. 6/2, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- (ii) Term Loan of INR 1,000 Million availed in November 2023 outstanding balance as on March 31, 2026 ₹ 437.50 million is secured by way of hypothecation of movable fixed assets of the following plants:
 - (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
- (iii) New Term Loan of INR 1,300 Million availed in March 2026 outstanding balance as on March 31, 2026 ₹ 1,300 million is secured as exclusive charge by way of hypothecation of movable fixed assets of the following plants:
 - (1) Varroc Engineering Limited – 4W Lighting Plant - Gut No. 51 to 59, Plot No. 1, Bhamboli, Chakan, Pune 410 501, Maharashtra
 - (2) Varroc Engineering Limited – Forging Plant – Plot No. L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra

(b) IndusInd Bank

- (i) IndusInd Bank Ltd Rupee Term loan of ₹ 1,000 Million (balance as on March 31, 2026 ₹ 703.75 million) is secured on exclusive first charge by way of Hypothecation of Fixed Assets of the following plants of Company situated at :
 - (1) Varroc Engineering Limited, Plot No. E-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431136 (M.S.) : Movable Fixed Assets
 - (2) Varroc Engineering Limited, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501 (M.S.) : R&D Centre Movable Fixed Assets
 - (3) Varroc Engineering Limited, Gat No. 12/1 and Gat No. 12/2 situated at Village Shivaji Nagar, Tal. Sakri, Dist. Dhule (M.S.) : Movable Fixed Assets
 - (4) Varroc Engineering Limited, Plot No. 103/4, Maswad, GIDC, Expansion Estate, Halol-II, Dist. Panchmahal, Gujarat – 389 350 : Movable and Immovable Fixed Assets
 - (5) Varroc Engineering Limited, Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune : Movable Fixed Assets
 - (6) Varroc Engineering Limited, Plot No. K - 103, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) - 431136 (M.S.) - Movable and Immovable Fixed Assets

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

2) Borrowings pertaining to following charges have been repaid, however the Company is in process of filing charge satisfaction documents as at March 31, 2026:

(a) Tata Capital: Immovable fixed assets located at

- (1) Varroc Engineering Limited, Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand

(b) HSBC: Immovable fixed asset located 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
- (4) Varroc Engineering Limited, Plant V - Plot No. 6/2, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- 5) Varroc Engineering Limited, R&D, Plot No. 6/2, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra

(c) IndusInd Bank Ltd. - Immovable fixed asset located at:

- (1) Varroc Engineering Limited, Survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai.
- (2) Varroc Engineering Limited, Plot no. 601-A & B, Sector III, Pithampur, Dist. Dhar, Madhya Pradesh, and
- (3) Varroc Engineering Limited, Revenue Survey Nos. 533, 534 & 537 of Mouje Karasanpura, Taluka Mandal, District Ahmedabad, Gujarat

3) During the year, the following Term Loans & Non-Convertible Debentures have been fully re-paid and were outstanding as on March 31, 2025 against the following securities:

(a) Saraswat Co. operative Bank Ltd. Term loan of ₹ 750 million was secured on exclusive charge by way of mortgage of immovable properties situated at:

- (1) Varroc Engineering Limited, Plot no E-88, MIDC, Ranjangaon, Tal. Shirur, Dist. Pune, Maharashtra
- (2) Varroc Engineering Limited, Plot No M-165-167, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra

(b) ICICI BANK Ltd. Rupee Term Loan of ₹1,250 Million was secured on exclusive charge by way of mortgage of the immovable properties situated at:

- (1) Varroc Engineering Limited, B-3020 & 3040, Marvel Edge, Viman Nagar, Pune, Maharashtra
- (2) Varroc Engineering Limited, Plot No. 35-A, Udyog Vihar, Greater Noida, Uttar Pradesh
- (3) Varroc Engineering Limited, 58th Mile Stone, Opp. Mittal Orchards, Village Binola, Dist. Gurgaon, Haryana State

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

- (4) Varroc Engineering Limited, Plot No. 136-B, Harohalli Industrial Area, Kanakapura Taluk, Ramanagara Distt. Karnataka
- (5) Varroc Engineering Limited, Plot No. 271 & 272(P), Nara Sapura Industrial Area, Nara Sapura, Dist. Kolar – 563133 Karnataka State
- (c) IndusInd Bank Ltd Rupee Term loan of ₹ 1,250 Million was secured on exclusive charge by way of Hypothecation on Movable and Immovable Fixed Assets of the following plants of Company situated at :
- (1) Varroc Engineering Limited, Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune-412106 (M.S.) : Immovable Fixed Assets
- (2) Varroc Engineering Limited, Plot No. E-88, MIDC, Ranjangaon, Tal. Shirur, Dist. Pune (M.S.) : Movable Fixed Assets
- (3) Varroc Engineering Limited, Gut No. 99, Village Pharola, Tal. Paithan, Dist. Chhatrapati Sambhaji Nagar - 431105 : Immovable Fixed Assets
- (d) 8.60% Non-Convertible Debentures of ₹ 100,000 each was secured on exclusive charge by way of Hypothecation on the specific identified movable properties situated at:
- (1) Varroc Engineering Limited, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra
- (2) Varroc Engineering Limited, (Valves), Plot No. L-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- (3) Varroc Engineering Limited, (Forging), Plot No. L-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- (4) Varroc Engineering Limited, Lighting Plant, Plot No. B-14, MIDC, Chakan, Pune – 410501, Maharashtra
- (5) Varroc Engineering Limited, Lighting Plant, Plot No. 1(P), Gut No. 51 to 59, Village Bhambholi, Tal. Khed, Dist. Pune– 410501, Maharashtra

4) 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 which are to be tested on half yearly or annual basis. All covenants in respect of non-current borrowings are complied as at March 31, 2026 and as at March 31, 2025.

Note 21 Current borrowings

(₹ in Million)

Particulars	Maturity Date	Repayment Terms	Interest rate	As at March 31, 2026	As at March 31, 2025
Secured					
Cash credit	On Demand	On Demand	7.06 % to 8.80%	49.50	5.96
Unsecured					
Working capital facilities					
Pre-shipment credit (PCRE) from banks	Various	6 Month	3.68% to 3.75%	-	500.19
Short-term loan from banks	Various	6 Month	6.95% to 7.90%	3,100.00	2,180.00
From financial institutions (PO financing)	Various	90 days	8.75%	-	500.00
Total short term borrowing				3,149.50	3,186.15

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Particulars	Maturity Date	Repayment Terms	Interest rate	As at March 31, 2026	As at March 31, 2025
Current maturities of non-current borrowings					
25,000 8.60% Non convertible debentures of ₹ 100,000 each (refer note 20 for security details)				-	618.00
Rupee loans from banks				645.82	1,623.03
Total Current maturities of non current borrowings (refer note 20)				645.82	2,241.03
Total current borrowings				3,795.32	5,427.18

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 21 (a) & 21 (b).

(₹ in Million)

Net debt reconciliation	March 31, 2026	March 31, 2025
Non-current borrowings (includes current maturities of non-current borrowings (refer note 20 and 21))	(2,622.50)	(5,370.99)
Current borrowings (refer note 21)	(3,149.50)	(3,186.15)
Lease Liabilities (refer note 6)	(1,026.25)	(1,090.00)
Interest accrued but not due (refer note 25)	(7.81)	(20.06)
Cash and cash equivalents including cash credit (refer note 13 and 21)	308.52	591.42
Net debt	(6,497.54)	(9,075.78)

Reconciliation of net debt as at March 31, 2026

(₹ in Million)

Particulars	As at April 1, 2025	Additions	Cashflows	Interest expenses	Interest paid	Gain on sale of Investment	As at March 31, 2026
Non-current borrowings	(5,370.99)	-	2,748.49	-	-	-	(2,622.50)
Current borrowings	(3,186.15)	-	36.65	-	-	-	(3,149.50)
Lease Liabilities	(1,090.00)	(111.24)	174.99	(101.66)	101.66	-	(1,026.25)
Interest accrued but not due	(20.06)	-	-	(1,103.83)	1,116.08	-	(7.81)
Cash and cash equivalents	591.42	-	(282.90)	-	-	-	308.52

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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	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	(0.00)
Cash and cash equivalents	684.95	-	(93.53)	-	-	-	591.42

21(a) Disclosure of quarterly statements submitted to the banks for the working capital facilities availed by the Company for the year ended March 31, 2026:

1. Inventories:

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2025	6,549.11	6,760.48	(211.37)	(234.47)	23.10	-
2	September 30, 2025	7,059.02	7,334.85	(275.83)	(182.43)	(93.40)	-
3	December 31, 2025	7,005.27	7,233.62	(228.35)	(228.35)	-	-
4	March 31, 2026	7,359.47	7,684.00	(324.53)	(353.32)	28.79	-

2. Trade Receivables (net of factoring)

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2025	4,882.43	3,490.02	1,392.41	1,391.14	1.27	-
2	September 30, 2025	5,933.92	4,774.73	1,159.19	1,014.67	144.52	-
3	December 31, 2025	5,022.70	4,008.86	1,013.84	1,013.84	-	-
4	March 31, 2026	5,692.32	4,445.48	1,246.84	1,405.34	(158.50)	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4 & 5)	Post closure adjustments (Note 2)	
1	June 30, 2025	12,395.57	10,910.37	1,485.20	1,481.96	3.24	-
2	September 30, 2025	14,634.02	12,534.20	2,099.82	2,118.50	(18.68)	-
3	December 31, 2025	13,500.74	11,541.48	1,959.26	2,026.02	(66.76)	-
4	March 31, 2026	14,055.99	11,379.13	2,676.86	2,840.81	(163.95)	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days.

Note 4 Mainly includes inter company creditors and provision for expenses.

Note 5 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

21(b) 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) For Varroc Engineering Limited (before considering the impact of VPL merger):

1. Inventories:

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2025	4,418.91	4,578.08	(159.17)	(159.17)	-	-
2	September 30, 2025	5,062.90	5,225.09	(162.19)	(162.19)	-	-
3	December 31, 2025	5,009.48	5,219.93	(210.45)	(210.45)	-	-
4	March 31, 2026	4,466.09	4,652.46	(186.37)	(186.37)	-	-

2. Trade Receivables (net of factoring)

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 3)	Post closure adjustments (Note 2)	
1	June 30, 2024	2,405.37	1,580.12	825.25	828.00	(2.75)	-
2	September 30, 2024	3,302.88	2,591.86	711.02	711.02	-	-
3	December 31, 2024	2,523.80	1,753.09	770.71	770.71	-	-
4	March 31, 2025	3,161.25	1,978.98	1,182.27	1,194.37	(12.10)	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

3. Trade Payables

(₹ in Million)

Sr. No.	Quarter	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 4)	Post closure adjustments (Note 2)	
1	June 30, 2024	7,972.58	6,920.92	1,051.66	1,068.91	(17.25)	-
2	September 30, 2024	8,539.71	7,606.97	932.74	928.53	4.21	-
3	December 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 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days.

Note 4 Mainly includes inter company creditors and provision for expenses.

Note 5 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

(ii) For Varroc Polymers Limited (now merged with the Company - refer Note 54C):

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, 2024	1,415.34	1,459.83	(44.49)	(44.49)	-	-
2	September 30, 2024	1,643.50	1,695.81	(52.31)	(52.31)	-	-
3	December 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	1,124.65	157.91	157.91	-	-
2	September 30, 2024	1,240.71	1,130.36	110.35	110.35	-	-
3	December 31, 2024	1,070.55	896.58	173.97	174.12	(0.15)	-
4	March 31, 2025	2,066.55	1,672.01	394.54	394.54	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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 & 5)	Post closure adjustments (Note 2)	
1	June 30, 2024	4,197.66	3,605.59	592.07	592.10	(0.03)	-
2	September 30, 2024	4,443.41	3,885.41	558.00	557.98	0.02	-
3	December 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 and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days.

Note 4 Mainly includes inter company creditors and provision for expenses.

Note 5 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

Note 22 Non-current provisions

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Compensated absences	180.28	144.21
Provision for coupon scheme (refer note 26)	0.09	0.49
Total non-current provisions	180.37	144.70

Note 23 Deferred tax (Asset)/liabilities (net)

The balance comprises temporary differences attributable to :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred tax liabilities		
Depreciation and amortisation	824.07	903.98
Others	228.97	234.71
Deferred tax liabilities	1,053.04	1,138.69
Deferred tax assets		
Expenses allowable on payment basis	155.18	109.68
Provision for doubtful debts and advances	8.83	48.84
Voluntary Separation Scheme	133.58	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Losses available for offsetting against future taxable income (refer note ii below)	211.18	1,378.38
Lease Liabilities	258.29	252.97
Merger expenses	28.09	39.52
Others	62.54	124.68
Deferred tax assets	857.69	1,954.07
Closing deferred tax (assets)/liabilities (Net)	195.35	(815.38)
Movement in deferred tax (assets)/ liabilities		
Opening deferred tax assets	(815.38)	(1,662.19)
Tax expense during the period recognised in profit or loss	995.66	845.58
Charged to other comprehensive income		
Tax expense during the period recognised in OCI	15.07	1.23
Closing deferred tax (Asset)/liability	195.35	(815.38)

Note:

- Deferred tax assets and deferred tax liabilities have been offset as at March 31, 2026 they relate to the same governing taxation laws and Company has legally enforceable right to set-off.
- 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 54(c)) 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 Rs 2,968.93 million during the year ended March 31, 2024. Deferred tax asset on such losses available for set off against future income is ₹ 211.18 million as at March 31, 2026 (March 31, 2025: ₹ 1,378.38 million).

Note 24 Trade payables

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Total outstanding dues of micro enterprises and small enterprises (refer note 40)	2,448.28	1,782.37
Total outstanding dues other than micro enterprises and small enterprises*	10,939.40	10,144.94
Subtotal	13,387.68	11,927.31
Acceptances (Refer note (ii) below)	668.31	663.30
Total trade payables	14,055.99	12,590.61

*including payable towards related parties of ₹ 474.91 mn (March 31, 2025 : ₹ 82.44 mn)

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

For outstanding Trade Payable, the ageing schedule is as follows :

As at March 31, 2026

(₹ 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 year	2 to 3 years	More than 3 years	
1) Undisputed payables to micro enterprises and small enterprises	32.33	2,414.91	-	0.60	0.28	0.16	2,448.28
2) Undisputed payables to other than micro enterprises and small enterprises	996.25	8,928.30	985.22	0.19	8.77	20.67	10,939.40
Total	1,028.58	11,343.21	985.22	0.79	9.05	20.83	13,387.68

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	
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	7,719.79	1,182.96	28.02	38.36	5.91	10,144.94
Total	1,197.16	9,371.70	1,285.13	28.30	38.78	6.24	11,927.31

(i) Credit period

Trade payables are non interest bearing and are normally settled on 30 to 90 days terms

(ii) Supplier finance arrangement (Acceptances)

The Company has established a supplier finance arrangement that is offered to some of the Company's suppliers in India. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Company from the Company's external finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Company. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the Company settles the original invoice by paying the finance provider in line with the original invoice maturity date described above. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Company provides no security to the finance provider and there is no change in the Company's original obligation towards the supplier.

Accordingly, the trade payables subject to the supplier finance arrangement are included within trade payables heading in the standalone balance sheet.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 25 Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Financial liabilities at amortised costs		
Interest accrued but not due on borrowings*	7.81	20.06
Payable for purchase of capital goods	956.87	486.98
Customer security deposits	94.63	92.62
Employee benefits payable	833.06	781.56
Other	353.26	559.56
Financial liabilities at fair value through Profit or Loss		
Foreign exchange forward contracts	-	16.20
Total other financial liabilities	2,245.63	1,956.98

*Interest payable is normally settled monthly throughout the financial year.

Note 26 Current - Provisions

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity (refer note 41)	218.38	100.58
Compensated absences	137.80	108.56
Others		
Provision for warranties**	61.95	67.82
Provision for coupon scheme***	0.13	0.73
Total current provision	418.26	277.69

Particulars	Warranties		Provision for coupon scheme	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Balance as at the beginning of the year	67.82	64.67	1.22	25.12
Additions during the year	120.37	127.17	-	4.74
Utilisation/Reversed during the year	(126.24)	(124.02)	(1.00)	(28.64)
Balance as at the end of the year	61.95	67.82	0.22	1.22
Current Portion	61.95	67.82	0.13	0.73
Non-Current Portion	-	-	0.09	0.49
Total	61.95	67.82	0.22	1.22

** 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 to 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 27 Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance received from customers	684.45	592.50
Statutory dues payable (includes GST, TDS, PF payables)	174.05	460.57
Unclaimed dividends	0.14	0.13
Other payables [#]	291.90	257.26
Total other current liabilities	1,150.54	1,310.46

[#] Other payables Includes Provision for Schemes & Discounts payable of ₹193.63 Million (March 31, 2025 ₹190.06 Million) for supplies to other than OEMs

Note 28 Deferred government grant

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at the beginning of the year	322.17	338.58
Recognised during the year*	72.07	188.68
Released to statement of profit and loss (refer note 29)	(103.71)	(205.09)
Balance as at the end of the year	290.53	322.17
Current portion	65.01	95.92
Non-current portion	225.52	226.25
Total Deferred Government grant	290.53	322.17

*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 29 Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from contracts with customers	79,924.27	72,284.47
Other operating revenue	1,531.05	1,401.35
Total	81,455.32	73,685.82

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Revenue from contracts with customers

A Disaggregated revenue information

Particulars	(₹ in Million)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Timing of revenue recognition		
Goods/ Services transferred at a point in time		
Finished goods		
Electrical & Lighting Auto Parts	33,730.92	28,968.92
Steel Forged Products	5,728.39	5,861.16
Polymer Auto Parts	28,372.63	26,293.85
Engine Valves	1,558.52	1,397.95
After Market Auto Parts	8,876.77	7,730.51
Toolings	1,186.09	1,713.74
Job work	470.95	292.99
Goods/services transferred over period of time		
Sale of Engineering Services	-	25.35
Total revenue from contracts with customers	79,924.27	72,284.47
Revenue by region		
India	76,838.71	69,617.36
Asia Pacific	783.41	605.35
Europe	1,073.68	1,097.28
North America	642.92	585.31
Others	585.55	379.17
Total revenue from contracts with customers	79,924.27	72,284.47

B Contract balances

Particulars	(₹ in Million)	
	March 31, 2026	March 31, 2025
Trade receivables	5,692.32	5,227.80
Contract assets	90.96	30.46
Contract liabilities	684.45	592.50

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 :

Particulars	(₹ in Million)	
	March 31, 2026	March 31, 2025
Amounts included in contract liabilities at the beginning of the year	592.50	464.33

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

C Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in Million)

Particulars	March 31, 2026	March 31, 2025
Revenue as per contracted price	80,424.31	72,642.25
Adjustments		
Discount	(500.04)	(357.78)
Revenue from contracts with customers	79,924.27	72,284.47

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. 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, 2026	For the year ended March 31, 2025
Government grants	806.70	839.70
Scrap sales	369.22	280.45
Wind and solar power generation	-	84.31
Export Incentives	63.91	60.47
Management fees	13.30	12.94
Royalty Income (refer note 55(a))	209.89	-
Others	68.03	123.48
Total other operating revenue	1,531.05	1,401.35

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 30 Other income

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest income		
- from Financial assets measured at amortised cost	67.15	21.31
- from loan to subsidiaries (refer note 46)	23.74	72.31
- from others	6.55	21.76
- on Unwinding of discount on security deposits	6.37	4.78
Dividend Income from equity investments carried at cost		
- from investments in subsidiaries	-	125.79
- from investments measured at fair value through profit or loss	0.03	-
Other non-operating income (net of expenses directly attributable to such income)		
Rent Income	3.35	3.10
Net gain on disposal of property, plant and equipment	2.31	-
Net gain on sale of investments	-	3.13
Commission on corporate guarantees	6.07	3.19
Liabilities no longer required written back	0.03	0.46
Provisions for loans/ advances written back	-	1.58
Increase in surrender value of key man insurance	-	18.33
Miscellaneous income	7.98	0.50
Total other income	123.58	276.24

Note 30A Foreign exchange (gain)/loss (net)

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Foreign exchange gain	(327.63)	(201.89)
Foreign exchange loss	405.89	104.90
Foreign exchange (gain)/loss (net)	78.26	(96.99)

Note 31 Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Raw material at the beginning of the year	2,348.75	1,929.28
Add: Purchases	55,264.95	49,379.56
	57,613.70	51,308.84
Less: Raw material at the end of the year	3,354.62	2,348.75
Total cost of materials consumed	54,259.08	48,960.09

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 32 Changes in Stock of work-in-progress and finished goods

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance		
Work-in-progress	956.86	958.10
Finished goods	2,120.09	1,832.45
Total opening balance	3,076.95	2,790.55
Closing balance		
Work-in-progress	983.97	956.86
Finished goods	2,602.77	2,120.09
Total closing balance	3,586.74	3,076.95
Total changes in inventories of work-in-progress and finished goods	(509.79)	(286.40)

Note 33 Employee benefits expense

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages and bonus	6,224.94	5,957.87
Contribution to gratuity and other funds (refer note 41)	379.42	371.49
Staff welfare expenses	345.98	364.52
Total employee benefits expense	6,950.34	6,693.88

Note 34 Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of property, plant and equipment (refer note 3)	2,236.47	2,130.42
Amortisation of intangible assets (refer note 5)	158.99	206.28
Depreciation of right of use assets (refer note 6)	215.38	180.66
Total depreciation and amortisation	2,610.84	2,517.36

Note 35 Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on debts and borrowings	1,092.21	1,497.02
Interest and finance charges paid/payable for lease liabilities (refer note 6)	101.66	99.66
Other borrowing cost	11.62	25.58
Total finance cost	1,205.49	1,622.26

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 36 Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Consumption of stores and spares and loose tools	865.81	845.87
Consumption of packing materials	1,015.70	912.35
Repairs to		
Buildings	23.53	15.53
Machinery	349.51	315.13
Others	561.39	548.39
Communication expenses	41.81	34.98
Water and electricity charges	1,735.72	1,699.81
Rent charges	214.83	246.50
Rates and taxes	27.96	27.01
Contract labour cost	3,475.20	3,035.46
Legal and professional fees	573.00	480.37
Net loss on disposal of Property, plant & equipment and intangible assets	-	5.51
Travelling and conveyance	423.30	393.84
Insurance	142.90	110.50
Payment to auditors (refer note (a) below)	14.57	10.58
Corporate social responsibility expenditure (refer note (b) below)	51.11	36.81
Provision for doubtful loans, advances and debts (net)	0.13	-
Development expenses	722.32	80.41
Sales promotion, marketing and advertisement cost	95.71	172.24
Freight and forwarding expenses	1,109.67	1,012.71
Royalty	92.41	85.53
Warranties	120.37	127.17
Miscellaneous expenses	577.65	548.28
Total other expenses	12,234.60	10,744.98

(a) Payment to auditors

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Statutory audit fees (including limited reviews)	11.48	9.79
Others (including certification fees)*	1.29	0.79
Re-imbursement of expenses	1.80	-
Total payment to auditors	14.57	10.58

*Net of amount of ₹ 4.64 million (March 31, 2025: ₹ 8.76 million) pertaining to certification for customers which are reimbursed by customers. Additionally, ₹ 0.5 million pertaining to merger related certification fees has been included in exceptional items for the year ended March 31, 2025.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(b) Corporate social responsibility expenditure

Details of CSR expenditure

(₹ in Million)

Sr. No.	Particulars	March 31, 2026	March 31, 2025
1	Gross amount required to be spent by the Company during the year	48.43	29.56
2	Amount approved by the Board to be spent and actual spent during the year	51.11	36.81

(₹ in Million)

Sr. No.	Particulars	Amount paid	Amount yet to be paid	Total
3	Amount spent during the year ending March 31, 2026	-	-	-
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	51.11	-	51.11
4	Amount spent during the year ending on March 31, 2025:			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purposes other than (i) above	36.81	-	36.81
5	Details related to spent / unspent obligations for March 31, 2026			
	i) Contribution to Public Trust	1.16	-	1.16
	ii) Contribution to Charitable Trust (Refer Note 46)	49.95	-	49.95
	iii) Unspent amount in relation to:	-	-	-
	Ongoing project	-	-	-
	Other than ongoing project	-	-	-
6	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 46)	34.15	-	34.15
	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	48.43
(ii)	Total amount spent for the financial year	51.11
(iii)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years and Utilised in current year	4.42
(iv)	Excess amount spent for the financial year [(ii)-(i)]	2.68
(v)	Amount available for set-off in succeeding financial years [(iii)+(iv)] (available till March 31, 2029)	7.10
(vi)	Amount available for set-off in succeeding financial years (available till March 31, 2028)	7.25
(vii)	Amount available for set-off in succeeding financial years of earlier years (available till March 31, 2027)	7.84

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 37 Segment information

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

Note 38 Income tax expense

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Profit and loss section		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	1.12	(5.32)
Total current tax expense	1.12	(5.32)
Deferred tax	995.66	845.58
Total income tax expenses recognised in statement of profit and loss	996.78	840.26
(ii) Other comprehensive income (OCI) section		
(a) Remeasurement of defined benefit obligation		
Income tax charged/(reversed) to OCI	(15.07)	(1.23)
Total deferred tax charged to OCI	(15.07)	(1.23)
Reconciliation of tax expense and the accounting profit :		
Profit before tax	3,878.71	3,598.76
Tax rate	25.168%	25.168%
Income tax expense as per applicable tax rate	976.19	905.74
Non-deductible expenses for tax purposes:		
Corporate social responsibility expenditure	12.86	9.26
Effect of income tax on income/ expenses pertaining to previous years	(11.49)	(94.68)
Non deductible depreciation	15.49	16.26
Other non-deductible expenditure	2.61	(0.28)
Other adjusting items:		
Short/ (Excess) provision of earlier years	1.12	-
Others	-	3.96
	20.59	(65.48)
Total tax expense	996.78	840.26

Note 39 Expenditure incurred on Research and Development

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Revenue expenditure- charged to Statement of Profit and Loss	1,683.63	1,533.25
(b) Capital expenditure- excluding building	138.01	96.69
(c) Capital expenditure- building	0.31	-

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, 2026

Note 40 - Disclosure under Micro, Small and Medium Enterprises Development Act 2006 :

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2026	As at March 31, 2025
a)	Principal amount due to Micro and small enterprises and remaining unpaid as at year end	2,415.95	1,755.11
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	1,440.39	1,000.47
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	-	-
f)	Interest due and payable towards Micro and small enterprises, for payments already made	5.07	7.67
g)	Further interest remaining due and payable for earlier years	27.26	19.59

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 41 - 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, 2026	March 31, 2025
(I) Contribution to Employees' provident fund	206.19	184.72
(II) Contribution to Employees' family pension fund	75.21	80.24
Total	281.40	264.96

B Defined benefit plan (Gratuity)

Defined benefit plan comprises gratuity (included in "Contribution to gratuity and other funds" in Note 33). Present value of the obligation under such defined benefit plan is determined based on actuarial valuation as at reporting date using the Projected Unit Credit method. 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, 2026

(a) Change in present value of benefit obligations

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Liability at the beginning of the year	884.22	785.84
Past Service cost (refer note 54 (a))	164.84	-
Service cost	108.73	98.85
Interest expense	54.83	54.66
Transfer of obligation	1.40	1.08
Remeasurements - Actuarial gains (refer note (e) below)	(50.88)	(1.81)
Benefits paid	(109.53)	(54.40)
Liability at the end of the year	1,053.61	884.22

(b) Change in fair value of plan assets

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Fair value of plan assets at the beginning of the year	783.64	708.13
Interest income	51.46	51.89
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	9.02	3.08
Contributions	101.58	79.57
Mortality charges and taxes	(0.94)	(4.63)
Benefits paid	(109.53)	(54.40)
Fair value of plan assets at the end of the year	835.23	783.64

(c) The net liability disclosed above relates to funded plan is as follows :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of funded obligations	1,053.61	884.22
Fair value of plan assets	835.23	783.64
Deficit of funded plan	218.38	100.58

(d) Expenses to be recognised in the Statement of Profit and Loss under employee benefit expenses

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Service cost	108.73	98.85
Past service cost (refer note 54 (a))	164.84	-
Net interest expense	3.37	2.77
Transfer In	1.40	1.08
Net gratuity cost	278.34	102.70

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(e) Income to be recognised in statement of other comprehensive income

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Remeasurement		
Experience Gain on plan liabilities	(30.16)	(11.57)
Experience Gain on plan assets	(13.69)	(3.80)
Financial Losses on plan assets	4.67	0.72
Financial (Gain)/Losses on plan liabilities	(20.72)	9.76
Total income to be recognised in statement of Other Comprehensive Income	(59.90)	(4.89)

(f) Valuation in respect of gratuity has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Discount rate	7.00%	6.60%
Salary growth rate	10.00%	10.00%
Expected rate of return on plan assets	6.60%	7.20%
Expected average remaining working life of employees (in years) *	5.16	5.46
Withdrawal Rate		
Service below 5 years	18.00%	17.00%
Service 5 years & above	18.00%	17.00%

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 :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-4.62%	-5.02%
(ii) 1% decrease in discount rate	5.06%	5.55%
(iii) 1% increase in rate of salary escalation	3.60%	4.24%
(iv) 1% decrease rate of salary escalation	-3.42%	-3.98%
(v) 1% increase in withdrawal rate	-0.49%	-0.73%
(vi) 1% decrease in withdrawal rate	0.53%	0.80%

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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.

(₹ in Million)

Particulars	March 31, 2026	March 31, 2025
Major categories of Plan Assets (as % of Total Plan Assets)		
Funds managed by insurer (in %)	100%	100%
Funds managed by insurer (Rupees in Million)	835.23	783.64
Actual Return on plan assets (Rupees in Million)	60.47	54.97
Average Duration		
Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate)	5.93 years	6.53 years

Maturity profile of defined benefit obligation :

The following benefits payments (on undiscounted basis) are expected for each of the next five years and the aggregate five years thereafter :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Within 1 year	191.88	153.22
1-2 year	161.81	132.90
2-3 year	163.45	128.81
3-4 year	162.28	130.47
4-5 year	166.51	130.69
5-10 years	783.16	643.14

Expected contributions for the next year

The Company intends to contribute ₹218.40 million towards its gratuity fund during the year ending March 31, 2027. During the year ended March 31, 2026, the Company has contributed ₹101.59 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, 2026

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 42 - 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, 2026		March 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Amortized cost				
Investments				
- Government securities	0.08	0.08	0.08	0.08
- Equity instruments	63.55	63.55	142.55	142.55
Trade receivables	5,692.32	5,692.32	5,227.80	5,227.80
Loans	189.09	189.09	1,290.01	1,290.01
Cash and bank balances	740.96	740.96	1,003.47	1,003.47
Other financial assets	317.60	317.60	282.81	282.81
FVPL				
Investments				
- Equity instruments	0.03	0.03	0.10	0.10
Derivative contracts	4.18	4.18	-	-
Total financial assets	7,007.81	7,007.81	7,946.82	7,946.82
Financial liabilities				
Amortized cost				
Fixed rate borrowings	3,100.00	3,100.00	5,342.88	5,328.79
Other borrowings	2,672.00	2,672.00	3,214.26	3,214.26
Lease liabilities	1,026.25	1,026.25	1,090.00	1,090.00
Security deposits	94.63	94.63	92.62	92.62
Trade payables	13,387.68	13,387.68	11,927.31	11,927.31
Acceptances	668.31	668.31	663.30	663.30
Other financial liabilities	2,151.00	2,151.00	1,848.16	1,848.16
FVPL				
Derivative contracts	-	-	16.20	16.20
Total financial liabilities	23,099.87	23,099.87	24,194.73	24,180.64

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(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, 2026	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets measured at fair value				
Derivative contracts	-	4.18	-	4.18
Investments- Equity Instruments	-	0.03	-	0.03
Total	-	4.21	-	4.21

(₹ 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	-	0.10
Financial Liabilities measured at fair value				
Derivative contracts	-	16.20	-	16.20
Total	-	16.30	-	16.30

(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 of 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 carrying amounts of trade receivables, loans, other financial assets, cash and bank balances, trade payables/acceptances, current borrowings 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, 2026 approximate their carrying values.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 43 - Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, receivables, payables, deposits, investments and derivative financial instruments.

(a) Foreign currency risk

The Company operates internationally and the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk through its sale and purchase of goods and services, mainly in the North America and Europe . The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The Company evaluates exchange rate exposure arising from these transactions and enters into 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, 2026 expressed in INR, is as follows:

(₹ in Million)

Particulars	March 31, 2026				
	USD	EURO	JPY	Other currencies	Total
Financial assets					
Trade receivables					
Trade receivables (External)	94.97	446.02	0.02	0.65	541.66
Trade receivables (Related Parties)	0.78	32.76	-	-	33.54
Interest receivable (Related Parties)*	-	1.05	-	-	1.05
Loans (Intercompany)*	-	199.80	-	-	199.80
Financial liabilities					
Trade payables					
Trade payable (External)	1,269.80	10.30	54.95	69.43	1,404.48
Trade payable (Related Parties)	-	-	14.65	198.52	213.17
Net assets / (liabilities)	(1,174.05)	669.33	(69.58)	(267.30)	(841.60)

*Excluding effect of provision for impairment.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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	-	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
Net assets / (liabilities)	(86.27)	1,015.47	(88.73)	(78.39)	762.08

*Excluding effect of provision for impairment.

Sensitivity Analysis

For the year ended March 31, 2026 and March 31, 2025, every 5% percentage point appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, would have affected the Company's profit before taxes by approximately ₹ 58.7 million and ₹ 4.31 million respectively. And for Euro, every 5% percentage point appreciation/depreciation in the exchange rate would have affected the Company's profit before taxes by approximately ₹ 33.47 million, previous year ₹ 50.77 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, 2026	INR	+100	2,672.00	(26.72)
March 31, 2026	INR	-100	2,672.00	26.72
March 31, 2025	INR	+100	3,214.26	(32.14)
March 31, 2025	INR	-100	3,214.26	32.14

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(c) Other price risk

The Company does not have material investments in equity securities other than investments in its subsidiaries. Hence, equity price risk is considered to be low. Further, the Company's operating activities require the ongoing purchase of various commodities for manufacture of automotive parts. However, the movement in commodity prices are substantially adjusted through price differences as per customer contracts and hence commodity price risk for the Company is also considered to be low.

B Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company only deals with parties which have good credit rating/worthiness given by external rating agencies or based on the Company's internal assessment.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2026, receivable from Company's top 5 customers accounted for approximately 44.44% (March 31, 2025: 43.48%) of all the receivables outstanding. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 12. The Company does not hold collateral as security.

Generally, trade receivables are provided for if past due for more than one year (domestic/export). An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provisions are based on days past due for groupings of various customers.

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, 2026 and March 31, 2025 is the carrying amounts as disclosed in note 13 and 14 except for financial guarantees. The Company's maximum exposure relating to financial guarantees is disclosed in note 50 (C).

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, 2026, cash and cash equivalents are held with major banks.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Maturities of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

As at March 31, 2026 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Borrowings	49.50	3,745.82	1,976.68	-
Lease liabilities**	-	285.65	782.31	258.70
Trade payables	-	13,387.68	-	-
Acceptances	-	668.31	-	-
Other financial liabilities	94.63	2,151.00	-	-
Financial guarantee contracts*	1,061.47			

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	-	-
Financial guarantee contracts*	470.80			

* Maximum amount that can be called for under Financial Guarantee Contracts (Refer note 50 C)

** Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

Note 44 - 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 .

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for the year ended March 31, 2026

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, 2026	As at March 31, 2025
(A) Net debt		
Non-current borrowings (refer note 20)	1,976.68	3,129.96
Current maturities of non-current borrowings (refer note 21)	645.82	2,241.03
Current borrowings (refer note 21)	3,149.50	3,186.15
Less : Cash and cash equivalents and other bank balances (refer note 13 and 14)	(740.96)	(1,003.47)
Net debt (A)	5,031.04	7,553.67
(B) Total equity		
Equity share capital (refer note 18)	152.79	152.79
Other equity (refer note 19)	20,498.62	17,724.65
Total equity (B)	20,651.41	17,877.44
Net debt to equity ratio (A/B)	0.24	0.42

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 20 for details.

(b) Dividends not recognised at the end of the reporting period

The Board of Directors have recommended the payment of a final dividend of ₹ 229.19 million at ₹ 1.5 per equity share (March 31, 2025 ₹ 152.79 million at Re 1 per equity share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Note 45: Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2026

(₹ 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-JPY/ INR	7.02	-	-	0.04	Various Dates	1:1	₹ 0.60	0.04	(0.04)

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ 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	322.27	-	-	5.86	Various Dates	1:1	₹ 108.33	5.86	(5.86)
Foreign exchange forward contracts-USD	-	395.22	10.09	-	Various Dates	1:1	₹ 92.99	(10.09)	10.09

*Maturity Dates vary on account of multiple hedging contracts which range from April 30, 2026 to September 30, 2026.

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	₹ 7.31	12.67	(12.67)
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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 46 : 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
 Varroc European Holding B.V. The Netherlands
 VarrocCorp Holding B.V. The Netherlands
 Varroc Japan Co. Ltd Japan
 Industria Meccanica E Stampaggio S.p.a., Italy
 Varroc Italy SPA
 Varroc Romania S.A.
 Varroc Vietnam Co. Ltd.
 Varroc Lighting Systems Bulgaria EOOD (upto October 02, 2025)
 Varroc Germany GmbH
 Varroc Poland S.p.Z.o.o
 Varroc Czech Republic S.R.O (upto June 16, 2025)
 Varroc Electronics Romania SRL
 Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.
 Varroc (Thailand) Co., Ltd [Erstwhile Varrec (Thailand) Co., Ltd]
 Varroc Dell'Orto Private Limited
 Varroc TYC Corporation British Virgin Islands (upto May 07, 2025)
 Varroc TYC Auto Lamps Co Ltd., China,(Subsidiaries of Varroc TYC Corporation, BVI) (upto May 07, 2025)
 Varroc TYC Auto Lamps Co. Ltd. CQ (Subsidiaries of Varroc TYC Auto Lamp Co., China) (upto May 07, 2025)
 Nuova CTS S.r.L.,Italy

Step Down Subsidiaries

2 Jointly Controlled Entities

B Other related parties with whom transactions have taken place during the period

3 Key Management Personnel

Chairman & Managing Director
Whole time Directors

Mr. Tarang Jain
 Mr. Arjun Jain
 Mr. Dhruv Jain (w.e.f. June 01, 2025)
 Mr. Avinash Chintawar (w.e.f. November 12, 2025)
 Mr. Tarun Tyagi (up to November 13, 2024)
 Mr. Vidyadhar Limaye (up to June 30, 2025)
 Mr. Dhruv Jain (Upto May 31, 2025)

Non-Executive Director
Independent Director

Mr. Vinish Kathuria
 Mrs. Liselott Kilaas (w.e.f March 27, 2025)
 Mr. Akshaykumar Chudasama (w.e.f May 29, 2025)
 Mr. Padmanabh Sinha (w.e.f. July 18, 2025)
 Mr. Gautam Khandelwal (up to July 19, 2025)
 Mr. Marc Szulewicz (up to July 19, 2025)
 Mrs. Vijaya Sampath (up to July 19, 2025)

Group Chief Financial Officer
Company Secretary

Mr. K. Mahendra Kumar
 Mr. Ajay Kumar Sharma (up to July 31, 2025)
 Mr. Anil Ghatiya (w.e.f. July 31, 2025)

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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
TJ Holdings Trust
Naresh Chandra Holdings Trust
Suman Jain Holdings Trust
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			
		For the year ended March 31, 2026	For the year ended March 31, 2025	As at March 31, 2026		As at March 31, 2025	
				Receivable	Payable	Receivable	Payable
A)	Sale of Goods, PPE and services*						
	Durovalves India Private Limited	64.32	92.48	17.99	-	7.24	-
	Endurance Technologies Limited	14.65	4.19	1.50	-	1.06	-
	Industrial Meccanica E Stampaggio S.p.a.	5.69	-	5.95	-	5.04	-
	Varroc Dell'Orto Private Limited	368.72	187.05	107.44	-	35.94	-
	Varroc Italy SPA	-	-	2.18	-	64.54	-
	Varroc Romania S.A.	-	-	0.48	-	0.44	-
	Varroc Vietnam Co. Ltd.	1.40	-	0.00 ^{##}	-	0.00 ^{##}	-
	Varroc Connect Private Limited	-	0.07	-	-	-	-
	Varroc Japan Co. Ltd.	0.02	-	0.02	-	-	-
B)	Guarantee commission received						
	Varroc Electronics Romania SRL	3.88	3.08	20.01	-	13.46	-
	Industrial Meccanica E Stampaggio S.p.a.	1.84	0.11	2.07	-	0.11	-
	VarrocCorp Holding B.V.The Netherlands	0.34	-	0.21	-	-	-
C)	Management consultancy fees received						
	Durovalves India Private Limited	5.00	5.00	1.35	-	1.35	-
	Varroc Dell'Orto Private Limited	8.30	7.94	2.72	-	2.76	-
D)	Rent received						
	Varroc Dell'Orto Private Limited	2.75	2.50	0.50	-	0.47	-
	Varroc Connect Private Limited	0.60	0.60	1.42	-	0.71	-
E)	Interest received/ receivable						
	Varroc Connect Private Limited	13.41	4.90	9.99	-	0.27	-
	VarrocCorp Holding B.V.The Netherlands	5.77	67.18	-	-	80.75	-
	Varroc European Holding B.V.The Netherlands	4.56	0.23	1.05	-	3.64	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2026	For the year ended March 31, 2025	As at March 31, 2026		As at March 31, 2025	
				Receivable	Payable	Receivable	Payable
F)	Loan to subsidiaries / (Repayment)						
	Varroc Connect Private Limited	101.61	55.00	177.90	-	85.00	-
	Varroc Connect Private Limited (Repayment)	(8.71)	-	-	-	-	-
	VarrocCorp Holding B.V.The Netherlands	194.52	450.53	-	-	1,031.26	-
	VarrocCorp Holding B.V.The Netherlands # (Repayment)	(1,256.69)	(406.08)	-	-	-	-
	Varroc European Holding B.V.The Netherlands #	-	94.90	199.80	-	292.18	-
	Varroc European Holding B.V.The Netherlands # (Repayment)	(107.81)	-	-	-	-	-
G)	Reimbursement of expenses (Received/ Receivable)						
	Durovalves India Private Limited	3.28	4.47	3.44	-	0.25	-
	Varroc Dell'Orto Private Limited	0.37	0.77	0.30	-	-	-
	Varroc Vietnam Co. Ltd.	1.73	0.28	-	-	0.30	-
	VarrocCorp Holding B.V.The Netherlands	-	34.64	35.26	-	35.26	-
	Varroc Connect Private Limited	3.18	2.72	11.52	-	8.53	-
	Industrial Meccanica E Stampaggio S.p.a.	1.27	-	1.31	-	-	-
	Varroc Italy SPA	1.73	-	-	-	-	-
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	-	-	-	-
J)	Purchase of goods, services and PPEs*						
	Durovalves India Private Limited	30.79	40.40	-	1.64	-	4.52
	Varroc Connect Private Limited	10.07	8.59	-	10.07	-	4.79
	Varroc Italy SPA	-	2.07	-	-	-	21.68
	Varroc Japan Co. Limited	54.00	39.84	-	14.74	-	13.99
	Endurance Technologies Limited	11.26	48.96	-	-	-	8.47
	Varroc Electronics Romania S.r.l.	4.41	23.77	-	0.10	-	7.62
	Varroc Poland S.p.z.oo.	413.25	-	-	261.57	-	-
	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.	541.80	2.00	-	194.45	-	0.03
	Scarpa & Colombo S.r.L	0.28	5.31	-	-	-	7.49
	Freccia International S.r.L, Italy	0.20	-	-	-	-	-
	Industria Meccanica E Stampaggio s.p.a., ITALY	20.01	-	-	-	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2026	For the year ended March 31, 2025	As at March 31, 2026		As at March 31, 2025	
				Receivable	Payable	Receivable	Payable
K)	Professional charges /Commission Paid/Payable						
	Mr. Gautam Khandelwal	-	1.54	-	-	-	1.54
	Mr. Marc Szulewicz	-	1.32	-	-	-	1.32
	Mrs. Vijaya Sampath	-	2.20	-	-	-	2.20
	Mr. Vinish Kathuria	1.70	1.96	-	1.70	-	1.96
	Mrs. Liselott Kilaas	1.90	-	-	1.90	-	-
	Mr. Akshaykumar Chudasama	1.82	-	-	1.82	-	-
	Mr. Padmanabh Sinha	2.32	-	-	2.32	-	-
L)	Managerial & KMP Remuneration ^						
	Mr. Tarang Jain	124.90	122.23	-	-	-	-
	Mr. Arjun Jain	30.17	27.46	-	-	-	-
	Mr. Karumanchi Mahendra Kumar	38.27	36.24	-	-	-	-
	Mr. Ajay Kumar Sharma	5.46	15.23	-	-	-	-
	Mr. Anil Ghatiya	3.29	-	-	-	-	-
	Mr. Tarun Tyagi (up to November 13, 2024)	-	8.87	-	-	-	-
	Mr. Vidyadhar Limaye (up to June 30, 2025)	6.21	4.85	-	-	-	-
	Mr. Avinash Chintawar	9.37	-	-	-	-	-
	Mr. Dhruv Jain (w.e.f. June 01, 2025)	15.54	-	-	-	-	-
M)	Directors sitting fees						
	Mr. Gautam Khandelwal	0.70	1.96	-	-	-	0.60
	Mr. Akshaykumar Chudasama	1.10	-	-	0.09	-	-
	Mrs. Liselott Kilaas	1.60	-	-	0.40	-	-
	Mr. Marc Szulewicz	0.30	-	-	-	-	-
	Mrs. Vijaya Sampath	0.50	0.98	-	-	-	0.20
	Mr. Padmanabh Sinha	0.60	1.30	-	0.18	-	0.40
	Mr. Vinish Kathuria	1.80	1.54	-	0.27	-	0.30
N)	Reimbursement of expenses (Paid/Payable)						
	Varroc Connect Private Limited	-	0.36	-	-	-	0.37
	Freccia International S.r.L, Italy	-	-	-	-	-	0.31
	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.	-	-	-	-	-	0.27
	Varroc Italy, S.p.A.	0.01	-	-	0.01	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Sr. No.	Description	Transactions		Balances			
		For the year ended March 31, 2026	For the year ended March 31, 2025	As at March 31, 2026		As at March 31, 2025	
				Receivable	Payable	Receivable	Payable
O)	Corporate guarantees/ stand by letter of credit**						
	Varroc Electronics Romania SRL	138.29	61.70	-	516.61	-	378.32
	Industrial Meccanica E Stampaggio S.p.a.	179.95	92.48	-	272.43	-	92.48
	VarrocCorp Holding B.V.The Netherlands	272.43	-	-	272.43	-	-
P)	Corporate Social Responsibility (CSR)						
	Varroc Foundation	51.11	33.15	-	-	-	-
Q)	Royalty Paid/Payable						
	Dell'orto S.P.A.	15.97	11.39	-	-	-	-
R)	Service Fees (R&D Services)						
	Varroc TYC Auto Lamps Co. Ltd. CQ, China	-	3.48	-	-	-	-
S)	Sales Commission Paid/payable						
	Scarpa & Colombo Srl - Italy	15.72	3.57	-	6.63	-	-
T)	Admin Charges Paid						
	Varroc Italy, S.p.A.	8.69	16.90	-	5.17	-	10.80
U)	Dividend Paid						
	Mr. Tarang Jain	60.73	-	-	-	-	-
	Mr. Arjun Jain	0.01	-	-	-	-	-
	Mr. Dhruv Jain	0.01	-	-	-	-	-
	TJ Holdings Trust	33.85	-	-	-	-	-
	Naresh Chandra Holdings Trust	10.00	-	-	-	-	-
	Suman Jain Holdings Trust	10.00	-	-	-	-	-

Notes:-

* All the amounts exclusive of taxes, if any.

** The balances at year end pertain to guarantees outstanding as at Balance sheet date.

This amount is before impairment provision.

Amount below rounding off norm adopted by the company.

^ Remuneration disclosed above represents salary paid during respective years and excludes the value of perquisites. Also, post employment benefits payable in the form of gratuity and other long term benefits in the form of compensated absence are calculated on the basis of actuarial valuation. Amount payable for individual employees as at March 31, 2026 (March 31, 2025) cannot be separately identified and therefore has not been included in above. There are no termination benefits, share based payments given to key Management Personnel and their relative

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Terms and conditions of outstanding balances with related parties:

(i) In respect of sale of goods and services (including rental service, management consultancy, royalty, reimbursement of expenses) to related parties

Trade receivables outstanding balances are unsecured, interest free and require settlement in cash. No guarantee or other security has been received against these receivables. The amounts are recoverable within 30 to 120 days from the reporting date (March 31, 2025: 30 to 120 days from the reporting date). For the year ended March 31, 2026, the Company has not recorded any impairment on receivables due from related parties (March 31, 2025: Nil).

(ii) In respect of purchase of goods and services (including royalty, reimbursement of expenses and sales commission):

Trade payables outstanding balances are unsecured, interest free and require settlement in cash. No guarantee or other security has been given against these payables. The amounts are payable within 30 to 90 days from the reporting date (March 31, 2025: 30 to 90 days from the reporting date).

(iii) Loans to subsidiaries

The loans granted to subsidiaries are intended for meeting working capital requirements of those subsidiaries and for further investment in other subsidiaries. The loans are unsecured and terms related to repayment and interest rates are explained in Note 15. The loan has been utilized for the purpose it was granted. For the year ended March 31, 2026, the Company has not recorded any additional impairment on loans due from its subsidiaries (March 31, 2025: Nil).

(iv) Guarantees for subsidiaries

The financial guarantees granted to subsidiaries are in respect of borrowing facilities availed by the subsidiaries. Guarantee commission at the rate of 1% on the amount of borrowings drawn down against the guarantee during the year is charged by the Company (refer note 50C)

Note 47 (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, 2026	As at March 31, 2025
Purchase of property, plant and equipment	2,160.76	2,011.31

Note 48 : Earnings per share

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Earnings per share (EPS) (Nominal value per share Re. 1/- each)		
Basic		
Profit attributable to equity shareholders (Rupees in Million)	2,881.93	2,758.50
Weighted average number of shares outstanding	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees)	18.86	18.05
Diluted		
Profit attributable to equity shareholders (Rupees in Million)	2,881.93	2,758.50
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)	18.86	18.05

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

Note 49A : 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, 2026	As at March 31, 2025
Durovalves India Private Limited	India	Subsidiary	72.78%	72.78%
Varroc Connect Private Limited (formerly known 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.

Above does not include step-down subsidiaries, which have been disclosed in Note 46

Note 49B : Interests in joint venture

Set out below is the joint venture of the Company as at March 31, 2026:

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2026	As at March 31, 2025
Varroc Dell'Orto Private Limited	India	50%	Joint Venture	At Cost	15.25	15.25
Total					15.25	15.25

(₹ in Million)

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 46

Commitments and contingent liabilities in respect of joint venture

Particulars	As at	
	March 31, 2026	March 31, 2025
Varroc Dell'Orto Private Limited	-	-

(₹ in Million)

Note 49C : Interests in joint venture

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(i) Summarised balance sheet of Varroc Dell'Orto Private Limited

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Current assets		
Cash and cash equivalents	103.05	67.26
Other assets	350.83	160.51
Total current assets	453.88	227.77
Total non-current assets	1.75	2.55
Current liabilities		
Financial liabilities	251.91	76.57
Other liabilities	6.92	8.22
Total current liabilities	258.83	84.79
Non-current liabilities		
Other liabilities	2.49	1.62
Total non-current liabilities	2.49	1.62
Net assets	194.31	143.91

(ii) Summarised statement of profit and loss

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from operations	1,016.53	559.85
Cost of Raw Material and components consumed	907.78	497.28
Depreciation and amortisation	0.26	0.59
Finance costs	0.05	0.16
Employee benefit expenses	14.96	14.90
Other Expenses	25.42	31.22
Profit before tax	68.06	15.70
Income tax expense	17.43	3.84
Profit for the year	50.63	12.86
Other comprehensive income (gain)/loss	0.23	0.51
Total comprehensive income	50.40	12.37
Dividends received	-	-

Note 50 - Contingent liabilities

A) Contingent liabilities not provided for :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
a) Claim against the Company not acknowledged as debt		
- Disputed excise, service tax and goods and service tax matters (Refer (i) and (ii))	974.60	1,561.56
- Income tax matters (Refer (i))	400.95	383.75
- Other claims [Refer (iii)]	510.13	-
b) Employee related disputes (Refer (iii))	54.74	34.58
c) Export Promotion Capital Goods (EPCG) (Export obligation against the above ₹ 1,644.81 million, previous year ₹ 859.15 Million)	274.13	143.19
d) Provident fund liability	See note (iv) below	See note (iv) below

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

- (i) The Company is contesting various income tax, excise, Service Tax and Goods and Service Tax demand/notices and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands/notices raised. The management believes that the ultimate outcome of the proceedings will not have a material adverse effect on the Company's financial position and results of the operations. The Company has deposited ₹ 56.00 million (previous year ₹ 49.47 million) with the tax authorities against the above matters to comply with the order of the tax authorities.

- (ii) Contingent liabilities disclosed above include the following litigations:

The Company had received following GST orders in relation to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023:

- Order dated November 5, 2024 from Additional Commissioner of CGST & Central Excise for appropriation of GST dues amounting to ₹ 629 million along with equivalent penalty and applicable interest;
- Order dated January 03, 2025 from Commercial Tax Officer (Divisional GST office, Karnataka) consisting of demand for GST dues amounting to ₹ 0.03 million along with interest of ₹ 302.67 million and penalty of ₹ 564.19 million (received by Varroc Polymers Limited ('VPL') (wholly owned subsidiary, now merged with the Company)

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

- (iii) Management believes that such claims will not succeed and that ultimate outcome of these claims will not have a material adverse effect on the Company's financial position and results of the operations. Accordingly, no provision for any liability has been considered necessary in these financial statements.
- (iv) 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.

B) Arbitration proceedings (refer note 55)

C) The Company has provided corporate guarantees as at March 31, 2026 :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Corporate guarantees given for loans taken by foreign subsidiary		
- Pertaining to Varroc Electronics Romania SRL	516.61	378.32
[(March 31, 2026 - EURO 7.70 million (March 31, 2025 - Euro 6.10 million)]		
Amount Drawdown as at March 31, 2026: EURO 4.74 million (March 31, 2025 - EURO 4.01 million)		
- Pertaining to Industria Meccanica E Stampaggio S.p.a.	272.43	92.48
[(March 31, 2026 - EURO 5.50 million (March 31, 2025 - Euro 2.75 million)]		
Amount Drawdown as at March 31, 2026: EURO 2.50 million (March 31, 2025 - EURO 1.00 million)		

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
- Pertaining to Varroc Corp Holding B.V.		
[(March 31, 2026 - EURO 2.75 million (March 31, 2025 - Nil))]	272.43	-
Amount Drawdown as at March 31, 2026: EURO 2.50 million (March 31, 2025 - 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.

Note 51- Ratio Analysis and its elements**

Ratio		March 31, 2026	March 31, 2025	% change	Reason for variance
Current ratio	No. of times	0.79	0.75	5.33%	
Debt-Equity Ratio	No. of times	0.28	0.48	-41.67%	(A)
Debt Service Coverage ratio	No. of times	1.49	1.31	13.74%	
Net Profit ratio	In %	3.54%	3.74%	-5.35%	
Return on Equity ratio	In %	19.48%	17.98%	8.34%	
Return on Capital Employed	In %	23.14%	20.81%	11.20%	
Return on Investment	In %	8.61%	2.16%	298.61%	(B)
Trade Receivable Turnover Ratio	No. of times	14.92	16.88	-11.61%	
Inventory Turnover ratio	No. of times	8.15	8.93	-8.73%	
Trade Payable Turnover Ratio	No. of times	4.15	4.20	-1.19%	
Net Capital Turnover Ratio	No. of times	(16.20)	(13.69)	18.33%	

**Based on the requirements of Schedule III

Formulae for calculation of ratios are as follows:

- Current ratio = [Current Assets / Current Liabilities]
- Debt-Equity Ratio = [Total Debt / Total Equity]
- 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 prepayments))]
- Return on Equity ratio = [(Net Profits after taxes – Preference Dividend)/(Average Shareholder's Equity)]
- Inventory Turnover ratio= [(cost of goods sold)/(Average Inventory)]
- Trade Receivable Turnover Ratio = [(Revenue from Operation)/(Average Trade receivable)]
- Trade Payable Turnover Ratio = [(Purchases)/(Average Trade payable)]
- Net Capital Turnover Ratio = [(Net Annual Sales)/(Average Working Capital)]
- Net Profit ratio = [(Net Profit after taxes)/ (Revenue from Operation)]
- Return on Capital Employed = [(Earning Before Interest and taxes (EBIT))/(Capital employed)]

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(xi) Return on Investment = [(Income generated from invested funds in bank FDs and mutual funds)/ (Average invested funds in bank FDs and mutual funds)]

(xii) Capital Employed = Tangible Net worth + Total Debt + Deferred Tax Liability

(xiii) Working capital = (Current assets - Current liabilities)

Reason for variance in excess of +/- 25%

A) Decrease in Debt equity ratio is due to decrease in borrowings during the year and increase in equity due to current year profits.

B) Increase in the ratio due to higher interest income on average investment in fixed deposit

Note 52 - Ultimate Beneficiary

For the year ended March 31, 2026

In the Financial Year 2025-26, 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
16-04-2025	Loan	194.52	VarrocCorp Holding B.V., The Netherlands	Various Dates	Investment in equity shares	38.90	Varroc Poland s.p.z.o.o
						8.73	Varroc Intelligent Driving Research & Development Center
						35.93	Varroc Poland s.p.z.o.o
				Various Dates	Loan	9.73	Varroc Germany GmbH
						11.56	Varroc Germany GmbH

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 Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	91320411MA26BWUB42	Subsidiary	B-314, B-327-331, 3 rd Floor, New Technology and Innovation Building, No. 901, Liaohe Road, Xinbei District Changzhou City, Ziangsu Province, PRC
Varroc Germany GmbH	HRB 45416	Subsidiary	eos office center Bielefeld, Meyer zu Erpen KG, Herforder Street 69, 33602 Bielefeld, Germany
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 Standalone Financial Statements

for the year ended March 31, 2026

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

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	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 (Changhou) 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	Investment in equity shares*		28.47	Varroc Poland s.p.z.o.o
						37.96	Varroc Intelligent Driving R&D Center (Changhou) Co., Ltd.
						14.24	Varroc Electronics Romania SRL
				Loan*		5.69	Varroc Germany GmbH

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

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, 3 rd 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,

Note 53 - Audit Trail

The Company uses SAP ECC R6 as the 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.

Normal/Regular users are not granted direct database or super user level access. However, changes to the database by a super user specifically does not carry the feature of a concurrent real time audit trail.

Further no instance of audit trail feature being tampered with was noted in respect of above accounting software where the audit trail has been enabled. 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

The Company has used a software for payroll processing which is operated by third-party software service provider. Management has obtained the Service Organization Controls (SOC) report, basis which it has concluded that the software has a feature of recording audit trail (edit log) facility at the application layer, and the same has operated throughout the year for all relevant transactions except that, audit trail feature is not enabled for direct changes to data when using certain access rights. Further, there was no instance of audit trail feature being tampered with.

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.

Note 54 - Exceptional Items

Exceptional items in the standalone financial statements include following:

a. Impact of new labour codes (refer note 26)

On November 21, 2025, the Government of India notified the four Labour Codes – the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 consolidating 29 existing labour laws. The Company has assessed and disclosed the incremental impact of these changes on the basis of the best information available and guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Company has presented such incremental impact under "Exceptional Items" in the financial statements for the year ended March 31, 2026. The incremental impact on provisions for employee benefits expenses of ₹ 217.93 million (gross of tax) towards gratuity and compensated absences primarily arises due to change in wage definition. The Company continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect as and when such clarifications are issued/rules are notified.

b. Voluntary Separation Scheme (VSS)

The Company announced a Voluntary Separation Scheme ('VSS') for all eligible permanent workmen at specific plants of the Company. In this regard, the Company accepted separation of 338 employees and the separation cost of ₹ 663.44 million (gross of tax) associated with the VSS has been recognised as an exceptional item during the year ended March 31, 2026.

c. Merger related costs

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. Exceptional items for the year ended March 31, 2025 includes an amount of ₹ 196.02 million pertaining to estimated expenses directly attributable to the merger of VPL with the Company. Further, exceptional item for the year ended March 31, 2026 also includes write back of excess accrual of aforesaid expenses of ₹ 10 million.

Note 55- Arbitration Proceedings

- (a) The Company had received a settlement offer during the current year from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to ₹ 209.89 million recognised by the Company under 'Revenue from operations' during the current year, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

venture). Subsequently, the Company also received Statement of Claim under the arbitration proceedings originally initiated by TYC Parties in August 2022, on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA, which are to be quantified against which the Company has filed Statement of defence in March 2026. The Company believes that it has a strong case and will take appropriate actions as necessary to protect its interests, and accordingly no provision has been considered in respect of this matter in standalone financial statements.

- (b) On July 7, 2025, the Company, together with its Wholly Owned Subsidiary, VarrocCorp Holding B.V., Netherlands, received an intimation from ICC International Court of Arbitration ('ICC') with respect to a Request for Arbitration initiated by OPmobility Lighting Holding, France (Erstwhile PO Lighting Systems). The request pertains to certain alleged breaches of covenants under the Securities Purchase Agreement executed between the parties on April 29, 2022, and subsequently amended on October 5, 2022, May 12, 2023, and June 15, 2023. Claims in respect of some of the breaches have been quantified at US\$ 66.41 mn plus legal costs while for others no quantification has been provided. The Company is evaluating the matter and exploring legal and contractual remedies. It intends to contest the claims and take appropriate steps to protect its interests. Based on a legal opinion obtained, the Company believes that it has grounds to defend against the said allegations and accordingly no provision has been considered in respect of this matter in standalone financial statements.

Note 56 - Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company does not have any transactions with companies struck off.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.
- (vii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction in number of Layers) Rules, 2017.

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Mustafa Saleem

Partner

Membership No. : 136969

Place : Pune

Date : May 27, 2026

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 27, 2026

Vinish Kathuria

Director

(DIN 01951771)

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

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 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, 2026, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, except for the possible effects of the matter described in the 'Basis 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, 2026, 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 50A(a) to the consolidated financial statements, during the current year, the Group received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to ₹ 209.89 million recognized during the year ended March 31, 2026 and ₹ 231.82 million recognized during the previous year ended March 31, 2025 by the Group under 'Revenue from

operations', as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Group also received a 'Statement of Claim' under the arbitration proceedings with TYC Parties on the aforesaid matter and on certain additional claims/ breaches under the aforesaid TMA against which the Group has filed Statement of defense in March 2026.

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

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 the following matters:

- a. Note 50A(b) of the consolidated financial statements regarding an arbitration initiated by OPmobility Lighting Holding, France ("OPmobility") at the ICC International Court of Arbitration alleging breaches of certain covenants under the Securities Purchase Agreement entered with OPmobility. Pending disposal of the arbitration proceedings and basis the legal

opinion obtained, the management of the Group believes that no provision is considered necessary in the consolidated financial statements.

- b. Note 38 of the consolidated financial statements which describes the effects of the Orders received by the Group from GST Appellate Authorities. The Group is in the process of filing further appeals against the aforesaid Orders, pending conclusion of which no adjustments have been made in respect of these matters in consolidated financial statements.

Our opinion on the consolidated financial statements is not modified in respect of the above 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, 2026. 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)	
During the 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 September 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 Group'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, 2026; • Assessed the adequacy of disclosures in the consolidated financial statements.

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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial 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, 2026 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 Matters

- (a) We did not audit the financial statements and other financial information, in respect of 7 subsidiaries, whose financial statements include total assets of ₹9,952.52 million as at March 31, 2026, and total revenues of ₹6,198.09 million and net cash inflows of ₹424.67 million for the year ended on that date. Those 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 of ₹25.20 million for the year ended March 31, 2026, as considered in the consolidated financial statements, in respect of one 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 venture, and our report in terms of sub-sections (3)

of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of such other auditors.

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

- (b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 4 subsidiaries whose financial statements and other financial information reflect total assets of ₹1,451.04 million as at March 31, 2026, and total revenues of ₹847.48 million and net cash inflows of ₹9.49 million for the year ended on that date. Those unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹12.04 million for the year ended March 31, 2026, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on 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.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of the subsidiary companies and joint ventures, incorporated in India and to the extent applicable, 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 ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - (a) We/the other auditors whose report we have relied upon have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except for the 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 matter described in the Basis for Qualified Opinion paragraph above and the matters described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2026 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, 2026 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, and the operating effectiveness of such controls, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of such subsidiary companies and joint venture, incorporated in India and to the extent applicable, as noted in the 'Other Matter' paragraph, 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, 2026 has been paid / provided by the Holding Company, its subsidiaries and joint venture incorporated in India 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:
 - i. The consolidated financial statements disclose the impact of pending litigations on its 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 and 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, 2026;
 - 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 51 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 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 16 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 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. Further, the final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- 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 Holding Company and its subsidiaries and joint venture (except Varroc Connect Private Limited) which are companies incorporated in India 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 / other auditors 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 Holding Company, its subsidiaries and joint venture as aforesaid (except Varroc Connect Private Limited) used a software for payroll processing

which is operated by third-party software service provider. Based on our examination which included test checks and the Service Organization Controls (SOC) report, the software has a feature of recording audit trail (edit log) facility at the application layer, and the same has operated throughout the year for all relevant transactions except that, audit trail feature is not enabled for direct changes to data when using certain access rights. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of the software where the audit trail has been enabled. Additionally, the audit trail of prior year has been preserved by the Group as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective year.

Varroc Connect Private Limited ('VCPL') has outsourced its accounting function to third-party service provider. In the absence of Service Organisation Controls report, auditors of VCPL were unable to comment on whether audit trail feature of the said software was enabled and operated throughout the year for all relevant

transactions recorded in the software or whether there were any instances of audit trail feature been tampered with. Further, VCPL has used Greyt HR to maintain payroll records. The audit trail (edit log) facility did not operate throughout the year. Further in absence of any evidence, auditors of VCPL were unable to comment whether audit logs are retained at application level and data base level.

(refer Note 52 to the consolidated financial statements)

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Mustafa Saleem

Partner

Membership Number: 136969

UDIN: 26136969DEDLUR2147

Place of Signature: Pune

Date: May 27, 2026

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"), 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	Clause ii (b) Clause iii (c) Clause iii(d) Clause ix(d)
2	Varroc Connect Private Limited (Formerly known as Car IQ Technologies Private Limited)	U74900MH2013PTC351817	Subsidiary	Clause (xix)

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Mustafa Saleem

Partner

Membership Number: 136969

UDIN: 26136969DEDLUR2147

Place of Signature: Pune

Date: May 27, 2026

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, 2026, 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 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, 2026, 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 two subsidiaries and one joint venture which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and joint venture incorporated in India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Mustafa Saleem

Partner

Membership Number: 136969

UDIN: 26136969DEDLUR2147

Place of Signature: Pune

Date: May 27, 2026

Consolidated Balance Sheet as at March 31, 2026

(₹ in Million)

Particulars	Notes	As at March 31, 2026	As at March 31, 2025
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	18,674.43	16,849.54
Capital work-in-progress	3.1	951.60	1,000.47
Goodwill	4.1	489.32	473.06
Other intangible assets	4.2	434.96	450.18
Right of use asset	3.2	2,724.82	2,387.18
Intangible assets under development	4.2	555.51	32.22
Investments accounted for using the equity method	49	198.63	166.20
Financial assets			
Investments	5	68.62	147.27
Other financial assets	6	242.77	201.56
Income tax assets (net)		310.99	178.18
Deferred tax assets (net)	20	67.86	863.04
Other non-current assets	7	854.98	744.01
Total non-current assets		25,574.49	23,492.91
Current assets			
Inventories	8	9,331.11	7,327.62
Financial assets			
Investments	9	616.37	374.31
Trade receivables	10	7,345.36	6,797.60
Cash and cash equivalents	11 (a)	1,249.85	1,114.77
Other bank balances	11 (b)	558.52	518.59
Loans	12	0.15	0.12
Other financial assets	13	217.90	143.39
Other current assets	14	3,853.17	3,554.67
Total current assets		23,172.43	19,831.07
Assets classified as held for sale	50	-	3,395.15
Total assets		48,746.92	46,719.13
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	152.79	152.79
Other equity	16	17,650.57	15,497.85
Equity attributable to owners		17,803.36	15,650.64
Non-controlling interests		378.49	328.72
Total equity		18,181.85	15,979.36
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	17	2,084.56	3,195.32
Lease liabilities	3.2	1,521.12	1,443.85
Other financial liabilities	18	16.89	15.82
Provisions	19	221.61	187.72
Deferred tax liabilities (net)	20	223.50	46.79
Other non-current liabilities	21	-	0.25
Deferred government grants	27	225.52	226.25
Total non-current liabilities		4,293.20	5,116.00

Consolidated Balance Sheet (Contd..)

as at March 31, 2026

(₹ in Million)

Particulars	Notes	As at March 31, 2026	As at March 31, 2025
Current liabilities			
Financial liabilities			
Borrowings	22	5,292.39	6,292.44
Lease liabilities	3.2	348.31	252.79
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	2,504.60	1,804.56
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	12,046.75	11,457.30
Acceptances		668.31	663.30
Other financial liabilities	24	3,254.38	2,967.62
Provisions	25	445.08	304.94
Current tax liabilities (net)		43.57	10.23
Other current liabilities	26	1,602.45	1,766.65
Deferred government grants	27	66.03	103.94
Total current liabilities		26,271.87	25,623.77
Total liabilities		30,565.07	30,739.77
Total equity and liabilities		48,746.92	46,719.13
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)

Vinish Kathuria

Director
(DIN 01951771)

per Mustafa Saleem

Partner

Membership No. : 136969

K. Mahendra Kumar

Group CFO

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

Place : Pune

Date : May 27, 2026

Place : Pune

Date : May 27, 2026

Consolidated Statement of Profit and Loss

for the year ended March 31, 2026

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue			
Revenue from operations	28	88,904.93	81,540.84
Other income	29	175.46	176.82
Total income		89,080.39	81,717.66
Expenses			
Cost of materials consumed	30	57,606.86	52,391.04
Changes in stock of finished goods and work-in-progress	31	(590.57)	(298.84)
Employee benefits expense	32	9,631.21	8,877.11
Finance costs	33	1,342.19	1,702.29
Foreign exchange (gain)/loss (net)	29A	65.55	(120.39)
Depreciation and amortisation expense	34	3,317.11	3,233.21
Other expenses	35	13,893.85	12,804.37
Total expenses		85,266.20	78,588.79
Profit before exceptional items, share of net profit of joint ventures and tax		3,814.19	3,128.87
Exceptional item [refer note 10(A), 50 & 53]		436.87	1,473.37
Profit before share of profit of joint ventures and tax		3,377.32	1,655.50
Share of profit of joint ventures, net of tax	50	37.24	37.09
Profit before tax		3,414.56	1,692.59
Tax expense			
Current tax		147.73	151.13
Short/ (excess) provision in respect of earlier year		7.11	8.02
Deferred tax		961.39	836.68
Total tax expense	36	1,116.23	995.83
Profit for the year		2,298.33	696.76
Other comprehensive income			
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences in translating the financial statements of foreign operations (net)		14.21	91.05
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement of defined benefit obligation [net of tax of ₹ 17.37 Million (previous year ₹ 0.49 Million)]		42.74	(23.24)
Total other comprehensive income, net of tax		56.95	67.81
Total comprehensive income for the year		2,355.28	764.57

Consolidated Statement of Profit and Loss (Contd..)

for the year ended March 31, 2026

(₹ in Million)

Particulars	Notes	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit for the year attributable to:			
Shareholders of the Company		2,250.31	612.30
Non-controlling interests		48.02	84.46
Other comprehensive income attributable to:			
Shareholders of the Company		55.20	67.97
Non-controlling interests		1.75	(0.16)
Total comprehensive income for the year attributable to:			
Shareholders of the Company		2,305.51	680.27
Non-controlling interests		49.77	84.30
Earnings per equity share attributable to Owners [Nominal value per share: Re. 1 (Previous year : Re. 1)]	48		
Basic and diluted (in Rupees)		14.73	4.01

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)

Vinish Kathuria

Director

(DIN 01951771)

per Mustafa Saleem

Partner

Membership No. : 136969

K. Mahendra Kumar

Group CFO

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

Place : Pune

Date : May 27, 2026

Place : Pune

Date : May 27, 2026

Consolidated Statement of Cash Flows

for the year ended March 31, 2026

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
A	Cash flow from operating activities				
	Profit/(loss) before tax and exceptional items		3,851.43		3,165.96
	Adjustments for :				
	Depreciation and amortisation expense	3,317.11		3,233.21	
	Net loss/(gain) on disposal of property, plant and equipment/ intangible assets	(0.77)		(26.32)	
	Provision for doubtful debts and advances	(0.01)		6.95	
	Interest expenses	1,333.09		1,702.29	
	Unwinding of interest on security deposit	(6.37)		-	
	Gain on sale of current investments	(11.62)		(36.58)	
	Share in profit of Joint Venture accounted for using the equity method	(37.24)		(37.09)	
	Liabilities no longer required written back	(0.03)		(0.60)	
	Payment against Voluntary Separation Scheme (VSS)	(799.49)		-	
	Impact of changes in new wage code on Employee benefit expenses	(225.49)		-	
	Write-back of excess accrual of merger expenses	10.00		-	
	Gain/(Loss) on liquidation of Step-down Subsidiary	(33.83)		-	
	Unrealised exchange gain on forward Contracts	(4.18)		-	
	Increase in surrender value of keyman insurance policy	-		(18.33)	
	Net foreign exchange differences (unrealised)	88.58		(120.39)	
	Dividend income	(0.03)		-	
	Interest income	(108.07)	3,521.65	(55.17)	4,647.97
	Operating profits before working capital changes		7,373.08		7,813.93
	Adjustments for changes in:				
	Inventories	(1,790.67)		(551.70)	
	Trade receivables	(329.78)		(1,883.34)	
	Other assets	(674.32)		(398.69)	
	Trade payables	1,059.72		1,519.92	
	Other liabilities and provisions	(12.73)		775.76	
			(1,747.78)		(538.05)
	Cash generated from operations		5,625.30		7,275.88
	Taxes paid (net of refund received)		(257.28)		91.32
	Net cash flow generated from operating activities		5,368.02		7,367.20
B	Cash flow from investing activities				
	Dividend received	10.58		-	
	Interest received	105.61		50.39	
	Proceeds from sale of China JV	3,406.64		-	
	(Purchase of)/Proceeds from sale of current investment (net)	(211.00)		625.44	
	(Purchase of)/Proceeds from sale of non current investment (net)	(0.34)		(97.21)	
	Proceeds from sale of property, plant and equipment	186.42		167.74	
	Purchase of property, plant and equipment	(3,974.92)		(2,787.99)	
	Costs incurred on intangible assets	(711.63)		(100.91)	
	Fixed deposits (with maturity of more than 3 months) redeemed/(purchased) (net)	(41.17)		(320.71)	
	Net cash flow used in investing activities		(1,229.81)		(2,463.25)

Consolidated Statement of Cash Flows (Contd..)

for the year ended March 31, 2026

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
C	Cash flow from financing activities				
	Proceeds from long-term borrowings	1,853.94		45.73	
	Repayment of long-term borrowings	(4,613.98)		(4,588.77)	
	Payment of principal portion of lease liability	(308.29)		(454.89)	
	Payment of interest on lease liability	(145.33)		(130.21)	
	Proceeds from/(repayment of) short term borrowings (net)	486.64		1,805.53	
	Dividend paid on equity shares	(152.79)		-	
	Interest paid	(1,175.04)		(1,581.88)	
	Net cash flow used in financing activities		(4,054.85)		(4,904.49)
	Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)		83.36		(0.54)
	Opening cash and cash equivalents		1,114.77		1,104.36
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		51.72		10.95
	Total		1,166.49		1,115.31
	Closing cash and cash equivalents		1,249.85		1,114.77

(₹ in Million)

Sr. No.	Particulars	As at March 31, 2026	As at March 31, 2025
	Cash and cash equivalents consists of:		
	Cash and cash equivalents		
i.	Cash in hand (refer note 11a)	0.20	0.18
ii.	Bank balances		
	- Current accounts (refer note 11a)	907.15	629.56
	- Deposits with maturity of less than three months (refer note 11a)	342.50	485.03
		1,249.85	1,114.77

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.
- Refer note 17 and 22 for change in liabilities arising from financing activities.

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)

Vinish Kathuria

Director

(DIN 01951771)

per Mustafa Saleem

Partner

Membership No. : 136969

K. Mahendra Kumar

Group CFO

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

Place : Pune

Date : May 27, 2026

Place : Pune

Date : May 27, 2026

Consolidated Statement of Changes in Equity

for the year ended March 31, 2026

A Equity share capital

Particulars	Notes	No. of shares		Equity Share Capital (₹ in Million)	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Balance at the beginning of the year	15	15,27,86,400	15,27,86,400	152.79	152.79
Changes in Equity Share Capital during the year*		-	-	-	-
Balance at the end of the year	15	15,27,86,400	15,27,86,400	152.79	152.79

* There are no changes in share capital due to prior period errors.

B Other equity

Particulars	Notes	Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Statutory reserves	Securities premium	Foreign Currency Translation Reserve	Equity attributable to Owners	Non Controlling Interests	Total Other Equity
Balance as at April 01, 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
Profit for the year		2,250.31	-	-	-	-	-	-	2,250.31	48.02	2,298.33
Other comprehensive income											
- Gain/(loss) on remeasurement of defined benefit obligation (net of tax)		40.99	-	-	-	-	-	-	40.99	1.75	42.74
- Exchange differences in translating the financial statements of foreign operations (net)	50	-	-	-	-	-	-	14.21	14.21	-	14.21
Total comprehensive income		2,291.30	-	-	-	-	-	14.21	2,305.51	49.77	2,355.28
Dividend Paid	16	(152.79)	-	-	-	-	-	-	(152.79)	-	(152.79)
Balance as at March 31, 2026	16	(5,501.89)	4,194.73	11.30	5,335.08	410.80	13,024.03	176.52	17,650.57	378.49	18,029.06

(₹ in Million)

Consolidated Statement of Changes in Equity (Contd..)

for the year ended March 31, 2026

Particulars	Notes	Retained earnings	General reserve	Capital redemption reserve	Capital reserve	Statutory reserves	Securities premium	Foreign Currency Translation Reserve	Equity attributable to Owners	Non Controlling Interests	Total Other Equity
											(₹ in Million)
Balance as at April 1, 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 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

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)

Vinish Kathuria
Director
(DIN 01951771)

per Mustafa Saleem
Partner
Membership No. : 136969

K. Mahendra Kumar
Group CFO

Anil Ghatiya
Company Secretary
(Membership No. : ACS 16620)

Place : Pune
Date : May 27, 2026

Place : Pune
Date : May 27, 2026

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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 limited 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 10 countries spread across the globe.

These consolidated financial statements were approved for issue in accordance with a resolution of the Board of Directors on May 27, 2026.

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, 2026; 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, (as amended from time to time), (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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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 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, 2026.

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, 2026. 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(ii) Joint arrangements

Under IND AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

a) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognized at cost in the consolidated financial statements.

b) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are incorporated in the financial statements under the appropriate headings.

(iii) Equity Method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit and loss and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2(b).

(iv) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

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 the statement of 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

- (v) The difference between the cost of investment in the subsidiaries and jointly controlled entities, over the net assets at the time of acquisition of investment is recognised in the financial statements as Goodwill or Capital Reserve on consolidation as the case may be.

c. Foreign currency translation

The Group's Consolidated Financial Statements are presented in INR, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of 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 the statement of 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

operation, the component of OCI relating to that particular foreign operation is recognized in the statement of profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to IND AS (1 April, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

d. Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Amounts disclosed as revenue are net off Goods and Service Tax (GST).

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2A.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 215 days upon delivery. Product development/Engineering services primarily pertaining to automotive lighting business are considered as relating to sale of parts rather than a separate performance obligation. As a result, revenue from product development/engineering services is recognised over the period of production from the start of production date and is included in the revenue from sale of finished goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

e. Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

Government grants relating to purchase of property, plant and equipment are included in current and non current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other operating revenue.

f. Income tax

Current income-tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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 the statement of profit or loss.

g. Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

- 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.

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 10 years
- Lease hold land : 30 to 99 years
- Plant and machinery : 5 to 10 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter term of the asset's useful life and lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2(j) : Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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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.

The Group applies the low-value asset recognition exemption on a lease-by-lease basis, if the lease qualifies as leases of low-value assets. In making this assessment, the Group also factors below key aspects:

- a. The assessment is conducted on an absolute basis and is independent of the size, nature, or circumstances of the lessee.
- b. The assessment is based on the value of the asset when new, regardless of the asset's age at the time of the lease.

- c. The lessee can benefit from the use of the underlying asset either independently or in combination with other readily available resources, and the asset is not highly dependent on or interrelated with other assets.
- d. If the asset is subleased or expected to be subleased, the head lease does not qualify as a lease of a low-value asset. Based on the above criteria, the Group has classified leases of office equipment as leases of low value assets.

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

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at its acquisition date fair value and any resulting gain or loss is recognized in the statement of 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 the statement of profit or loss. If the contingent consideration is not within the scope of IND AS 109, it is measured in accordance with the appropriate IND AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

j. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market 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,

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which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at the year-end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the year-end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

k. Cash and cash equivalents

Cash and cash 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 the statement of 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.

Notes to the Consolidated Financial Statements

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With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

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 Group 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.

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- Equity investments

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IND AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

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.

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ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortized cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the 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 the statement of 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.

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Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

n. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously.

o. Fair value measurement

The Group measures financial instruments, such as mutual funds at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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.

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Disclosures for valuation methods, significant estimates and assumptions (Note 2A)

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.

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.

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

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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 and Impairment if any 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 Asset	Estimated useful life (Years)
Buildings (including factory & office buildings)	30- 60 years
Plant and Machinery (including factory equipment and tools & instruments)*	4-20 years

Class of Asset	Estimated useful life (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

*Evaluated useful lives is different from Schedule II of Companies Act, 2013

The useful lives which have been determined to be different than those specified by Schedule II to the Companies Act, 2013 are based on technical evaluation done by the management's expert which are 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.

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 Statement of profit or loss within other income.

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 the

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statement of 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 and accounted prospectively.

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 Knowhow (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

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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.

(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

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for the year ended March 31, 2026

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 the statement of 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 the statement of 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.

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for the year ended March 31, 2026

(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 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 Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(i) Amendments to Ind AS 21 - Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend 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.

Notes to the Consolidated Financial Statements

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The amendments are effective for annual reporting periods beginning on or after April 01, 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments do not have a material impact on the Group's financial statements.

(ii) Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

If there is a breach of a material covenant of a long term loan arrangement on or before the end of the reporting period, resulting in the liability becoming payable on demand as at the reporting date, and the lender agrees—after the reporting period but before the financial statements are approved for issue—not to demand

repayment for at least 12 months as a consequence of the breach, this shall be treated as an adjusting event. Accordingly, the entity is not required to classify the liability as current.

The amendments are effective for annual reporting periods beginning on or after April 01, 2025 retrospectively in accordance with Ind AS 8.

The Group has no impact of these amendments in its classification criteria of current and non-current liabilities.

(iii) Amendments to Ind AS 7 and Ind AS 107 - Supplier Finance Arrangements

In August 2025, the MCA notified amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement. Please refer to Note 23.

(iv) International Tax Reform—Pillar Two Model Rules – Amendments to Ind AS 12

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

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for the year ended March 31, 2026

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after April 01, 2025, but not for any interim periods ending on or before March 31, 2026. The amendments had no impact on the Group's Consolidated financial statements.

b) Recent accounting pronouncements

Standards issued but not yet effective

The new and amended standards that are notified by the Ministry of Corporate Affairs (MCA), but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group will adopt these new and amended standards, when they become effective.

- (i) Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and

Non-current Liabilities with Covenants and Ind AS 10 Events after the Reporting Period

Ind AS 10 has been amended to remove the previous treatment under which a lender's post-reporting-date waiver granted before the financial statements were approved for issue of a breach of a material covenant in a long-term loan arrangement that occurred on or before the end of the reporting period, resulting in the liability becoming payable on demand at the reporting date, was regarded as an adjusting event.

For annual reporting periods beginning on or after April 01, 2026, any breach of a covenant—whether material or immaterial—occurring on or before the reporting date will, in accordance with Ind AS 1, require the related liability to be classified as current, unless the lender has granted a waiver of the breach on or before the reporting date and has agreed not to demand repayment for at least 12 months after the reporting date as a consequence of the breach. Such a waiver shall be treated as an adjusting event.

The amendments are effective for annual reporting periods beginning on or after April 01, 2026 retrospectively in accordance with Ind AS 8.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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 ₹ 2,527.97 million (March 31, 2025 : ₹ 2,317.18 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, 2026

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) 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 VEL as explained in Note 53(c) after making requisite submissions to AD Bank. The Group 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 Group's businesses rather than for earning dividend/capital appreciation. The Group 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, Group considered this loss as tax deductible for computation of current tax provision to the extent of ₹ 437.14 million and recognised deferred tax asset of ₹ 2,968.93 million during the year ended March 31, 2024. Deferred tax asset on such losses available for set off against future income is ₹ 211.18 million as at March 31, 2026 (March 31, 2025: ₹ 1,378.38 million). 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 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 39."

3 Deferred taxes

At each reporting date, the Group 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 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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 warranties and claims

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.

The Group estimates the provisions towards claims basis probability of expenses arising out of claims from legal disputes that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions for warranties and claims are reviewed at the end of each reporting date and are adjusted to reflect the current best estimates.

7 Useful life of property, plant and equipment and intangible assets

The Group uses its technical expertise along with historical and industry trends for determining the economic useful life of assets. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised amount is charged over the remaining useful life of the assets.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 3.1 : Property, plant and equipment

For the year ended March 31, 2026

Asset class	Gross carrying amount				Accumulated depreciation				Net Carrying Amount	
	As at April 1, 2025	Additions	Translation adjustment	Disposals	As at March 31, 2026	As at April 1, 2025	Depreciation charge for the year	Translation adjustment	Disposals	As at March 31, 2026
Freehold Land	707.95	-	73.84	-	781.79	-	-	-	-	781.79
Factory Building	6,062.14	579.11	136.16	(3.26)	6,774.15	2,185.54	282.40	66.94	(1.28)	4,240.55
Office Building	1,179.77	-	42.59	-	1,222.36	172.01	22.75	2.37	-	1,025.23
Plant & Machinery*	26,855.46	3,478.11	827.22	(565.51)	30,595.28	16,434.94	2,125.17	676.22	(403.99)	11,762.94
Electrical Installation	755.08	80.45	1.47	(9.75)	827.25	480.40	56.74	0.63	(9.58)	299.06
Mould & Dies	1,121.13	114.42	-	(43.79)	1,191.76	935.32	113.36	-	(39.34)	1,009.34
Electrical Fitting	135.69	14.25	-	(0.45)	149.49	90.79	9.52	-	(0.39)	49.57
Office Equipment	397.03	58.56	33.61	(9.84)	479.36	300.65	58.21	18.83	(9.36)	368.33
Furniture and fixtures	435.09	15.04	7.27	(5.94)	451.46	311.67	25.74	4.42	(3.97)	337.86
Computers	431.68	18.65	4.63	(66.75)	388.21	367.35	29.45	4.07	(65.49)	335.38
Vehicles	136.25	24.02	2.19	(6.27)	156.19	89.06	15.12	1.21	(4.61)	100.78
Grand Total	38,217.27	4,382.61	1,128.98	(711.56)	43,017.30	21,367.73	2,738.46	774.69	(538.01)	18,674.43
										16,849.54

* Includes factory equipment and tools & instruments.

Note 3.1 (i) : Capital work-in-progress as on March 31, 2026

Particulars	Amount
Opening capital work-in-progress	1,000.47
Add: Addition during the year	4,333.74
Less: Capitalised during the year	(4,382.61)
Closing capital work-in -progress	951.60

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2026 is as follows :

(₹ in Million)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
1) Projects in Progress	753.74	91.79	1.10	104.97	951.60
Total	753.74	91.79	1.10	104.97	951.60

- a) No projects in CWIP are temporarily suspended.
- b) There are no projects whose completion is overdue or has exceeded its cost compared to its original plan during the financial year 2025-26.
- c) Capital work in progress mainly comprises Factory building, plant and machinery, vehicle and factory equipments under installation.
- (ii) 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.
- (vi) Transition to Ind AS: On transition to Ind AS (i.e. April 01, 2017), the Group has elected to continue with the carrying value of all property, plant and equipment measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 3.1 : Property, plant and equipment

For the year ended March 31, 2025

Asset class	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

(₹ in Million)

* 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

(₹ in Million)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2025 is as follows :

(₹ in Million)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
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

- a) There are no projects whose completion is overdue or has exceeded its cost compared to its original plan during the financial year 2024-25.
- b) Capital work in progress mainly comprises Factory building, plant and machinery, vehicle and factory equipments under installation.

* Completion schedule of projects temporarily suspended as at March 31, 2025:

(₹ in Million)

Particulars	CWIP to be capitalised in				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Forging Press Project	125.55	-	-	-	125.55

- (ii) 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.
- (vi) Transition to Ind AS: On transition to Ind AS (i.e. April 01, 2017), the Group has elected to continue with the carrying value of all property, plant and equipment measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

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 10 years, lease hold land have lease terms between 30 to 99 years, leases of plant and machinery generally have lease terms between 5 to 10 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 premises, office equipment & factory 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, 2026

(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 year

(₹ in Million)

Particulars	Land	Building	Plant and machinery	Total
Balance as at April 01, 2025	792.42	1,580.53	14.23	2,387.18
Add : Additions during the year	236.86	365.89	-	602.75
Less : Depreciation for the year (refer note 34)	(11.05)	(337.70)	(6.90)	(355.65)
Add/(Less) : Effect of change in exchange rate	-	82.81	7.73	90.54
Balance as at March 31, 2026	1,018.23	1,691.53	15.06	2,724.82

(₹ in Million)

Particulars	Land	Building	Plant and machinery	Total
Balance as at April 01, 2024	563.32	1,727.07	19.32	2,309.71
Add : Additions during the year	236.69	104.24	-	340.93
Less : Depreciation for the year (refer note 34)	(7.59)	(257.13)	(6.23)	(270.95)
Add/(Less) : Effect of change in exchange rate	-	6.35	1.14	7.49
Balance as at March 31, 2025	792.42	1,580.53	14.23	2,387.18

(b) Set out below are the carrying amounts of lease liabilities and the movements during the period

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance	1,696.64	1,803.41
Add : Additions during the year	390.08	99.81
Add : Accretion of interest (refer note 33)	145.33	130.21
Less : Payments during the year	(453.62)	(344.36)
Add/(less) : Effect of change in exchange rates	91.00	7.57
Closing Balance	1,869.43	1,696.64
Presented as -		
Current	348.31	252.79
Non Current	1,521.12	1,443.85
Total closing lease liabilities	1,869.43	1,696.64

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Maturity profile of lease liability as at March 31, 2026 :

(₹ in Million)

Particulars	Effective Interest Rate	Current	Non-current					Total of Non-Current
			2027-28	2028-29	2029-30	2030-31	More than 5 years	
Lease liability*	3% - 10%	471.17	416.29	401.28	352.57	277.43	374.62	1,822.19
Total		471.17	416.29	401.28	352.57	277.43	374.62	1,822.19

*Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount. This also includes payments during non-cancellable periods.

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. This also includes payments during non-cancellable periods.

(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, 2026	For the year ended March 31, 2025
Depreciation expense of right-of-use assets (refer note 34)	355.65	270.95
Interest expense on lease liabilities (refer note 33)	145.33	130.21
Amounts included in Rent expense (refer note 35)		
Expense relating to short-term leases	66.22	60.42
Expense relating to leases of low-value assets	222.12	250.41
Total amount recognised in consolidated statement of profit and loss	789.32	711.99

The Group had total cash outflows for leases of ₹ 741.96 million for the year ended March 31, 2026 (previous year ₹ 655.19 million).

The Group does not have non-cash additions to right-of-use assets and lease liabilities for the year ended March 31, 2026 and March 31, 2025 other than as disclosed above.

(iii) Extension and termination options

As at March 31, 2026 and 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, 2026

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 know 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, 2026

(₹ in Million)

Particulars	TCPL	VCPL	Electronics Romania	Others	Total
Balance at the beginning of the year	183.90	166.58	90.41	32.17	473.06
Add/(less): Translation adjustment	-	-	16.26	-	16.26
Balance at the end of the year	183.90	166.58	106.67	32.17	489.32

As at March 31, 2025

(₹ in Million)

Particulars	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

The Group performed its annual impairment test for years ended March 2026 and March 2025 on March 31, 2026 and March 31, 2025 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 for a period of five years from financial budgets approved by senior management. As a result of the analysis, management did not identify impairment.

Key assumptions used for value in use calculations 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, 2026	March 31, 2025
		Assumption used	Assumption used
Team Concepts Private Limited	WACC	15.50%	14.50%
	Terminal	5.00%	5.00%
	Growth rate		

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

CGU	Basis	March 31, 2026	March 31, 2025
		Assumption used	Assumption used
Varroc Electronics Romania SRL	WACC	22.50%	16.00%
	Terminal	2.00%	2.00%
	Growth rate		
Varroc Connect Private Limited (Formerly know as CarlQ Technologies Private Limited)	WACC	22.50%	16.00%
	Terminal	5.00%	5.00%
	Growth rate		

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, 2026 and March 31, 2025.

Note 4.2 : Other Intangible Assets

For the year ended March 31, 2026

(₹ in Million)

Particulars	Gross carrying amount					Accumulated Amortisation					Net carrying amount	
Asset class	As at April 1, 2025	Additions	Translation adjustment	Disposals	As at March 31, 2026	As at April 1, 2025	Amortisation charge for the year	Translation adjustment	Disposals	As at March 31, 2026	As at March 31, 2026	As at March 31, 2025
Computer software	837.49	108.53	12.48	-	958.50	655.12	140.40	8.32	-	803.84	154.66	182.37
Technical know how fees	185.49	36.32	13.78	-	235.59	171.59	5.55	7.07	-	184.21	51.38	13.90
Customer relationship	201.88	-	-	-	201.88	198.24	0.83	-	-	199.07	2.81	3.64
Patents and others	361.67	-	-	-	361.67	182.62	31.37	-	-	213.99	147.68	179.05
Non compete fees	113.21	-	2.08	-	115.29	102.35	6.65	2.08	-	111.08	4.21	10.86
Capitalised development costs	811.29	47.04	26.22	-	884.55	750.93	38.20	21.20	-	810.33	74.22	60.36
Total	2,511.03	191.89	54.56	-	2,757.48	2,060.85	223.00	38.67	-	2,322.52	434.96	450.18

Note 4.2 (i) : Intangible assets under development as at March 31, 2026

(₹ in Million)

Particulars	Amount
Opening balance as at April 01, 2025	32.22
Add: Addition during the year	715.18
Less: Capitalised during the year	(191.89)
Closing balance as at March 31, 2026	555.51

Intangible assets under development mainly include R&D design and development costs of various projects.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Ageing schedule for intangible assets under development as at March 31, 2026 is as follows :

(₹ in Million)

Particulars	Projects with ageing				Total as at March 31, 2026
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Projects in progress	532.46	-	23.05	-	555.51
Total	532.46	-	23.05	-	555.51

- a) No projects in intangible assets under development are temporarily suspended.
- b) There are no projects whose completion is overdue or has exceeded its cost compared to its original plan during the financial year 2025-26.

Note 4.2 Other Intangible Assets

For the year ended March 31, 2025

(₹ in Million)

Particulars	Gross carrying amount					Accumulated Amortisation					Net carrying amount	
Asset class	As at April 1, 2024	Additions	Translation adjustment	Disposals	As at March 31, 2025	As at April 1, 2024	Amortisation charge for the year	Translation adjustment	Disposals	As at March 31, 2025	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)	655.12	182.37	239.28
Technical know how fees	174.30	9.89	1.30	-	185.49	156.01	14.50	1.08	-	171.59	13.90	18.29
Customer relationship	201.88	-	-	-	201.88	197.41	0.83	-	-	198.24	3.64	4.47
Patents and others	361.67	-	-	-	361.67	151.25	31.37	-	-	182.62	179.05	210.42
Non compete fees	112.93	-	0.28	-	113.21	95.42	6.65	0.28	-	102.35	10.86	17.51
Capitalised development cost	796.16	10.49	4.64	-	811.29	654.77	93.85	2.31	-	750.93	60.36	141.39
Grand Total	2,402.64	103.81	8.88	(4.30)	2,511.03	1,771.28	287.70	4.91	(3.04)	2,060.85	450.18	631.36

Note 4.2 (i) : Intangible assets under development as at March 31, 2025

(₹ in Million)

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, 2026

Ageing schedule for intangible assets under development as at March 31, 2025 is as follows :

(₹ in Million)

Particulars	Projects with ageing				Total as at March 31, 2025
	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	12.68	19.54	-	-	32.22

* Completion schedule of projects temporarily suspended as at March 31, 2025:

(₹ 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	19.54	-	-	-	19.54

There are no projects whose completion is overdue or has exceeded its cost compared to its original plan during the financial year 2024-25.

Note 5 Non-current investments

Particulars	Face value per share	Number of Shares or Securities as at		As at (₹ in Million)	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Investment in fully-paid equity instruments valued at Fair Value through Profit or Loss (unquoted)					
The Saraswat Co-Operative Bank Limited	₹10.00	5,000	12,500	0.05	0.13
Investment in fully-paid equity instruments valued at amortised cost (unquoted)					
AMP Energy C&I Five Private Limited (Tamil Nadu)	₹10.00	7,64,610	7,64,610	2.40	7.65
AMP Energy C&I Six Private Limited (Karnataka)	₹10.00	36,050	36,050	0.10	0.36
AMP Energy C&I Twenty Private Limited (Maharashtra)	₹10.00	38,16,000	38,16,000	11.63	10.63
AMP Energy C&I Twenty One Private Limited	₹10.00	64,80,000	64,80,000	19.75	18.06
AMP Energy C&I Twenty Two Private Limited	₹10.00	16,20,000	16,20,000	4.94	4.51
AMPIN Energy C&I Thirty Three Private Limited (Maharashtra)	₹10.00	79,20,000	79,20,000	22.07	79.20
AMP Energy Green Thirteen Private Limited (Uttar Pradesh)	₹10.00	54,000	54,000	0.16	0.54
AMP Energy Green Thirteen Private Limited (Uttar Pradesh) (Compulsory Convertible Debentures)	₹1,000.00	4,860	4,860	1.45	4.86
AMPIN Energy C&I Thirty Four Private Limited (Maharashtra)	₹10.00	18,00,000	18,00,000	5.02	18.00
AMP Energy C&I Six Private Limited (Compulsory Convertible Debentures)	₹1,000.00	3,245	3,245	0.97	3.25

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Particulars	Face value per share	Number of Shares or Securities as at		As at (₹ in Million)	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Investment in Government securities valued at amortised cost (unquoted)					
National Saving Certificates				0.08	0.08
Total non-current investment				68.62	147.27
(a) Aggregate amount of quoted investments and market value thereof;				-	-
(b) Aggregate amount of unquoted investments; and				68.62	147.27
(c) Aggregate amount of impairment in value of investments.				-	-

Note 6 Non-current - Other financial assets (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Bank deposits with remaining maturity of more than 12 months from balance sheet date	20.76	19.52
Security deposits (considered good, unsecured)	221.82	179.68
Insurance claim receivable	0.19	2.36
Total non-current other financial assets	242.77	201.56

Note 7 Other non-current assets

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital advances	70.49	308.65
Provision for capital advance	(2.51)	(2.51)
Net capital advances	67.98	306.14
Contract assets	57.76	-
Government grant receivable	413.75	179.52
Prepaid expenses	220.82	159.88
Others	94.67	98.47
Total other non-current assets	854.98	744.01

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 8 Inventories

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Raw materials [includes material in transit of ₹ 85.93 million (March 31, 2025: ₹ 110.30 million)]	4,712.29	3,312.62
Work-in-progress	1,331.18	1,164.41
Finished goods [includes finished goods in transit of ₹ 709.02 million (March 31, 2025: ₹ 591.80 million)]	2,798.68	2,374.88
Stores and spares	311.57	291.62
Loose tools	93.61	90.45
Packing material	83.78	93.64
Total inventories	9,331.11	7,327.62

Note 9 Current investments

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Investment in Mutual Funds (valued at Fair Value through Profit or Loss) (quoted)		
HSBC Liquid Direct Fund [(Number of units : 2,24,544.884, March 31, 2025 : 1,44,839.659)]	616.37	374.31
Total current investments	616.37	374.31
Aggregate market value of quoted investments	616.37	374.31

Note 10 Trade receivables (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivables	7,278.18	6,914.11
Receivable from related parties (refer note 46)	155.86	181.31
Less: Allowances for doubtful debts	(88.68)	(297.82)
Total	7,345.36	6,797.60
Break-up of trade receivables		
External receivables (Unsecured, considered good)	7,345.36	6,797.60
External receivables (credit impaired)	88.68	297.82
Total	7,434.04	7,095.42
Less: Impairment Allowance (Allowance for doubtful debts)	(88.68)	(297.82)
Total	7,345.36	6,797.60
Presented as -		
Current Portion	7,345.36	6,797.60
Non-Current Portion	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

For outstanding Trade Receivables, the ageing schedule is as follows :

As at March 31, 2026

(₹ 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	
A) Receivables from external parties								
(i) Undisputed Trade Receivables - considered good	103.30	6,682.53	324.07	47.56	32.04	-	-	7,189.50
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	5.86	1.87	3.43	25.31	52.21	88.68
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
B) Receivable from related parties								
(i) Undisputed Trade Receivables - considered good	-	114.05	32.76	7.11	0.27	-	1.67	155.86
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Total	103.30	6,796.58	362.69	56.54	35.74	25.31	53.88	7,434.04

*Unbilled trade receivables majorly include price variation adjustment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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	
A) Receivables from external parties								
(i) Undisputed Trade Receivables - considered good	113.70	5,073.19	1,362.35	22.11	44.94	-	-	6,616.29
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	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	-	-	-	-	-	-	-	-
B) Receivable from related parties								
(i) Undisputed Trade Receivables - considered good	-	143.55	11.85	23.95	-	0.50	1.46	181.31
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
(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	5,216.74	1,415.13	46.76	218.85	36.96	47.28	7,095.42

*Unbilled trade receivables majorly include price variation adjustment.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Credit risk

There are no trade receivables which have significant increase in credit risk as at March 31, 2026 and March 31, 2025 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 customers 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, 2026 is ₹ 317.32 million (March 31, 2025: 279.83 million).
- 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, 2026, the amount of trade receivables derecognized pursuant to the aforesaid arrangement is ₹ 7,582.94 million (March 31, 2025 : ₹ 6,993.36 million).

Note 11 (a) Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash in hand	0.20	0.18
Bank balances		
- in current accounts	907.15	629.56
Deposits with original maturity of less than three months	342.50	485.03
Total cash and cash equivalents	1,249.85	1,114.77

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 11 (b) Other bank balances

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Deposits with original maturity more than three months but less than twelve months	558.52	518.59
Total other bank balances	558.52	518.59

Note 12 Loans (Current) (at amortised cost)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Loans to employees	0.15	0.12
Total current loans	0.15	0.12

Note 13 Other financial assets (Current)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Derivative instruments at Fair Value through Profit and Loss		
Foreign exchange forward contracts	4.18	-
Non-derivative financial assets at amortised cost		
Interest receivable other than on fixed deposits	2.99	0.53
Security deposits	210.73	142.86
Total other current financial assets	217.90	143.39

Note 14 Other current assets

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance to suppliers	515.99	427.14
Contract assets *	164.78	173.64
Prepaid expenses	534.40	213.81
Export and other incentives	20.17	20.63
Balance with government authorities	436.24	316.29
Government grant receivable	1,982.79	2,226.32
Others	198.80	176.84
Total other current assets	3,853.17	3,554.67

* Pertains to revenue recognised in respect of tooling contracts

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 15 Share capital

(₹ in Million)

Particulars	Numbers of Shares as at		As at	As at
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Authorized:				
Equity shares of ₹ 1 each (previous year ₹ 1 each)	30,94,00,000	25,45,00,000	309.40	254.50
Equity shares of ₹10 each on account of amalgamation of Varroc Polymers Limited with the Holding Company	-	54,90,000	-	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 ₹1 each (previous year ₹ 1 each) fully paid up	15,27,86,400	15,27,86,400	152.79	152.79
			152.79	152.79

(a) Movement in issued share capital

Particulars	As at March 31, 2026		As at March 31, 2025	
	Numbers	₹ in Million	Numbers	₹ in Million
Equity shares				
Outstanding at the beginning of the year	15,27,86,400	152.79	15,27,86,400	152.79
Add/ (Less) : Changes during the year	-	-	-	-
Outstanding at the end of the year	15,27,86,400	152.79	15,27,86,400	152.79

(b) Rights, preferences and restrictions attached to Equity Shares

The Company has equity shares having a par value of ₹ 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, 2026		As at March 31, 2025	
	No. of shares Face value ₹ 1	% of shareholding	No. 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	1,12,61,103	7.37%	81,81,424	5.35%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(d) Details of shares held by Promoters in the Company

Name of the Shareholder	As at March 31, 2026		As at March 31, 2025		Change during the year	
	No. of shares	% of	No. of shares	% of	No. of shares	% of
	Face value ₹ 1	shareholding	Face value ₹ 1	shareholding	Face value ₹ 1	shareholding
Equity Shares						
Promoter						
Mr. Tarang Jain*	6,07,29,800	39.75%	6,07,29,800	39.75%	-	-

*Mr. Tarang Jain additionally holds 3,38,50,000 Equity Shares in his capacity as the Trustee of TJ Holding Trust.

Name of the Shareholder	As at March 31, 2025		As at March 31, 2024		Change during the year	
	No. of shares	% of	No. of shares	% of	No. of shares	% of
	Face value ₹ 1	shareholding	Face value ₹ 1	shareholding	Face value ₹ 1	shareholding
Equity Shares						
Promoter						
Mr. Tarang Jain*	6,07,29,800	39.75%	6,07,29,800	39.75%	-	-

*Mr. Tarang Jain additionally holds 3,38,50,000 Equity Shares in his capacity as the Trustee of TJ Holding 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.

Note 16 Other Equity

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Retained earnings		
Balance at the beginning of the year	(7,640.40)	(8,229.62)
Add: Profit for the year	2,250.31	612.30
Add/ (Less) : Remeasurement of post-employment benefit obligation (net of tax)	40.99	(23.08)
Less: Dividend for financial year 2024-25 of ₹ 1 per equity share of face value of ₹1 each (previous year: Nil)	(152.79)	-
Balance at the end of the year	(5,501.89)	(7,640.40)
General reserve		
Balance at the beginning of the year	4,194.73	4,194.73
Balance at the 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 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 end of the year	5,335.08	5,335.08

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for the year ended March 31, 2026

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory reserves		
Balance as at beginning of the year	410.80	410.80
Balance at the 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 end of the year	13,024.03	13,024.03
Foreign Currency Translation Reserve		
Balance at the beginning of the year	162.31	71.26
Add / (Less) : Exchange differences in translating the financial statements of foreign operations	14.21	91.05
Balance at the end of the year	176.52	162.31
Total other equity	17,650.57	15,497.85

Nature and purpose of other reserves

Retained Earnings

Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve or other reserve as well as dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. The amount is available for distribution to the shareholders.

General reserve

General reserve is the retained earning of the Group which is kept aside out of the Group's profits to meet future (known or unknown) obligations.

Capital redemption reserve

Capital redemption reserve is not available for distribution as dividend.

Capital Reserve

Capital reserve is not available for distribution as dividend.

Statutory reserves

Statutory reserves are created based on statutory requirements of respective region and hence is not available for distribution as dividend.

Securities premium

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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.

Distribution made and proposed

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Dividend on equity shares declared and paid		
Final dividend for the year ended on March 31, 2025 ₹1 per share (March 31, 2024: Nil)	152.79	-
	152.79	-
Proposed Dividend on Equity Shares		
Proposed dividend for the year ended on March 31, 2026 ₹1.5 per share (March 31, 2025: ₹1 per share)	229.18	152.79
	229.18	152.79

Note 17 Non-current - Borrowings

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Debentures		
25,000 8.60% Non-convertible debentures of ₹ 1,00,000 each	-	1,544.70
Term loans		
Rupee loans from banks	1,976.68	1,585.26
Foreign currency loans from banks	-	19.63
Unsecured		
Foreign currency loans from banks	107.88	45.73
Total non-current borrowings	2,084.56	3,195.32

Maturity profile of non-current borrowings as on March 31, 2026

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer note 22)	Non-current					Total of Non- Current
			2027-28	2028-29	2029-30	2030-31	More than 5 years	
Rupee loans from banks and financial institutions	6.66 % to 7.65%	645.82	809.59	517.09	325.00	325.00	-	1,976.68
Foreign currency loans from banks and financial institution	Refer note (a) below	23.16	26.97	26.97	26.97	26.97	-	107.88
Total		668.98	836.56	544.06	351.97	351.97	-	2,084.56

Note (a) : The foreign currency loans from bank and financial institutions have an effective interest rate of 2.56% , 1m Euribor+ 1.50% .

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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%

Nature of Security

Indian entities

1) Rupee Term Loans from Banks are secured by:

(a) HSBC Bank

- (i) Working Capital Term Loan (WCTL) of ₹ 435 Million having outstanding balance of ₹ 181.25 Million, by way of Guaranteed Emergency Credit Line (GECL) under ECLGS scheme of National Credit Guarantee Trustee Company Ltd. (NCGTC) is 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 PPE 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
 - (4) Varroc Engineering Limited, Plant V - Plot No. 6/2, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
 - (5) Varroc Engineering Limited, R&D, Plot No. 6/2, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- (ii) Term Loan of INR 1,000 Million availed in November 2023 outstanding balance as on March 31, 2026 ₹ 437.50 million is secured by way of hypothecation of movable fixed assets of the following plants:
 - (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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

- (3) Varroc Engineering Limited, Pant Nagar - Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand
- (iii) New Term Loan of INR 1,300 Million availed in March 2026 outstanding balance as on March 31, 2026 ₹ 1,300 million is secured as exclusive charge by way of hypothecation of movable fixed assets of the following plants:
 - (1) Varroc Engineering Limited – 4W Lighting Plant - Gut No. 51 to 59, Plot No. 1, Bhamboli, Chakan, Pune 410 501, Maharashtra
 - (2) Varroc Engineering Limited – Forging Plant – Plot No. L-4, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra.

These term loans were applied for the purpose for which the loans were obtained.

(b) IndusInd Bank

- (i) IndusInd Bank Ltd Rupee Term loan of ₹1,000 Million (balance as on March 31, 2026 ₹703.75 million) is secured on exclusive first charge by way of Hypothecation of Fixed Assets of the following plants of Company situated at :
 - (1) Varroc Engineering Limited, Plot No. E-4, MIDC, Waluj, Aurangabad – 431 136 (M.S.) : Movable Fixed Assets
 - (2) Varroc Engineering Limited, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501 (M.S.) : R&D Centre Movable Fixed Assets
 - (3) Varroc Engineering Limited, Gat No. 12/1 and Gat No. 12/2 situated at Village Shivaji Nagar , Tal. Sakri, Dist. Dhule (M.S.) : Movable Fixed Assets
 - (4) Varroc Engineering Limited, Plot No. 103/4, Maswad, GIDC, Expansion Estate, Halol-II, Dist. Panchmahal, Gujarat – 389 350 : Movable and Immovable Fixed Assets
 - (5) Varroc Engineering Limited, Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune : Movable Fixed Assets
 - (6) Varroc Engineering Limited, Plot No. K - 103, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) - 431 136 (M.S.) - Movable and Immovable Fixed Assets.

2) Borrowings pertaining to following charges have been repaid, however the Company is in process of filing charge satisfaction documents as at March 31, 2026:

(a) Tata Capital - Immovable fixed assets located at:

- (1) Varroc Engineering Limited, Plot No.20 Sector 9, Integrated Industrial Area, Pant Nagar, Dist. Udham Singh Nagar, Uttarakhand

(b) HSBC - Immovable fixed asset located 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

- (4) Varroc Engineering Limited, Plant V - Plot No. 6/2, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- (5) Varroc Engineering Limited, R&D, Plot No. 6/2, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra

(c) IndusInd Bank Ltd. - Immovable fixed asset located at:

- (1) Varroc Engineering Limited, Survey no.128-1b & 129b, Ezhichur village, Taluka Sriperumbudur, Kancheepuram, Chennai.
- (2) Varroc Engineering Limited, Plot no. 601-A & B, Sector III, Pithampur, Dist. Dhar, Madhya Pradesh, and
- (3) Varroc Engineering Limited, Revenue Survey Nos. 533, 534 & 537 of Mouje Karasanpura, Taluka Mandal, District Ahmedabad, Gujarat.

3) During the year, the following Term Loans & Non-Convertible Debentures have been fully re-paid and were outstanding as on March 31, 2025 against the following securities:

- (a) Saraswat Co. operative Bank Ltd. Term loan of ₹ 750 million was secured on exclusive charge by way of mortgage of immovable properties situated at:
 - (1) Varroc Engineering Limited, Plot no E-88, MIDC, Ranjangaon, Tal. Shirur, Dist. Pune, Maharashtra
 - (2) Varroc Engineering Limited, Plot No M-165-167, MIDC Industrial Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- (b) ICICI BANK Ltd. Rupee Term Loan of ₹ 1,250 Million was secured on exclusive charge by way of mortgage of the immovable properties situated at:
 - (1) Varroc Engineering Limited, B-3020 & 3040, Marvel Edge, Viman Nagar, Pune, Maharashtra
 - (2) Varroc Engineering Limited, Plot No. 35-A, Udyog Vihar, Greater Noida, Uttar Pradesh
 - (3) Varroc Engineering Limited, 58th Mile Stone, Opp. Mittal Orchards, Village Binola, Dist. Gurgaon, Haryana State
 - (4) Varroc Engineering Limited, Plot No. 136-B, Harohalli Industrial Area, Kanakapura Taluk, Ramanagara Distt. Karnataka
 - (5) Varroc Engineering Limited, Plot No. 271 & 272(P), Nara Sapura Industrial Area, Nara Sapura, Dist. Kolar – 563133 Karnataka State
- (c) IndusInd Bank Ltd Rupee Term loan of ₹ 1,250 Million was secured on exclusive charge by way of Hypothecation on Movable and Immovable Fixed Assets of the following plants of Company situated at :
 - (1) Varroc Engineering Limited, Gut No. 390, Takve Bk, Tal. Maval, Dist. Pune - 412106 (M.S.) : Immovable Fixed Assets
 - (2) Varroc Engineering Limited, Plot No. E-88, MIDC, Ranjangaon, Tal. Shirur, Dist. Pune (M.S.) : Movable Fixed Assets
 - (3) Varroc Engineering Limited, Gut No. 99, Village Pharola, Tal. Paithan, Dist. Chhatrapati Sambhaji Nagar - 431105 : Immovable Fixed Assets

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(d) 8.60% Non-Convertible Debentures of ₹ 100,000 each was secured on exclusive charge by way of Hypothecation on the specific identified movable properties situated at:

- (1) Varroc Engineering Limited, Plot No. B-24 & 25, MIDC, Chakan, Pune – 410501, Maharashtra
- (2) Varroc Engineering Limited, (Valves), Plot No. L-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, Maharashtra
- (3) Varroc Engineering Limited, (Forging), Plot No. L-4, MIDC, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) – 431 136, 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.

Overseas entities

1) Secured loans

Foreign currency loan from banks as on March 31, 2025

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.

2) Unsecured Loans:

Holding Company has provided corporate guarantee against foreign currency loans to Industria 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 which are to be tested on half yearly or annual basis. All covenants in respect of non-current borrowings are complied as at March 31, 2026 and March 31, 2025.

Note 18 Non current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Payable for capital goods	3.62	2.55
Redemption liability related to non-controlling interest	13.27	13.27
Total non-current other financial liabilities	16.89	15.82

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 19 Non-current provisions

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity (refer note 39)	32.02	33.81
Compensated absences	189.50	153.42
Others		
Others (refer note 25)	0.09	0.49
Total non-current provisions	221.61	187.72

Note 20 Deferred tax assets/(liabilities) (Net)

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred tax Liabilities (Gross)		
Depreciation and amortisation	853.24	940.25
Others	237.58	250.61
	1,090.82	1,190.86
Offset with deferred tax asset to the extent they relate to same governing law	(867.32)	(1,144.07)
Deferred tax liabilities (Net)	223.50	46.79
Deferred tax assets (Gross)		
Government grants	-	8.09
Expenses allowable under Income Tax on payment basis	161.04	117.10
Provision for doubtful debts and advances	8.86	48.86
Losses available for offsetting against future taxable income [refer note (ii) below]	243.62	1,407.14
Merger expenses	28.09	39.52
Voluntary Retirement Compensation	160.97	-
Others	332.60	386.40
	935.18	2,007.11
Offset with deferred tax liabilities to the extent they relate to same governing law	(867.32)	(1,144.07)
Deferred tax assets (Net)	67.86	863.04
Closing deferred tax assets/(liabilities) (Net)	(155.64)	816.25
Movement in deferred tax assets/(liabilities)		
Opening deferred tax assets/(liabilities) (net)	816.25	1,660.70
Deferred tax (expense)/credit	(961.39)	(836.68)
Recognised in other comprehensive income	(17.37)	(0.49)
Exchange Differences	6.87	(7.28)
Closing deferred tax assets/(liabilities) (Net)	(155.64)	816.25

Note :

- i) Deferred tax assets and deferred tax liabilities have been offset as at March 31, 2026 they relate to the same governing taxation laws and Group has legally enforceable right to set-off.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

- ii) During the year ended March 31, 2024, Varroc Engineering Limited (VEL) 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 VEL as explained in Note 53(c)) after making requisite submissions to AD Bank. The Group 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 Group's businesses rather than for earning dividend/capital appreciation. The Group 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, Group considered this loss as tax deductible for computation of current tax provision to the extent of ₹ 437.14 million and recognised deferred tax asset of ₹ 2,968.93 million during the year ended March 31, 2024. Deferred tax asset on such losses available for set off against future income is ₹ 211.18 million as at March 31, 2026 (March 31, 2025: ₹ 1,378.38 million).

Note 21 Other non-current liabilities

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Advances received from customers	-	0.25
Total other non-current liabilities	-	0.25

Note 22 Current borrowings

A. Short term borrowings

(₹ in Million)

Particulars	Maturity Date	Repayment Terms	Interest rate	As at March 31, 2026	As at March 31, 2025
Secured					
Cash credit	On demand	On demand	Refer note (a) below	933.66	376.05
Working capital facilities					
Factored receivables (refer note 10)	Various	Various	Refer note (b) below	317.32	279.83
Unsecured					
Working capital facilities					
Pre-shipment credit (PCFC) from banks	Various	6 Month	3.68% to 3.75%	-	500.19
Short-term loan from banks	Various	Various	4.70% to 7.90%	3,372.43	2,318.11
From financial institutions (PO financing)	Various	90 days	8.75%	-	500.00
Total short term borrowings (A)				4,623.41	3,974.18

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

B. Current maturities of non-current borrowings

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Debentures		
25,000 number of 8.60% Non Convertible Debentures of ₹ 1,00,000 each (refer note 17 for security details)	-	618.00
Loans and facilities		
From banks		
Rupee loans (refer note 17 for security details)	645.82	1,623.03
Foreign currency loans (refer note 17 for security details)	-	64.50
Unsecured		
Foreign currency loans	23.16	12.73
Total current maturities of non-current borrowings (B)	668.98	2,318.26
Total current borrowings (A+B)	5,292.39	6,292.44

Note (a) : The cash credit facilities have interest rates of 7.06 % to 8.80%, 1m Euribor + 2.5% and 3m Euribor + 1.95% to 2.75%

Note (b) : Trade receivables are factored at an interest rate of 3m Euribor + 1.95%+ Commission 0.25% , 3.35% & 4.70% Varroc Engineering Limited ('the Holding Company'), Varroc Polymers Limited (now merged with the Holding Company as described in Note 53(c)) 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)

Net Debt	March 31, 2026	March 31, 2025
Non-current borrowings (includes current maturities of non-current borrowings (refer note 17 and 22)	(2,753.54)	(5,513.58)
Current borrowings (refer note 22)	(4,623.41)	(3,974.18)
Lease Liabilities (refer note 3.2)	(1,869.43)	(1,696.64)
Interest accrued but not due (refer note 24)	(34.55)	(21.83)
Liquid investments (refer note 9)	616.37	374.31
Cash and cash equivalents (refer note 11 (a))	1,249.85	1,114.77
Net debt	(7,414.71)	(9,717.15)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Reconciliation of Net Debt as at March 31, 2026

(₹ in Million)

Particulars	As at April 1, 2025	Additions (non-cash)	Cashflows	Interest Expenses (non-cash)	Interest Paid	Gain on sale of investments (non-cash)	Translation Difference	As at March 31, 2026
Non-current borrowings	(5,513.58)	-	2,760.04	-	-	-	-	(2,753.54)
Current borrowings	(3,974.18)	-	(486.64)	-	-	-	(162.59)	(4,623.41)
Lease Liabilities	(1,696.64)	(390.08)	308.29	(145.33)	145.33	-	(91.00)	(1,869.43)
Interest accrued but not due	(21.83)	-	-	(1,196.86)	1,184.14	-	-	(34.55)
Liquid Investments	374.31	-	211.00	-	-	31.06	-	616.37
Cash and cash equivalent	1,114.77	-	83.36	-	-	-	51.72	1,249.85

Reconciliation of Net Debt as at March 31, 2025

(₹ in Million)

Particulars	As at April 1, 2024	Additions (non-cash)	Cashflows	Interest Expenses (non-cash)	Interest Paid	Gain on sale of investments (non-cash)	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

Note 23 Trade payables

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Current		
Total outstanding dues of Micro and Small Enterprises*	2,504.60	1,804.56
Total outstanding dues other than Micro and Small Enterprises**	12,046.75	11,457.30
Subtotal	14,551.35	13,261.86
Acceptance	668.31	663.30
Total trade payables	15,219.66	13,925.16

*Pertains to Indian entities

**Including trade payables towards related parties of ₹ 45.82 million (March 31, 2025: ₹ 92.08)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

For outstanding Trade Payable, the ageing schedule is as follows :

As at March 31, 2026

(₹ 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	32.83	2,470.73	-	0.60	0.28	0.16	2,504.60
(ii) Undisputed dues - Others	1,114.39	9,839.81	943.55	73.26	24.53	51.21	12,046.75
(iii) Disputed dues - Micro & Small Enterprises	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	1,147.22	12,310.54	943.55	73.86	24.81	51.37	14,551.35

* Pertains to goods/services received by the Group pending for invoice processing as at closing date.

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.

(i) Credit period

Trade payables are non interest bearing and are normally settled on 30 to 90 days terms.

(ii) Supplier finance arrangement (Acceptances)

Varroc Engineering Limited (VEL) (The Holding company) has established a supplier finance arrangement that is offered to some of the Company's suppliers in India. Participation in the arrangement is at the supplier's own discretion. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Company from the Company's external finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Company. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the Company settles the original invoice by paying the finance provider in line with the original invoice maturity date described above. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Company provides no security to the finance provider and there is no change in the Company's original obligation towards the supplier.

Accordingly, the trade payables subject to the supplier finance arrangement are included within trade payables heading in the Consolidated balance sheet.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 24 Current - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Financial liabilities at amortised costs		
Interest accrued but not due on borrowings*	34.55	21.83
Payable for capital goods	1,046.51	728.69
Customer security deposits	94.63	92.62
Unclaimed dividends	0.14	0.13
Employee benefits payable	1,231.24	1,061.96
Others	845.62	1,046.19
Financial liabilities at fair value through Profit & Loss		
Foreign exchange forward contracts	1.69	16.20
Total other financial liabilities	3,254.38	2,967.62

*Interest payable is normally settled monthly throughout the financial year.

Note 25 Current provisions

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Employee benefits		
Gratuity (refer note 39)	231.66	116.54
Compensated absences	144.41	115.72
Others		
Provision for warranties *	68.80	71.95
Others #	0.21	0.73
Total current provisions	445.08	304.94

(₹ in Million)

Particulars	Warranties		Others	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Balance as at the beginning of the year	71.95	70.09	1.22	26.95
Add: Additions during the year	122.71	129.51	0.08	4.74
Less: Utilization/Reversed during the year	(126.46)	(127.75)	(1.00)	(30.48)
Add/(less): Foreign exchange translation difference	0.60	0.09	-	0.01
Balance as at the end of the year	68.80	71.95	0.30	1.22
Current Portion	68.80	71.95	0.21	0.73
Non Current Portion	-	-	0.09	0.49
Total	68.80	71.95	0.30	1.22

* 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.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 26 Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Advance received from customers	1,037.37	854.96
Statutory dues payable	217.12	573.74
Other payables #	347.96	337.95
Total other current liabilities	1,602.45	1,766.65

Other payables Includes Provision for Schemes & Discounts payable of ₹193.63 Million (March 31, 2025 ₹190.06 Million) for supplies to other than OEMs.

Note 27 Deferred government grant

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at the beginning of the year	330.19	355.52
Accrued / recognised during the year*	73.09	187.75
Released to statement of profit and loss	(111.73)	(213.08)
Balance as at the end of the year	291.55	330.19
Presented as :		
Current Portion	66.03	103.94
Non-Current Portion	225.52	226.25
Total	291.55	330.19

* 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 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 28 Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from contracts with customer	87,245.04	80,024.75
Other operating revenue (refer note 50A(a))	1,659.89	1,516.09
Total	88,904.93	81,540.84

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Revenue from contracts with customer

A Disaggregated revenue information

(₹ in Million)

Segment	For the year ended March 31, 2026			For the year ended March 31, 2025		
	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	36,284.34	-	36,284.34	32,197.24	-	32,197.24
Polymer auto parts	28,372.63	-	28,372.63	26,293.85	-	26,293.85
Steel forged products	5,728.39	-	5,728.39	5,861.16	-	5,861.16
Engine valves	3,493.79	-	3,493.79	3,386.76	-	3,386.76
After market auto parts	8,984.23	-	8,984.23	7,730.51	-	7,730.51
Others	20.10	2,253.55	2,273.65	-	1,915.69	1,915.69
Toolings	1,186.09	-	1,186.09	1,713.74	-	1,713.74
Job Work	456.56	53.05	509.61	294.45	208.92	503.37
Goods/ Services transferred over time						
Toolings	192.48	-	192.48	78.06	-	78.06
Sale of Services (including Engineering Services)	219.83	-	219.83	344.37	-	344.37
Total revenue from contracts with customers	84,938.44	2,306.60	87,245.04	77,900.14	2,124.61	80,024.75
Revenue by region						
India	78,292.96	-	78,292.96	71,246.59	-	71,246.59
Asia Pacific	2,154.60	-	2,154.60	1,846.36	-	1,846.36
Europe	2,689.48	2,024.66	4,714.14	3,462.16	1,774.13	5,236.29
North America	1,048.14	281.94	1,330.08	898.13	319.14	1,217.27
Others	753.26	-	753.26	446.90	31.34	478.24
Total revenue from contracts with customers	84,938.44	2,306.60	87,245.04	77,900.14	2,124.61	80,024.75

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, 2026			For the year ended March 31, 2025		
	Automotive	Others	Total	Automotive	Others	Total
Revenue						
External Customer	86,507.62	2,397.31	88,904.93	79,338.94	2,201.90	81,540.84
	86,507.62	2,397.31	88,904.93	79,338.94	2,201.90	81,540.84
Less: Other operating revenue	1,569.18	90.71	1,659.89	1,438.80	77.29	1,516.09
Total revenue from contracts with customers	84,938.44	2,306.60	87,245.04	77,900.14	2,124.61	80,024.75

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

C Contract balances

(₹ in Million)

Particulars	March 31, 2026	March 31, 2025
Trade receivables	7,345.36	6,797.60
Contract assets	222.54	173.64
Contract liabilities	1,037.37	855.21

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 delivery of goods, performing engineering design and development services and development of tooling.

Set out below is the amount of revenue recognised from:

(₹ in Million)

Particulars	March 31, 2026	March 31, 2025
Amount of revenue recognised from amounts included in contract liabilities at the beginning of the year	818.09	707.35

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, 2026	For the year ended March 31, 2025
Revenue as per contracted price	87,745.08	80,382.58
Adjustments		
Discount	(500.04)	(357.83)
Revenue from contract with customers	87,245.04	80,024.75

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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 global lighting business is generally satisfied over time. For other tooling contracts, the performance obligation is satisfied at a point in time or over time based on the specific terms of the contract. The revenue is recognised at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

Job work

Job work revenue is recognised when the work is completed and billed to customer.

Other operating revenue

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Government Grant	814.72	847.69
Scrap sales	473.60	370.90
Wind and solar power generation	-	98.39
Export Incentives	66.58	66.08
Royalty (Refer note 50A(a))	209.89	-
Others	95.10	133.03
Total other operating revenue	1,659.89	1,516.09

Note 29 Other income

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest Income		
- from financial assets measured at amortised cost	7.67	24.42
- Others	100.40	25.97
- On Unwinding of discount on security deposits	6.37	4.78
Dividend Income from investments measured at fair value through profit or loss	0.03	-
Other non-operating income (net of expenses directly attributable to such income)		
Net gain on disposal of property, plant and equipment / intangible assets	0.77	26.32
Net gain on sale of investments	11.62	36.58
Liabilities no longer required written back	0.03	0.60
Increase in surrender value of keyman insurance policy	-	18.33
Miscellaneous income	48.57	39.82
Total Other income	175.46	176.82

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 29A Foreign exchange gain/(loss) (net)

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Foreign exchange gain	87.65	138.98
Foreign exchange loss	(153.20)	(18.59)
Total Foreign exchange gain/(loss) (net)	(65.55)	120.39

Note 30 Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Raw material at the beginning of the year	3,312.62	2,929.98
Add : Purchases	59,006.53	52,773.68
	62,319.15	55,703.66
Less : Raw material at the end of the year	4,712.29	3,312.62
Total cost of materials consumed	57,606.86	52,391.04

Note 31 Changes in stock of finished goods and work-in-progress

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance		
Work-in-progress	1,164.41	1,106.37
Finished goods	2,374.88	2,134.08
Total opening balance	3,539.29	3,240.45
Closing balance		
Work-in-progress	1,331.18	1,164.41
Finished goods	2,798.68	2,374.88
Total closing balance	4,129.86	3,539.29
Total changes in inventories of work-in-progress and finished goods	(590.57)	(298.84)

Note 32 Employee benefit expense

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages and bonus	8,342.55	7,809.40
Contribution to gratuity and other funds (refer note 39)	657.60	622.52
Staff welfare expenses	631.06	445.19
Total employee benefit expense	9,631.21	8,877.11

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 33 Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest and finance charges on debt and borrowings	1,119.37	1,518.50
Interest and finance charges paid/payable for lease liabilities	145.33	130.21
Other borrowing costs	77.49	53.58
Total finance costs	1,342.19	1,702.29

Note 34 Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of property, plant and equipment (refer note 3.1)	2,738.46	2,674.56
Amortisation of intangible assets (refer note 4.2)	223.00	287.70
Depreciation of right of use assets (refer note 3.2)	355.65	270.95
Total depreciation and amortisation expenses	3,317.11	3,233.21

Note 35 Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Consumption of stores and spares and loose tools	1,054.92	1,030.13
Consumption of packing materials	1,027.03	928.97
Repairs to		
Buildings	34.58	18.58
Machinery	527.30	477.40
Others	641.07	623.39
Telephone and communication expenses	63.69	60.31
Water and electricity charges	2,148.55	2,126.67
Rental charges	288.34	310.83
Rates and taxes	64.71	52.63
Contract labour cost	3,783.05	3,327.70
Legal and professional fees	891.66	812.59
Travelling and conveyance	495.04	450.16
Insurance	165.91	128.78
Corporate social responsibility expenditure *	56.68	40.91
Provision for doubtful loans, advances and debts (Net)	-	6.95
Sales promotion, marketing and advertisement cost	103.49	175.51
Research and development expenses	217.21	108.01
Freight and forwarding expenses	1,238.19	1,137.85
Warranties	136.67	130.65
IT related cost	222.42	201.14
Miscellaneous expenses	733.34	655.21
Total other expenses	13,893.85	12,804.37

* Includes amount of ₹ 51.11 million (March 31, 2025 : ₹ 33.15 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, 2026

Note 36 Income tax expense

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current tax (including short/ (excess) provision in respect of earlier years)	154.84	159.15
Deferred tax expense	961.39	836.68
Income tax expense	1,116.23	995.83
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	3,814.19	3,128.87
Tax at the Indian tax rate of 25.168% (March 31, 2025 : 25.168%)	959.96	787.47
Tax effect of amounts which have been excluded in calculating taxable income:		
Non-deductible expenses for tax purposes:		
Non deductible depreciation	15.57	16.42
Other non-deductible expenditure	14.33	11.91
Other adjusting items:		
Effect of tax expenses on account of income/ expenses pertaining to previous years	(4.38)	(80.95)
Deferred tax asset not recognised on losses	427.84	326.69
Difference in Indian & Overseas tax rates	(18.86)	(12.35)
Effect of tax expenses on deductible expenditure included in exceptional items	(255.45)	-
Other	(22.78)	(53.36)
Income tax expense	1,116.23	995.83

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, 2026:

I Varroc Engineering Limited

1. Inventories:

(₹ in Million)

Sr. No.	Quarter ended	Amount as per books of accounts	Amount as per quarterly returns	Amount of difference	Reconciliation items		Net difference
					Components not considered for the purpose of reporting (Note 1)	Post closure adjustments (Note 2)	
1	June 30, 2025	6,549.11	6,760.48	(211.37)	(234.47)	23.10	-
2	September 30, 2025	7,059.02	7,334.85	(275.83)	(182.43)	(93.40)	-
3	December 31, 2025	7,005.27	7,233.62	(228.35)	(228.35)	-	-
4	March 31, 2026	7,359.47	7,684.00	(324.53)	(353.32)	28.79	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

2. Trade Receivable (net off factoring)

(₹ 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, 2025	4,882.43	3,490.02	1,392.41	1,391.14	1.27	-
2	September 30, 2025	5,933.92	4,774.73	1,159.19	1,014.67	144.52	-
3	December 31, 2025	5,022.70	4,008.86	1,013.84	1,013.84	-	-
4	March 31, 2026	5,692.32	4,445.48	1,246.84	1,405.34	(158.50)	-

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 & 5)	Post closure adjustments (Note 2)	
1	June 30, 2025	12,395.57	10,910.37	1,485.20	1,481.96	3.24	-
2	September 30, 2025	14,634.02	12,534.20	2,099.82	2,118.50	(18.68)	-
3	December 31, 2025	13,500.74	11,541.48	1,959.26	2,026.02	(66.76)	-
4	March 31, 2026	14,055.99	11,379.13	2,676.86	2,840.81	(163.95)	-

Note 1 Includes 'Provision on Inventory' added back to the net inventory balance and 'Material in transit' not considered as part of total stock.

Note 2 Includes Post closure entries posted at the time of finalisation of quarterly financial statement.

Note 3 Primarily includes intercompany debtors, provision for customer rate increase/decrease and debtors of ageing more than 90 days.

Note 4 Mainly includes inter company creditors and provision for expenses.

Note 5 Trade payable shown in stock statement is net of vendor advances outstanding as of that date.

II 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, 2025	204.82	207.06	(2.24)	(2.24)	-
2	September 30, 2025	205.73	213.86	(8.13)	(8.13)	-
3	December 31, 2025	204.30	207.05	(2.75)	(2.75)	-
4	March 31, 2026	190.12	195.08	(4.96)	(4.96)	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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, 2025	368.15	339.31	28.84	28.84	-
2	September 30, 2025	365.36	336.12	29.24	29.24	-
3	December 31, 2025	330.88	304.69	26.19	26.19	-
4	March 31, 2026	265.46	238.87	26.59	26.59	-

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, 2025	214.96	163.15	51.81	51.81	-
2	September 30, 2025	213.32	166.98	46.34	46.34	-
3	December 31, 2025	201.47	148.54	52.93	52.93	-
4	March 31, 2026	242.80	186.38	56.42	56.42	-

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, Provision for vendor rate increase decrease and pending GRIR accounts.

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, 2025:

I Varroc Engineering Limited (before considering the impact of VPL merger) :

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	September 30, 2024	5,062.90	5,225.09	(162.19)	(162.19)	-	-
3	December 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, 2026

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	1,580.12	825.25	828.00	(2.75)	-
2	September 30, 2024	3,302.88	2,591.86	711.02	711.02	-	-
3	December 31, 2024	2,523.80	1,753.09	770.71	770.71	-	-
4	March 31, 2025	3,161.25	1,978.98	1,182.27	878.88	(12.10)	315.49

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	September 30, 2024	8,539.71	7,606.97	932.74	936.95	(4.21)	-
3	December 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.

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 Varroc Engineering Limited - refer Note 53 (c))

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	September 30, 2024	1,643.50	1,695.81	(52.31)	(52.31)	-	-
3	December 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)	-	-

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for the year ended March 31, 2026

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	1,124.65	157.91	157.91	-	-
2	September 30, 2024	1,240.71	1,130.36	110.35	110.35	-	-
3	December 31, 2024	1,070.55	896.58	173.97	174.12	(0.15)	-
4	March 31, 2025	2,066.55	1,672.01	394.54	394.54	-	-

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	September 30, 2024	4,443.41	3,885.41	558.00	557.98	0.02	-
3	December 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.

Note 3 Majorly includes exchange rates revaluations & provision for customer rate increase/decrease.

Note 4 Majorly includes provision for expenses, Provision for vendor rate increase decrease and pending GRIR accounts.

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:	Net difference
					Components not considered for the purpose of reporting (Note 1)	
1	June 30, 2024	162.56	164.12	(1.56)	(1.56)	-
2	September 30, 2024	173.30	175.16	(1.86)	(1.86)	-
3	December 31, 2024	190.02	193.11	(3.09)	(3.09)	-
4	March 31, 2025	194.62	196.71	(2.09)	(2.09)	-

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for the year ended March 31, 2026

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	September 30, 2024	397.14	383.98	13.16	13.16	-
3	December 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	September 30, 2024	246.64	186.99	59.65	59.65	-
3	December 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, Provision for vendor rate increase decrease and pending GRIR accounts.

Note 38 Contingent liabilities

A) Contingent liabilities not provided for :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
a) Claim against the group not acknowledged as debt		
Disputed Excise, Sales, Service Tax and Goods and Service Tax matters [Refer note (i) & (ii)]	981.18	1,564.08
Income Tax matters [Refer (i)]	402.53	383.75
Other claims [Refer (iii)]	510.13	-
(b) Employees related disputes [Refer (iii)]	70.72	50.83
(c) Export Promotion Capital Goods (EPCG) (Export obligation against the above ₹ 1,644.81 Million (March 31, 2025 : ₹ 859.15 Million))	274.13	143.19
(d) Provident Fund liability	Refer note (iv) below	Refer note (iv) below

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for the year ended March 31, 2026

- (i) The Group is contesting Excise, Service Tax and Goods and Service Tax demand/notices and the management, including its tax advisors, believe that its 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 ₹ 56.14 million (previous year ₹ 49.47 million) with the tax authorities against the above matters to comply with the order of the tax authorities.

- (ii) Contingent liabilities disclosed above include the following litigations :

The Group had received following GST orders in relation to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023:

- a) Order dated November 5, 2024 from Additional Commissioner of CGST & Central Excise for appropriation of GST dues amounting to ₹ 629.00 million along with equivalent penalty and applicable interest;
- b) Order dated January 03, 2025 from Commercial Tax Officer (Divisional GST office, Karnataka) consisting of demand for GST dues amounting to ₹ 0.03 million along with interest of ₹ 302.67 million and penalty of ₹ 564.19 million.

The Group had paid the principal demand and had filed appeals against the above orders which have been partly allowed resulting in reduction of total demand to ₹ 284.00 million. The Group intends to pursue further appellate remedies in respect of the interest and penalty components. Based on legal advice and assessment of the merits of the cases, management believes that it has adequate grounds to successfully defend the matters. Pending conclusion of the proceedings, no adjustments have been made in the financial statements for the year ended March 31, 2026.

- (iii) Management believes that such claims will not succeed and that ultimate outcome of these claims will not have a material adverse effect on the Group's financial position and results of the operations. Accordingly, no provision for any liability has been considered necessary in these financial statements.
- (iv) 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) Arbitration proceedings - refer note 50A

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:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

The expense recognised during the year towards defined contribution plan are as under :

(₹ in Million)

Particulars	March 31, 2026	March 31, 2025
Indian Entities		
(I) Contribution to Employees' provident fund	215.48	194.37
(II) Contribution to Employees' family pension fund	79.50	85.41
Total	294.98	279.78

B Defined Benefit Plan (Gratuity) (Indian entities)

Defined benefit plan comprises gratuity (included in "Contribution to gratuity and other funds" in Note 32). Present value of the obligation under such defined benefit plan is determined based on actuarial valuation as at reporting date using the Projected Unit Credit method. 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, 2026	As at March 31, 2025
Liability at the beginning of the year	967.87	861.91
Past service cost [refer note 53(a)]	172.00	-
Service cost	115.86	105.01
Interest expense	59.50	59.88
Transfer of obligation	-	(0.74)
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	(59.20)	1.37
Benefits paid	(132.79)	(59.56)
Liability at the end of the year	1,123.24	967.87

(b) Change in fair value of plan assets :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Fair value of plan assets at the beginning of the year	857.63	776.48
Interest income	55.81	56.85
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	9.81	3.40
Contributions	106.48	85.70
Mortality Charges and Taxes	(0.94)	(5.24)
Benefits paid	(130.88)	(59.56)
Fair value of plan assets at the end of the year	897.91	857.63

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(c) The net liability disclosed above relates to funded plan is as follows :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of funded obligations	1,123.24	967.87
Less: Fair value of plan assets	897.91	857.63
Deficit of funded plan	225.33	110.24

(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, 2026	For the year ended March 31, 2025
Service cost	115.86	105.01
Past service cost [refer note 53 (a)]	172.00	-
Net interest (income)/expense	3.69	3.03
Transfer in/(out)	-	(0.74)
Net gratuity cost	291.55	107.30

(e) Expenses to be recognized in statement of other comprehensive income (before tax):

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Remeasurement		
Experience Gain on plan liabilities	(36.12)	(10.55)
Financial (Gain)/ Loss on plan liabilities	(0.13)	10.90
(Gain)/Loss from change in demographic assumptions	(22.94)	1.11
Experience Gain on plan assets	(14.88)	(4.18)
Financial Loss on plan assets	5.06	0.79
Total income / expenses to be recognized in statement of Other Comprehensive Income	(69.01)	(1.93)

(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, 2026	As at March 31, 2025
Discount rate	7.00-7.10%	6.60%
Salary growth rate	8.00-10.00%	10.00%
Expected rate of return on plan assets	6.60%	7.20%
Expected average remaining working life of employees (in years) *	4.99-9.09	5.28- 6.35
Withdrawal Rate		
Service below 5 years	10.00% - 18.00%	15.00% - 17.00%
Service 5 years & above	10.00% - 18.00%	15.00% - 17.00%

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.

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Quantitative sensitivity analysis for significant assumptions are as follows :

Particulars	As at March 31, 2026	As at March 31, 2025
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 1% increase in discount rate	-4.63%	-5.03%
(ii) 1% decrease in discount rate	5.07%	5.55%
(iii) 1% increase in rate of salary escalation	3.60%	4.24%
(iv) 1% decrease in rate of salary escalation	-3.44%	-3.98%
(v) 1% increase in rate of withdrawal rate	-0.48%	-0.72%
(vi) 1% decrease rate of withdrawal rate	0.52%	0.81%

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, 2026	March 31, 2025
Major categories of Plan Assets (as % of Total Plan Assets)		
Funds managed by insurer (in %)	100%	100%
Funds managed by insurer (₹ in Million)	897.91	857.63
Actual Return on plan assets (₹ in Million)	65.60	60.24
Average Duration		
Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate)	5.19 to 5.93 years	5.27 to 6.10 years

Maturity profile of defined benefit obligation :

The following benefits payments (on undiscounted basis) are expected for each of the next five years and the aggregate five years thereafter :

(₹ in Million)		
Particulars	As at March 31, 2026	As at March 31, 2025
Within 1 year	203.47	167.32
1-2 year	173.04	145.62
2-3 year	174.18	140.91
3-4 year	173.50	142.36
4-5 year	176.57	143.11
5-10 years	830.98	696.88

Expected contributions for the next year

The Group (with respect to its Indian Entities) intends to contribute approximately ₹ 218.97 million towards its gratuity fund during the year ending March 31, 2027. During the year ended March 31, 2026, the Group has contributed ₹ 106.48 million to its gratuity fund (during year ended March 31, 2025 : ₹ 85.70 million).

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for the year ended March 31, 2026

C Pension Plans (Overseas Entities)

The group operates defined benefit pension plan in Italy. The plan 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, 2026	As at March 31, 2025
Liability at the beginning of the year	183.77	172.46
Interest expense	7.66	6.02
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	6.21	22.89
Benefits paid	(14.87)	(22.01)
Effect of Foreign exchange rate	32.93	4.41
Liability at the end of the year	215.70	183.77

(b) Change in fair value of plan assets :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Fair value of plan assets at the beginning of the year	143.66	139.98
Interest income	6.29	5.16
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	(2.69)	(1.79)
Contributions	18.70	16.13
Benefits paid	(14.87)	(19.29)
Effect of foreign exchange rate	26.26	3.47
Fair value of plan assets at the end of the year	177.35	143.66

(c) The net liability disclosed above relates to funded plan is as follows :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of funded obligations	215.70	183.77
Less: Fair value of plan assets	177.35	143.66
Deficit of funded plan	38.35	40.11

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(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, 2026	For the year ended March 31, 2025
Service cost	-	-
Net interest (income)/expense	1.37	0.86
Net gratuity cost	1.37	0.86

(e) Expenses to be recognized in statement of other comprehensive income (before tax):

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Remeasurement		
Experience (Gain)/ Loss on plan liabilities	11.31	12.22
Demographic (Gain)/ Loss on plan liabilities	-	-
Financial (Gain)/ Loss on plan liabilities	(5.10)	10.66
Experience (Gain)/ Loss on plan assets	3.01	1.10
Financial (Gain)/ Loss on plan assets	(0.32)	0.70
Total expenses to be recognized in statement of other comprehensive income	8.90	24.68

(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:

Quantitative sensitivity analysis for significant assumptions are as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Discount rate	3.70%	3.90%
Salary growth rate	1.60%	2.10%
Weighted average duration of defined benefit obligation (years)	9.93- 14.37	8.89 - 10.70

Change in Assumption

Particulars	As at March 31, 2026	As at March 31, 2025
Increase/(decrease) in present value of defined benefit obligation as at the end of the year		
(i) 0.1% increase in discount rate	-0.37%	-1.36%
(ii) 0.1% decrease in discount rate	0.37%	0.42%
(iii) 0.1% increase in rate of salary escalation	0.17%	0.18%
(iv) 0.1% decrease in rate of salary escalation	-0.17%	-0.18%

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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:

The following benefits payments (on undiscounted basis) are expected for each of the next five years and the aggregate five years thereafter :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Within 1 year	25.50	5.27
1-2 year	5.88	20.51
2-3 year	10.57	4.99
3-4 year	21.03	10.53
4-5 year	20.49	18.11
5-10 years	65.27	68.27

Expected contributions for the next year

The Group (with respect to its Foreign Entities) intends to contribute approximately ₹ 10.25 million towards its TFR fund during the year ending March 31, 2027. During the year ended March 31, 2026, the Group has contributed ₹ 18.70 million to its TFR fund (during year ended March 31, 2025 : ₹ 16.41 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 Group is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

Discount Rate Risk :

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Future Salary Escalation and Inflation Risk :

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

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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.

Note 40 : Fair value measurement

Financial instruments by category

(₹ in Million)

Particulars	March 31, 2026		March 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Amortised cost				
Investments				
- Government securities	0.08	0.08	0.08	0.08
- Equity instruments	68.49	68.49	147.06	147.06
Loans	0.15	0.15	0.12	0.12
Trade receivables	7,345.36	7,345.36	6,797.60	6,797.60
Cash and cash equivalents	1,249.85	1,249.85	1,114.77	1,114.77
Other bank balances	558.52	558.52	518.59	518.59
Other financial assets	456.49	456.49	344.95	344.95
FVPL				
Investments				
- Equity instruments	0.05	0.05	0.13	0.13
- Mutual funds	616.37	616.37	374.31	374.31
Derivative contracts	4.18	4.18	-	-
Total financial assets	10,299.54	10,299.54	9,297.61	9,297.61
Financial liabilities				
Amortised cost				
Fixed Rate borrowings	3,752.74	3,752.74	5,766.72	5,752.63
Other borrowings	3,624.21	3,624.21	3,721.04	3,721.04
Lease liabilities	1,869.43	1,869.43	1,696.64	1,696.64
Security deposits	94.63	94.63	92.62	92.62
Trade payables	14,551.35	14,551.35	13,261.86	13,261.86
Acceptances	668.31	668.31	663.30	663.30
Payable for capital goods	1,050.13	1,050.13	731.24	731.24
Employee benefits payable	1,231.24	1,231.24	1,061.96	1,061.96
Other financial liabilities	893.58	893.58	1,081.42	1,081.42
FVPL				
Derivative contracts	1.69	1.69	16.20	16.20
Total financial liabilities	27,737.31	27,737.31	28,093.00	28,078.91

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(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, 2026 :	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	-	0.05	-	0.05
Investments - Mutual funds	616.37	-	-	616.37
Derivative contracts	-	4.18	-	4.18
Total	616.37	4.23	-	620.60
Financial Liabilities measured at fair value				
Foreign exchange forward contracts	-	1.69	-	1.69
Total	-	1.69	-	1.69

(₹ 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	-	0.13
Investments - Mutual funds	374.31	-	-	374.31
Total	374.31	0.13	-	374.44
Financial Liabilities measured at fair value				
Foreign exchange forward contracts	-	16.20	-	16.20
Total	-	16.20	-	16.20

(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 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.
- The carrying amounts of trade receivables, loans, other financial assets, cash and bank balances, trade payables/acceptances, current borrowings and other financial liabilities are considered to be the same as their

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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, 2026 approximate their carrying values.

- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The Group evaluates exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Group follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency.

The group's exposure to foreign currency risk as of March 31, 2026 expressed in INR, is as follows :

(₹ in Million)

Particulars	USD	EURO	JPY	CNY	Other	Total
Financial assets						
Trade receivables	288.80	605.80	0.02	35.39	0.65	930.66
Other financial assets	-	-	-	140.22	-	140.22
Financial liabilities						
Other financial liabilities	460.00	-	-	8.13	31.85	499.98
Trade payables	1,562.16	24.86	66.60	28.23	69.43	1,751.28
Net assets/(liabilities)	(1,733.36)	580.94	(66.58)	139.25	(100.63)	(1,180.38)

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for the year ended March 31, 2026

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	CNY	Other	Total
Financial assets						
Trade receivables	517.02	177.81	-	-	0.24	695.07
Other financial 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)

Sensitivity

For the year ended March 31, 2026 and March 31, 2025, every 5% percentage point appreciation/depreciation in the exchange rate between the INR and U.S. Dollar would have affected the Group's profit before taxes by approximately ₹ 86.67 Million and ₹ 11.75 Million respectively and between the INR and Euro by approximately ₹ 29.05 Million and ₹ 17.20 Million. The sensitivity for net exposure in JPY, CNY and in other currencies does not have material impact on Statement of Profit and Loss.

Sensitivity analysis is computed based on the changes in receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the group profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

For the year ended	Currency	Increase/ decrease in basis points	Variable rate Cash Credit and Term loans balances	Effect on Profit before Tax
March 31, 2026	INR	+100	3,624.21	(36.24)
March 31, 2026	INR	-100	3,624.21	36.24
March 31, 2025	INR	+100	3,721.04	(37.21)
March 31, 2025	INR	-100	3,721.04	37.21

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(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, 2026, receivable from Group's top 13 customers accounted for approximately 81.01% (March 31, 2025 : top 11 customers accounted for approximately 80.34%) 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, 2026 and March 31, 2025 is the carrying amounts as disclosed in note 11.

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, 2026 and 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

As at March 31, 2026 :

(₹ in Million)

Particulars	On demand	Less than one year	One to five years	More than five years
Non- derivative				
Borrowings	933.66	4,358.73	2,084.56	-
Lease liabilities**	-	471.17	1,447.57	374.62
Trade payables	-	14,551.35	-	-
Acceptances	-	668.31	-	-
Other financial liabilities	94.63	3,159.75	16.89	-

**Contractual cashflows disclosed above vary from carrying amount of lease liabilities on account of discounting of contractual cash flows considered in carrying amount.

As at March 31, 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	2,875.00	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.

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

for the year ended March 31, 2026

The Group monitors debt-equity ratio, which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and bank balances & investments in liquid funds. Equity includes equity share capital and other equity attributable to equity shareholders. The debt-equity ratio at the end of the reporting period was as follows :

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
(A) Net debt		
Non-current borrowings (refer note 17)	2,084.56	3,195.32
Current maturities of non-current borrowings (refer note 22 (b))	668.98	2,318.26
Current borrowings (refer note 22 (a))	4,623.41	3,974.18
Less : Cash and cash equivalents and other bank balances (refer note 11 (a) and 11 (b))	(1,808.37)	(1,633.36)
Less : Liquid investments (refer note 9)	(616.37)	(374.31)
Net debt (A)	4,952.21	7,480.09
(B) Total Equity		
Equity share capital (refer note 15)	152.79	152.79
Other equity (refer note 16)	17,650.57	15,497.85
Total Equity (B) **	17,803.36	15,650.64
(C) Net debt to Equity ratio (C = A/B)	0.28	0.48

**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).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 43 : Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

March 31, 2026

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-JPY/INR	7.02	-	-	0.04	Various Dates*	1:1	₹ 0.60	0.04	(0.04)
Foreign exchange forward contracts-EUR	403.44	-	-	7.55	Various Dates*	1:1	₹ 108.31	7.55	(7.55)
Foreign exchange forward contracts-USD	-	395.22	10.09	-	Various Dates*	1:1	₹ 92.99	(10.09)	10.09

*Maturity Dates vary on account of multiple hedging contracts which range from April 30, 2026 to September 30, 2026.

March 31, 2025

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	₹ 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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, 2026			For the year ended March 31, 2025		
		Automotive	Others	Total	Automotive	Others	Total
1	Segment revenue						
	Revenue from operations	86,487.52	2,417.41	88,904.93	79,338.94	2,201.90	81,540.84
	Total revenue from operations	86,487.52	2,417.41	88,904.93	79,338.94	2,201.90	81,540.84
2	Expenses						
	Cost of goods sold	55,840.04	1,176.25	57,016.29	51,103.05	989.15	52,092.20
	Employee benefits expense	9,021.94	609.27	9,631.21	8,355.82	521.29	8,877.11
	Depreciation and amortisation expenses	3,140.05	177.06	3,317.11	3,005.68	227.53	3,233.21
	Other expenses	13,198.56	760.84	13,959.40	12,062.85	741.52	12,804.37
	Exceptional item (allocable)	1,048.81	-	1,048.81	226.64	-	226.64
	Other income (allocable)	(38.30)	(29.09)	(67.39)	(226.36)	(20.46)	(246.82)
3	Segment results before other income (unallocable), finance cost and tax	4,276.42	(276.92)	3,999.50	4,811.26	(257.13)	4,554.13
4(i)	Unallocable other income after share of net profit of joint ventures [₹ 37.24 million for the year ended March 31, 2026 & ₹ 37.09 million for the year ended March 31, 2025] (Net of unallocated expense)			757.25			(1,159.25)
4(ii)	Finance costs			1,342.19			1,702.29
4(iii)	Profit before tax			3,414.56			1,692.59
5	Segment assets	44,070.02	2,485.48	46,555.50	38,310.66	2,260.65	40,571.31
	Unallocable assets						
	Term deposits (Cash and cash equivalents, other bank balances and other non-current financial assets)			921.78			1,023.14
	Current investments			616.37			374.31
	Other Current Financial assets			7.17			0.53
	Investments accounted for using the equity method			198.63			166.20
	Income tax assets (net)			310.99			178.18
	Deferred Tax Asset (net)			67.86			863.04

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2026			For the year ended March 31, 2025		
		Automotive	Others	Total	Automotive	Others	Total
	Non Trade investment			68.62			147.27
	Assets classified as held for sale			-			3,395.15
	Total Assets			48,746.92			46,719.13
6	Segment liabilities	22,252.17	632.64	22,884.81	20,582.86	590.30	21,173.16
	Unallocable liabilities						
	Borrowings (Non -Current, Current Maturities and Short term Borrowings)	-	-	7,376.95	-	-	9,487.76
	Other non-current liabilities and Other current liabilities			34.55			21.83
	Deferred Tax Liabilities (net)	-	-	223.50	-	-	46.79
	Income tax liabilities (net)	-	-	43.57	-	-	10.23
	Derivative liabilities			1.69			-
	Total Liabilities			30,565.07			30,739.77
7	Other Information						
	Cost to acquire fixed assets	4,491.00	83.50	4,574.50	2,710.65	156.76	2,867.41

(b) Geographical information

(i) Segment revenue by geographical area based on geographical location of customers:

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
1	India	79,842.95	72,669.00
2	Asia Pacific	2,154.88	1,846.42
3	Europe	4,823.76	5,329.91
4	North America	1,330.08	1,217.27
5	Others	753.26	478.24
	Total	88,904.93	81,540.84

(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, 2026	March 31, 2025
1	India	20,482.40	18,623.93
2	Asia Pacific	993.68	805.27
3	Europe	3,209.54	2,507.46
	Total	24,685.62	21,936.66

(c) Revenue from 1 customer amounted to ₹ 39,162.89 million (March 31, 2025: ₹ 36,403.36 million) arising from sales in the automotive segment.

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for the year ended March 31, 2026

Note 45 A : Interests in Subsidiaries

Subsidiaries

The list of subsidiaries as at March 31, 2026 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, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Direct subsidiaries					
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					
Industria Meccanica E Stampaggio S.p.a.	Italy	100%	100%	-	-
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 (Liquidated on October 02, 2025)	Bulgaria	-	100%	-	-
Varroc Electronics Romania SRL	Romania	100%	100%	-	-
Varroc Poland s.p.z.oo	Poland	100%	100%	-	-
Varroc Germany GmbH	Germany	100%	100%	-	-
Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	China	100%	100%	-	-
Varroc Czech Republic SRO (Liquidated on June 16, 2025)	Czech Republic	-	100%	-	-
Varroc (Thailand) Co., Ltd. (formerly known as Varrec (Thailand) Co., Ltd.)	Thailand	100%	100%	-	-

^ Voting rights of the subsidiaries are held by the Group.

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, 2026

Note 45 B : Additional information as on March 31, 2026 required by Schedule III of the Companies Act, 2013

(₹ 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 or (loss)		Share in total comprehensive income or (loss)	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	113.58%	20,651.41	125.39%	2,881.93	78.72%	44.83	124.26%	2,926.76
	Indian Subsidiaries								
1	Durovalves India Private Limited	5.54%	1,006.82	5.80%	133.27	8.20%	4.67	5.86%	137.94
2	Varroc Connect Private Limited (formerly known as CarlQ Technologies Private Limited)	-1.16%	(210.05)	-4.72%	(108.44)	0.70%	0.40	-4.59%	(108.04)
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	57.35%	10,426.63	8.58%	197.21	-	-	8.37%	197.21
2	Varroc Lighting Systems Bulgaria EOOD (Liquidated on October 02, 2025)	-	-	-0.76%	(17.36)	-	-	-0.74%	(17.36)
3	Varroc Japan Co. Ltd	0.10%	18.93	0.19%	4.29	-	-	0.18%	4.29
4	Varroc European Holding B.V.	-21.51%	(3,910.18)	-20.43%	(469.66)	-	-	-19.94%	(469.66)
5	Industria Meccanica e Stampaggio S.p.A.	0.21%	38.05	-14.13%	(324.85)	-26.29%	(14.97)	-14.43%	(339.82)
6	Varroc Italy S.p.A.	6.60%	1,199.57	-5.28%	(121.26)	10.65%	6.06	-4.89%	(115.20)
7	Varroc Romania S.A.	-0.16%	(29.63)	-4.37%	(100.41)	-	-	-4.26%	(100.41)
8	Varroc Vietnam Co. Ltd.	6.33%	1,150.71	10.37%	238.25	-	-	10.12%	238.25
9	Varroc Electronics Romania SRL	1.05%	191.63	-24.56%	(564.39)	-	-	-23.96%	(564.39)
10	Varroc Poland s.p.oo	0.23%	42.03	0.92%	21.14	-	-	0.90%	21.14
11	Varroc Germany GmbH	-2.12%	(385.09)	-6.95%	(159.67)	-	-	-6.78%	(159.67)
12	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	1.93%	350.16	-3.01%	(69.10)	-	-	-2.93%	(69.10)
13	Varroc Czech Republic SRO (Liquidated on June 16, 2025)	-	-	-	-	-	-	-	-
14	Varroc (Thailand) Co., Ltd. (formerly known as Varrec (Thailand) Co., Ltd.)	0.75%	135.86	-4.64%	(106.70)	-	-	-4.53%	(106.70)

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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 or (loss)		Share in total comprehensive income or (loss)	
		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	Nuova CTS S.r.l	0.56%	101.47	0.52%	12.04	-	-	0.51%	12.04
2	Varrac Dell'Orto Private Limited	0.53%	97.16	1.10%	25.20	-	-	1.07%	25.20
	Non-controlling interests in subsidiaries	2.08%	378.49	2.09%	48.02	3.07%	1.75	2.11%	49.77
	Subtotal		31,253.97		1,519.51		42.74		1,562.25
	Adjustment arising out of consolidation	-71.90%	(13,072.12)	33.89%	778.82	24.95%	14.21	33.67%	793.03
	Total	100%	18,181.85	100.00%	2,298.33	100.00%	56.95	100.00%	2,355.28

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 or (loss)		Share in total comprehensive income or (loss)	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated 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	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)	-	-	-4.26%	(32.55)
2	Varroc Lighting Systems Bulgaria EOOD	-3.12%	(498.66)	-4.57%	(31.86)	-	-	-4.17%	(31.86)

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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 or (loss)		Share in total comprehensive income or (loss)	
		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
(₹ in Million)									
3	Varroc Japan Co. Ltd	0.09%	14.11	0.34%	2.36	-	-	0.31%	2.36
4	Varroc European Holding B.V.	-18.09%	(2,891.46)	-25.26%	(176.03)	-	-	-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	-	-	0.26%	1.96
8	Varroc Vietnam Co. Ltd.	5.55%	886.22	21.96%	153.04	-	-	20.02%	153.04
9	Varroc Electronics Romania SRL	0.70%	112.59	-68.75%	(479.01)	-	-	-62.65%	(479.01)
10	Varroc Poland s.p.oo	0.11%	17.16	-13.30%	(92.67)	-	-	-12.12%	(92.67)
11	Varroc Germany GmbH	-1.14%	(182.52)	-1.02%	(7.14)	-	-	-0.93%	(7.14)
12	Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	0.46%	73.98	-10.74%	(74.81)	-	-	-9.78%	(74.81)
13	Varroc Czech Republic SRO	-	-	-	-	-	-	-	-
14	Varroc Thailand Co. Ltd. ^^	0.17%	27.53	-1.40%	(9.76)	-	-	-1.28%	(9.76)
Joint Venture									
(Investment accounted as per equity method)									
1	Varroc TYC Corporation, BVI	21.25%	3,395.15	4.00%	27.85	-	-	3.64%	27.85
2	Nuova CTS S.r.l	0.59%	94.24	0.44%	3.05	-	-	0.40%	3.05
3	Varroc Dell'Orto Private Limited	0.45%	71.96	0.89%	6.19	-	-	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		2,216.13		(23.24)		2,192.90
Adjustment arising out of consolidation		-76.86%	(12,281.66)	-218.06%	(1,519.38)	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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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 (up to May 07, 2025)

Varroc TYC Auto Lamps Co. Ltd., China (Subsidiary of Varroc TYC Corporation, BVI) (up to May 07, 2025)

Varroc TYC Auto Lamps Co. Ltd. CQ, China (Subsidiary of Varroc TYC Auto Lamps Co. Ltd., China) (up to May 07, 2025)

Varroc Dell'Orto Private Limited, India

2 Key Management Personnel

Chairman & Managing Director

Whole time Directors

Mr. Tarang Jain

Mr. Arjun Jain

Mr. Dhruv Jain (w.e.f June 01, 2025)

Mr. Avinash Chintawar (w.e.f. November 12, 2025)

Mr. Tarun Tyagi (up to November 13, 2024)

Mr. Vidyadhar Limaye (up to June 30, 2025)

Mr. Vinish Kathuria

Mr. Akshaykumar Chudasama (w.e.f. May 29, 2025)

Mrs. Liselott Kilaas (w.e.f March 27, 2025)

Mr. Padmanabh Sinha (w.e.f. July 18, 2025)

Mr. Gautam Khandelwal (up to July 19, 2025)

Mr. Marc Szulewicz (up to July 19, 2025)

Mrs. Vijaya Sampath (up to July 19, 2025)

Mr. Dhruv Jain (up to May 31, 2025)

Mr. K. Mahendra Kumar

Mr. Ajay Kumar Sharma (up to July 31, 2025)

Mr. Anil Ghatiya (w.e.f. July 31, 2025)

Independent Directors

Non-Executive Director

Group Chief Financial Officer

Company Secretary

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

Scarpa & Colombo S.r.l, Italy

Freccia International S.r.l, Italy

Varroc Foundation

Dell'Orto S.P.A.

TJ Holdings Trust

Naresh Chandra Holdings Trust

Suman Jain Holdings Trust

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

b. Transactions with related parties and balances at year end

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
		For the year ended March 31, 2026	For the year ended March 31, 2025	As at March 31, 2026		As at March 31, 2025	
				Receivable	Payable	Receivable	Payable
A]	Sale of Goods, PPE and services*						
	Endurance Technologies Ltd	14.65	4.19	1.50	-	1.06	-
	Varroc Dell'Orto Private Limited	368.72	187.05	107.44	-	35.94	-
	Nuova CTS S.r.l, Italy	7.34	5.06	1.86	-	1.46	-
	Scarpa & Colombo S.r.l, Italy	99.83	134.52	40.56	-	91.94	-
	Freccia International S.r.l, Italy	0.91	21.00	0.98	-	27.27	-
	Varroc TYC Auto Lamps Co. Ltd. CQ, China	-	233.23	-	-	-	-
B]	Purchase of goods, services and fixed assets*						
	Nuova CTS S.r.l, Italy	115.28	83.75	-	22.54	-	20.33
	Endurance Technologies Ltd	11.26	48.96	-	-	-	8.47
	Varroc TYC Auto Lamps Co. Ltd. China	-	-	-	-	-	0.27
	Freccia International S.r.l, Italy	0.20	-	-	-	-	-
	Scarpa & Colombo S.r.l, Italy	0.28	5.31	-	-	-	12.63
C]	Royalty received						
	Varroc TYC Auto Lamps Co. Ltd., China	-	209.99	-	-	20.41	-
D]	Professional charges/ Commission paid						
	Mr. Gautam Khandelwal	-	1.54	-	-	-	1.54
	Mr. Marc Szulewicz	-	1.32	-	-	-	1.32
	Mrs. Vijaya Sampath	-	2.20	-	-	-	2.20
	Mr. Vinish Kathuria	1.70	1.96	-	1.70	-	1.96
	Mrs. Liselott Kilaas	1.90	-	-	1.90	-	-
	Mr. Akshaykumar Chudasama	1.82	-	-	1.82	-	-
	Mr. Padmanabh Sinha	2.32	-	-	2.32	-	-
E]	Directors sitting fees						
	Mr. Gautam Khandelwal	0.70	1.96	-	-	-	0.60
	Mr. Marc Szulewicz	0.30	0.98	-	-	-	0.20
	Mrs. Vijaya Sampath	0.50	1.30	-	-	-	0.40
	Mr. Vinish Kathuria	1.80	1.54	-	0.27	-	0.30
	Mr. Akshaykumar Chudasama	1.10	-	-	0.09	-	-
	Mrs. Liselott Kilaas	1.60	-	-	0.40	-	-
	Mr. Padmanabh Sinha	0.60	-	-	0.18	-	-
F]	Key Managerial Personnel remuneration #						
	Mr. Tarang Jain	124.90	122.23	-	-	-	-
	Mr. Arjun Jain	30.17	27.46	-	-	-	-
	Mr. Dhruv Jain	15.54	14.58	-	-	-	-
	Mr. K. Mahendra Kumar	38.27	36.24	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Sr. No.	Description of the nature of transactions	Transactions		Balances			
		For the year ended March 31, 2026	For the year ended March 31, 2025	As at March 31, 2026		As at March 31, 2025	
				Receivable	Payable	Receivable	Payable
	Mr. Ajay Kumar Sharma	5.46	15.23	-	-	-	-
	Mr. Tarun Tyagi	-	8.87	-	-	-	-
	Mr. Vidyadhar Limaye	6.21	4.85	-	-	-	-
	Mr. Anil Ghatiya	3.29	-	-	-	-	-
	Mr. Avinash Chintawar	9.37	-	-	-	-	-
G]	Dividend received						
	Nuova CTS S.r.l, Italy	10.90	-	-	-	-	-
H]	Reimbursement of expenses (received/ receivable)						
	Varroc Dell'Orto Private Limited	0.37	0.77	0.30	-	-	-
	Scarpa & Colombo S.r.l, Italy	-	0.02	-	-	-	-
I]	Reimbursement of expenses (paid/ payable)						
	Scarpa & Colombo S.r.l, Italy	6.70	4.32	-	6.88	-	-
	Freccia International S.r.L, Italy	0.01	0.72	-	0.02	-	0.84
J]	Management consultancy fees received/ receivable						
	Varroc Dell'Orto Private Limited	8.30	7.94	2.72	-	2.76	-
K]	Rent received/ receivable						
	Varroc Dell'Orto Private Limited	2.75	2.50	0.50	-	0.47	-
L]	Corporate Social Responsibility (CSR)						
	Varroc Foundation	51.11	33.15	-	-	-	-
M]	Dividend paid						
	Scarpa & Colombo S.r.l, Italy	-	30.16	-	-	-	25.64
	Freccia International S.r.L, Italy	-	16.88	-	-	-	13.30
	Mr. Tarang Jain	60.73	-	-	-	-	-
	Mr. Arjun Jain	0.01	-	-	-	-	-
	Mr. Dhruv Jain	0.01	-	-	-	-	-
	TJ Holdings Trust	33.85	-	-	-	-	-
	Naresh Chandra Holdings Trust	10.00	-	-	-	-	-
	Suman Jain Holdings Trust	10.00	-	-	-	-	-
N]	Royalty Paid						
	Dell'Orto S.P.A.	15.97	11.39	-	-	-	2.08
O]	Service Fees (R&D Services)						
	Varroc TYC Auto Lamps Co. Ltd. CQ, China	-	3.48	-	-	-	-
P]	Sale Commission paid/ payable						
	Scarpa & Colombo S.r.l, Italy	16.71	4.32	-	7.70	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Notes :

* All the amounts exclusive of taxes, if any.

Remuneration disclosed above represents salary paid during respective years and excludes the value of perquisites. Also, post employment benefits payable in the form of gratuity and other long term benefits in the form of compensated absence are calculated on the basis of actuarial valuation. Amount payable for individual employees as at March 31, 2026 (March 31, 2025) cannot be separately identified and therefore has not been included in above. There are no termination benefits, share based payments given to key Management Personnel and their relative.

Terms and conditions of outstanding balances with related parties:

(i) In respect of sale of goods and services (including rental service, management consultancy, royalty, reimbursement of expenses) to related parties:

Trade receivables outstanding balances are unsecured, interest free and require settlement in cash. No guarantee or other security has been received against these receivables. The amounts are recoverable within 30 to 215 days from the reporting date (March 31, 2025: 30 to 215 days from the reporting date). For the year ended March 31, 2026, the Group has not recorded any impairment on receivables due from related parties (March 31, 2025: Nil).

(ii) In respect of purchase of goods and services (including royalty, reimbursement of expenses and sales commission):

Trade payables outstanding balances are unsecured, interest free and require settlement in cash. No guarantee or other security has been given against these payables. The amounts are payable within 30 to 90 days from the reporting date (March 31, 2025: 30 to 90 days from the reporting date).

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, 2026	March 31, 2025
Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	2,458.18	2,027.92

Note 48 : Earnings per share

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A. Earnings per share (EPS) (Nominal value per share Re. 1/- each)		
Basic		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (A)	2,250.31	612.30
Weighted average number of shares outstanding (B)	15,27,86,400	15,27,86,400
Basic EPS (Amount in Rupees) (A/B)	14.73	4.01
Diluted		
Profit/(loss) attributable to equity shareholders (Rupees in Million) (C)	2,250.31	612.30
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)	14.73	4.01

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 49 : Interests in Joint Ventures

Set out below are the Joint Ventures of the group as at March 31, 2026 :

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value	
					As at March 31, 2026	As at March 31, 2025
(i) Varroc TYC Corporation, BVI and its subsidiaries	China/British Virgin Islands	50%	Joint Venture	Equity Method		
Gross Investment					-	3,395.15
Less: Transferred to Asset held for sale (Refer note 50(a))					-	(3,395.15)
Net investment					-	-
(ii) Nuova CTS S.r.l	Italy	50%	Joint Venture	Equity Method	101.47	94.24
(iii) Varroc Dell'Orto Private Limited	India	50%	Joint Venture	Equity Method	97.16	71.96
Total					198.63	166.20

The joint venture entities are primarily engaged in the business of auto components and services in the automotive industry.

There are no commitments or contingent liabilities in respect of joint ventures.

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, 2026 (Unaudited)	As at March 31, 2025 (Unaudited)	As at March 31, 2026	As at March 31, 2025
Current assets				
Cash and cash equivalents	31.57	18.87	103.05	67.26
Other assets	56.13	49.84	350.83	160.51
Total current assets	87.70	68.71	453.88	227.77
Total non-current assets	18.78	16.27	1.75	2.55
Current liabilities				
Financial liabilities	20.04	20.02	251.91	76.57
Other liabilities	12.33	5.40	6.92	8.22
Total current liabilities	32.37	25.42	258.83	84.79
Non-current liabilities				
Financial liabilities	0.51	-	-	-
Other liabilities	-	0.42	2.49	1.62
Total non-current liabilities	0.51	0.42	2.49	1.62
Net assets	73.60	59.14	194.31	143.91

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(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, 2026 (Unaudited)	For the year ended March 31, 2025 (Unaudited)	For the year ended March 31, 2026	For the year ended March 31, 2025
Total income	12,127.38	177.34	124.27	1,016.53	559.85
Cost of goods sold	8,512.40	25.61	20.39	907.78	497.28
Depreciation and amortisation	515.63	5.00	4.39	0.26	0.59
Finance costs	73.74	0.03	0.26	0.05	0.16
Employee benefit expenses	876.18	53.13	44.21	14.96	14.90
Other expenses	2,093.50	61.47	47.07	25.42	31.22
Profit before tax for the year	55.93	32.10	7.95	68.06	15.70
Income tax expense/ (credit)	0.24	8.03	1.85	17.43	3.84
Profit for the year	55.69	24.07	6.10	50.63	11.86
Other comprehensive income	-	-	-	(0.23)	0.51
Total comprehensive income for the year	55.69	24.07	6.10	50.40	12.37
Group's share of profit for the year	27.85	12.04	3.05	25.20	6.19
Dividends received	-	10.90	-	-	-

(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, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Closing net assets	(Refer note a)	(Refer note a)	73.60	59.14	194.31	143.91
Group's share in %			50%	50%	50%	50%
Group's share in INR			36.80	29.57	97.16	71.96
Goodwill			64.67	64.67	-	-
Carrying amount			101.47	94.24	97.16	71.96

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

- a) On December 11, 2024, the Group received an order from ICC International Court of Arbitration ('ICC') in respect of the ongoing arbitration between Varroc Corp Holding B.V. ('VCHBV') jointly with Varroc Engineering Limited and Beste Motor Co. Ltd. ('TYC BVI Entity') jointly with TYC Brother Industrial Co. Ltd ('TYC Group') and Varroc TYC Corporation ('VTYC' or 'China JV'), wherein VCHBV was directed to transfer its 50% shareholding in VTYC to TYC BVI Entity for a consideration of RMB 310.50 million.

Accordingly, the Group assessed that its investment in VTYC (a joint venture accounted for under the equity method) satisfies the criteria prescribed under Ind AS 105 'Non-Current Assets Held for Sale and Discontinued Operations' for classification as 'Assets held for sale' and had written down this investment to ₹ 3,395.15 million which was its fair value less costs to sell and its resulting estimated impairment loss of ₹ 806.82 million was recognised as an exceptional item in the financial statements for the year ended March 31, 2025.

On April 21, 2025, the Group received final order from ICC in respect of the above arbitration wherein the Group was directed to pay to TYC Group legal costs pertaining to the arbitration incurred by TYC Group amounting to ₹ 439.91 million. The group recognised a provision for this cost as at March 31, 2025 and the same was disclosed as an Exceptional item in the financial statements for the year ended March 31, 2025.

The Group received above consideration on May 07, 2025 and transferred its investments in China JV. On account of such disposal, the cumulative exchange gains pertaining to China JV of ₹ 611.94 million, which had been recognised in Other Comprehensive Income and accumulated in foreign currency translation reserve during the previous periods, have been reclassified to the Statement of Profit or Loss. This has been disclosed as an exceptional item and reduced from Other Comprehensive Income for the year ended March 31, 2026.

Note 50A: Arbitration proceedings

- a) The Group had received a settlement offer during the year ended March 31, 2026 from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to ₹ 209.89 million recognized during the year ended March 31, 2026 and ₹ 231.82 million recognized during the previous year ended March 31, 2025 by the Group under 'Revenue from operations', as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). Subsequently, the Group received Statement of Claim under the arbitration proceedings originally initiated by TYC Parties in August 2022, on the aforesaid matter and on certain additional claims/breaches under the aforesaid TMA, which are to be quantified against which the Group has filed Statement of defence in March 2026. The Group believes that it has a strong case and will take appropriate actions as necessary to protect its interests.
- b) On July 7, 2025, the Group received an intimation from ICC International Court of Arbitration with respect to a Request for Arbitration initiated by OPmobility Lighting Holding, France (Erstwhile PO Lighting Systems). The request pertains to certain alleged breaches of covenants under the Securities Purchase Agreement executed between the parties on April 29, 2022, and subsequently amended on October 5, 2022, May 12, 2023, and June 15, 2023. Claims in respect of some of the breaches have been quantified at US\$ 66.41 million plus legal costs while for others no quantification has been provided. The Group is evaluating the matter and exploring legal and contractual remedies. It intends to contest the claims and take appropriate steps to protect its interests. Based on a legal opinion obtained, the Group believes that it has grounds to defend against the said allegations and accordingly no provision has been considered in respect of this matter in the financial statements for the year ended March 31, 2026.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Note 51 (a) : Ultimate Beneficiary

For the year ended March 31, 2026

During the Financial Year 2025-26, 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
16-04-2025	Loan	194.52	VarrocCorp Holding B.V. The Netherlands	Various Dates	Investment in equity shares	74.83	Varroc Poland s.p.z.o.o
						8.73	Varroc Intelligent Driving R&D Center (Changzhou) Co., Ltd.
					Loans	21.29	Varroc Germany GmbH
						104.85	
		194.52					

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 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	B-314, B-327-331, 3 rd Floor, New Technology and Innovation Building, No. 901, Liaohe Road, Xinbei District Changzhou City, Ziangsu Province, PRC.
VarrocCorp Holding B.V., The Netherlands	54784891	Subsidiary	World Trade Center/Toren F-4, Schiphol Boulevard 133, 1118 BG Schiphol, the Netherlands.

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 or its subsidiaries and joint venture incorporated in India have 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:

- 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 to or on behalf of the ultimate beneficiaries

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

Varroc Engineering Limited or its subsidiaries and joint venture incorporated in India have 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 51 (b) : 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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, Dimitravgrad 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	B-314, B-327-331, 3 rd Floor, New Technology and Innovation Building, No. 901, Liaohe Road, Xinbei District Changzhou City, Ziangsu Province, PRC.
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

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 or its subsidiaries and joint venture incorporated in India have 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:

- 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 to or on behalf of the ultimate beneficiaries

Varroc Engineering Limited or its subsidiaries and joint venture incorporated in India have 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:

- 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.

Note 52 : Audit Trail

The holding Company, its subsidiaries and joint venture incorporated in India [except Varroc Connect Private Limited ('VCPL')] use SAP ECC R6 as the 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 (except VCPL). 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

trail. Further no instance of audit trail feature being tampered with was noted in respect of above accounting software where the audit trail has been enabled. Additionally, the audit trail of prior year has been preserved by the Company, its subsidiaries and joint venture 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 holding company, its subsidiaries and joint venture incorporated in India (except VCPL) have used a software for payroll processing which is operated by third-party software service provider. Management has obtained the Service Organization Controls (SOC) report in respect of the said software, basis which it is concluded that the software has a feature of recording audit trail (edit log) facility at the application layer, and the same has operated throughout the year for all relevant transactions except that, audit trail feature is not enabled for direct changes to data when using certain access rights. Further, there were no instances of the audit trail feature being tampered with in respect of the accounting software during the year. Additionally, the audit trail of prior year has been preserved by the Company, its subsidiaries and joint venture 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.

Varroc Connect Private Limited ('VCPL') has outsourced its accounting function to third-party service provider. In the absence of Service Organisation Controls report, management is unable to comment whether the audit trail feature was enabled and operated throughout the year for all relevant transactions recorded in the aforementioned 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 as per the statutory requirements for record retention. Further, VCPL has used Greyt HR to maintain payroll records. The audit trail (edit log) facility did not operate throughout the year. Further in absence of any evidence, management is unable to comment whether audit logs are retained at application level and data base level.

Note 53: Exceptional items:

a. Impact of new labour codes (refer note 19, 25 & 39)

On November 21, 2025, the Government of India notified the four Labour Codes – the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 consolidating 29 existing labour laws. The Group has assessed and disclosed the incremental impact of these changes on the basis of the best information available and guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Group has presented such incremental impact under "Exceptional Items" in the financial statements for the year ended March 31, 2026. The incremental impact on provisions for employee benefits expenses of ₹ 225.49 million (gross of tax) towards gratuity and compensated absences primarily arises due to change in wage definition. The Group continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect as and when such clarifications are issued/rules are notified.

b. Voluntary Separation Scheme (VSS)

The Group announced a Voluntary Separation Scheme ('VSS') for all eligible permanent workmen at specific plants of the Group. In this regard, the Group accepted separation of 411 employees and the separation cost of ₹ 799.49 million (gross of tax) associated with the VSS has been recognised as an exceptional item during the year ended March 31, 2026.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

c. Merger related costs

Pursuant to provisions of Section 230-232 of the Companies Act, 2013, the Board of Directors of Varroc Engineering Limited ('VEL') (Holding company) on May 17, 2024 had approved the scheme of amalgamation of Varroc Polymers Limited ('VPL') (a wholly owned subsidiary of the Company) with 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. Exceptional items for the year ended March 31, 2025 includes an amount of ₹ 196.02 million pertaining to estimated expenses directly attributable to the merger of VPL with the Company. Further, exceptional item for the year ended March 31, 2026 also includes write back of excess accrual of aforesaid expenses of ₹ 10 million.

d. Liquidation of a step-down subsidiary

Net loss of ₹ 33.83 million for the year ended March 31, 2026 pertaining to liquidation of a step-down subsidiary, Varroc Lighting Systems, Bulgaria, EOOD.

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:

Name	Country of incorporation and operation	As on March 31, 2026	As on March 31, 2025
Durovalves India Private Limited	India	27.22%	27.22%

Information regarding non-controlling interest

(₹ in Million)

Particulars	As on March 31, 2026	As on March 31, 2025
Accumulated balances of material non-controlling interest:		
Durovalves India Private Limited	376.56	324.97
Profit/(loss) allocated to material non-controlling interest:		
Durovalves India Private Limited	51.59	84.27

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, 2026	For the year ended March 31, 2025
Total income	2,013.05	2,062.26
Cost of goods sold	725.09	701.85
Depreciation and amortisation	71.35	94.44
Finance costs	0.01	0.01
Employee benefit expenses	327.36	347.40

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Other expenses	499.69	504.42
Profit/(Loss) before tax and exceptional items	389.55	414.14
Exceptional items	143.61	-
Profit/(Loss) before tax	245.94	414.14
Income tax	62.83	103.96
Profit for the year	183.11	310.18
Other comprehensive income	6.42	(0.58)
Total comprehensive income for the year	189.53	309.60
Attributable to non-controlling interests	51.59	84.27
Dividends paid/payable to non-controlling interests	-	47.04

ii) Summarised balance sheet of Durovalves India Private Limited:

(₹ in Million)

Particulars	As at March 31, 2026	As at March 31, 2025
Current assets		
Cash and cash equivalents	49.82	65.80
Other assets	1,222.95	1,088.54
Total current assets	1,272.77	1,154.34
Total non-current assets	425.57	414.83
Current liabilities		
Financial liabilities	288.74	282.79
Other liabilities	16.52	65.61
Total current liabilities	305.26	348.40
Non-current liabilities		
Financial liabilities	2.01	1.44
Other liabilities	7.69	25.48
Total non-current liabilities	9.70	26.92
Net assets	1,383.38	1,193.85
Attributable to:		
Owners of parent	1,006.82	868.88
Non-controlling interest	376.56	324.97

iii) Summarised cash flow information of Durovalves India Private Limited:

(₹ in Million)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Operating	331.06	293.48
Investing	(299.99)	(157.24)
Financing	(47.05)	(125.80)
Net increase/(decrease) in cash and cash equivalents	(15.98)	10.44

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

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.
7. The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction in number of Layers) Rules, 2017.

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)

Vinish Kathuria

Director

(DIN 01951771)

per Mustafa Saleem

Partner

Membership No. : 136969

K. Mahendra Kumar

Group CFO

Anil Ghatiya

Company Secretary

(Membership No. : ACS 16620)

Place : Pune

Date : May 27, 2026

Place : Pune

Date : May 27, 2026

FORM AOC-1

STATEMENT CONTAINING SALIENT 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	1,340.16	1,684.07	300.70	621.34	1,959.78	245.94	62.83	183.11	72.78%
Vairroc Connect Private Limited (formerly known as CarlQ Technologies Private Limited)	₹	-	0.33	(210.38)	37.03	247.08	-	53.27	(104.49)	3.95	(108.44)	95.00%
Vairroc Corp Holding B.V.	€	108.97	9,581.29	845.34	11,202.52	775.89	4,450.92	-	204.67	7.46	197.21	100.00%
Vairroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.	CNY	13.76	540.72	(190.56)	540.73	190.57	41.96	652.34	(69.10)	-	(69.10)	100.00%
Vairroc Lighting Systems Bulgaria EOOD	€	108.97	-	-	-	-	-	-	(17.36)	-	(17.36)	100.00%
Vairroc Japan Co. Ltd	¥	0.5903	0.06	18.87	25.72	6.79	-	57.17	5.87	1.58	4.29	100.00%
Vairroc European Holding B.V.	€	108.97	1,429.60	(5,339.77)	732.88	4,643.05	-	-	(469.20)	0.46	(469.66)	100.00%
Industria Meccanica e Stampaggio S.p.A.	€	108.97	388.02	(349.97)	2,359.55	2,321.50	101.47	2,417.41	(329.64)	(4.79)	(324.85)	100.00%
Vairroc Italy S.p.A.	€	108.97	237.32	962.25	2,085.14	885.57	598.56	1,252.21	(116.94)	4.32	(121.26)	100.00%
Vairroc Romania S.A.	LEU	21.37	102.84	(133.00)	1,059.30	1,089.46	-	375.76	(102.22)	-	(102.22)	98.23%
Vairroc Vietnam Co. Ltd.	VND	0.0036	62.93	1,087.79	1,688.07	537.35	-	1,231.31	281.89	43.64	238.25	100.00%
Vairroc Electronics Romania SRL	€	108.97	1,866.42	(1,674.79)	2,372.60	2,180.97	-	433.14	(564.39)	-	(564.39)	100.00%
Vairroc Poland s.p.z.oo	PLN	25.40	315.36	(273.33)	350.48	308.45	-	414.55	21.14	-	21.14	100.00%
Vairroc Germany GmbH	€	108.97	2.24	(387.33)	10.07	395.16	-	-	(159.67)	-	(159.67)	100.00%
Vairroc (Thailand) Co., Ltd	THB	2.89	246.88	(111.02)	820.15	684.29	-	158.41	(106.70)	-	(106.70)	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)		Considered in consolidation (₹ in Million)	Not considered in Consolidation (₹ in Million)		
Nuova CTS S.r.l, Italy	Refer note 1	25,000	108.97	101.47	12.04	12.04	-	Consolidated as per equity method
Varroc Dell'Orto Private Limited	March 31, 2026	15,25,000	15.25	97.16	25.20	25.20	-	Consolidated as per equity method

Note :

- 1) The financial statements of Nuova CTS S.r.l, Italy were not subject to audit for FY 2025-26.

For and on behalf of the Board of Directors

Tarang Jain

Chairman & Managing Director
(DIN 00027505)

Vinish Kathuria

Director
(DIN 01951771)

K. Mahendra Kumar

Group CFO

Anil Ghatiya

Company Secretary
(M No. : ACS 16620)

Place : Pune

Date : May 27, 2026

NOTICE TO MEMBERS

NOTICE is hereby given that the 38th Annual General Meeting of the Members of Varroc Engineering Limited will be held on Thursday, August 20, 2026, 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, 2026, 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, 2026, 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, 2026, 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, 2026, 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 2025-26

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 re-enactment thereof for the time being in force), the Final Dividend at the rate of ₹ 1.50/- (One Rupee Fifty Paise only) per Equity Share of Re.1/- (Rupee One only) each on the paid-up Equity Share capital of the Company, aggregating to ₹22,91,79,600/- be and is hereby declared and to be paid to the Members of the Company for the Financial Year ended March 31, 2026."

3. APPOINTMENT OF MR. ARJUN JAIN (DIN:07228175) AS A DIRECTOR, LIABLE TO RETIRE BY ROTATION

To appoint Mr. Arjun Jain (DIN: 07228175), as a Director, who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Arjun Jain (DIN: 07228175), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

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. APPROVAL FOR INCREASE IN THE OVERALL BORROWING LIMIT OF THE COMPANY UNDER THE SECTION 180(1)(c) 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 in supersession of all earlier Resolutions passed by the Members in this regard and pursuant to the provisions of the Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), and the Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, the approval of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include, any Committee, including the Committee of Directors or any officer(s) authorized by the Board or Committee to exercise the powers conferred on the Board by this Resolution), to borrow any sum or sums of monies at their discretion from time to time on such terms and conditions as may be determined from any Bank(s), Financial Institution(s), foreign lender(s), person(s), any Body corporate(s), any entity(ies), authority(ies) or any other lender(s) based in India or outside India, either in Rupees or in such other foreign currencies, as may be permitted by law, for an aggregate amount not exceeding ₹ 3,000 Crores (Rupees Three Thousand Crores only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital, free reserves and securities premium of the Company, at any given point of time."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board or any committee or person(s) authorized by the Board, be and is/are hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/agreements as may be required and to do all acts, deeds, matters and things as may in its/his/their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard in the best interest of the Company."

6. APPROVAL FOR CREATION OF CHARGES ON THE MOVABLE AND IMMOVABLE PROPERTIES OF THE COMPANY, BOTH PRESENT AND FUTURE, UNDER THE SECTION 180(1)(a) 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 in supersession of all earlier Resolutions passed by the Members in this regard and pursuant to the provisions of the Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), the Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, the approval of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include, any Committee, including the Committee of Directors or any officer(s) authorized by the Board or Committee to exercise the powers conferred on the Board by this Resolution) to sell, lease, transfer, pledge, mortgage, hypothecate, dispose off the assets and/or other encumbrances on all or any part of the movable or immovable properties of the Company, both present and future, and the whole or any part of the undertaking of the Company of every nature and kind whatsoever in favour of any Bank(s), Financial Institution(s), foreign lender(s), person(s), any Body corporate(s), any entity(ies), authority(ies), debenture trustee(s) or any other lender(s) based in India or outside India to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed ₹ 3,000 Crores (Rupees Three Thousand Crores only) at any point of time."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board or any committee or person(s) authorized by the Board, be and is / are hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/agreements as may be required and to do all acts, deeds, matters and things as may in its / his / their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard in the best interest of the Company."

7. 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 the Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, (including any statutory modification or amendment(s) thereto or re-enactment(s) thereof for the time being in force), 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 the Cost Auditor of the Company, to conduct the Audit of the Cost Records of the Company for the Financial Year ending March 31, 2027 or extended Financial Year, as applicable, 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 authorized 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."

8. APPROVAL FOR 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 the 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 beneficial to the Company, including as to when the Debentures be issued, the consideration for the issue, utilization 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 authorized to take such steps including delegation of powers to any Committee and/or officials of the Company, as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to do all such acts, deeds, matters and things as may be necessary or expedient for or in connection with this Resolution and to settle any question or difficulty that may arise in this regard in the best interest of the Company."

By Order of the Board of Directors
For **Varroc Engineering Limited**

Anil Ghatiya

Company Secretary
ACS: 16620

Date: May 27, 2026
Place: Chhatrapati Sambhaji Nagar
(Erstwhile Aurangabad)

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

NOTES:

1. The Government of India, Ministry of Corporate Affairs has allowed conducting the 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, No. 17/2020 dated April 13, 2020, No. 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; No. 21/2021 dated December 14, 2021, No. 2/2022 dated May 5, 2022, and No. 10/2022 dated December 28, 2022, No. 9/2023 dated September 25, 2023; No. 9/2024 dated September 19, 2024; No. 3/2025 dated September 22, 2025 ("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/CIRP/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 38th AGM of the Company is being held through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM. The proceedings of the 38th 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 8 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 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.mufg.com/helpdesk/>

[Service Request.html](#) and/or an email can also be marked to investor.helpdesk@in.mpms.mufg.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 the 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 2025-26 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 2025-26, 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.

Additionally, a letter providing the web link to access the Notice of AGM and Annual Report is being sent to those shareholders whose e-mail IDs are not registered with the Company/RTA or the Depositories.

8. To support the 'Green Initiative', the Members holding shares in dematerialized 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.mufg.com/helpdesk/Service_Request.html and / or an email can also be marked to investor.helpdesk@in.mpms.mufg.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 Mr. Sagar Gudhate, AVP / Ms. Pallavi Mhatre, DVP, 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 13, 2026, 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 13, 2026. 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 the 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 13, 2026, 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 13, 2026.

The remote e-voting period begins on

Commencement of Remote e-voting	9:00 a.m. (IST) on Monday, August 17, 2026
Conclusion of Remote e-voting	5:00 p.m. (IST) on Wednesday, August 19, 2026

Remote e-voting shall not be allowed beyond the aforesaid date and time, and the Remote e-voting module shall be disabled by NSDL for voting thereafter.

The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join a virtual meeting on NSDL e-Voting system

Details on Step 1 are mentioned below:

Step 1: Access to NSDL e-Voting system

A. Login method for Remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020, on "e-voting facility provided by Listed Companies", Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

The Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual members holding securities in demat mode with NSDL.	1. 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. 2. 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. 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	4. 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. 5. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. 
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.

Type of shareholders	Login Method
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 21 09911.

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.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join 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), AADHAAR (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 Mr. Sagar Gudhate, AVP / Ms. Pallavi Mhatre, DVP, 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 13, 2026, 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, August 13, 2026, 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 December 28, 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 7, 2026**, as the 'Record Date' for determining entitlement of Members to final dividend for the Financial Year ended March 31, 2026, if approved at the AGM.

The Dividend of ₹ 1.50/- per equity share of (150%) Re. 1/- each if approved at the AGM, will be paid subject to deduction of tax at source (TDS) on or after Monday, August 31, 2026, by way of electronic mode to all the Beneficial Owners as of close of the business hours of Friday, August 7, 2026, 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. Dividend income on equity shares is taxable in the hands of shareholders and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates in accordance with the provisions of the Income Tax Act, 2025 ("IT Act") read with 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: [MUFG Intime India Pvt Ltd - Tax Exemption](#) on or before Friday, August 7, 2026 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, 2026, has also been sent separately to the Members of the Company whose email addresses are registered with the Company/ Depositories.
29. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the of any change in address or demise of any Member as soon as possible to the Registrar and Transfer Agent of the Company. 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.
30. A Resident individual Members with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 121, to avail the benefit of non-deduction of tax at source by e-mail to investor.helpdesk@in.mpms.mufg.com by Friday, August 7, 2026. 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%.
31. 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 41, 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 investor.helpdesk@in.mpms.mufg.com. The aforesaid declarations and documents need to be submitted by the Members by Friday, August 7, 2026. 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/KYC-downloads.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.

32. 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 7, 2026.

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.

33. Members are requested to note that, dividends of the Company if not encashed for a consecutive period of Seven (7) years, 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.
34. 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:

35. 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, the amount of dividend remaining unpaid/ unclaimed for a period of 7 (seven) years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund ('IEPF'). Further, equity shares in respect whereof dividend remains unclaimed/unpaid for 7 (seven) consecutive years will also be transferred to the IEPF.

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	15.09.2026
2	Interim Dividend FY 2019-20	13.02.2020	21.03.2027
3	Final Dividend FY 2024-25	21.08.2025	27.09.2032

36. 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 as details given in note no.38.
37. The Members are informed that the "Final Dividend for FY 2018-19" and "Interim Dividend for FY 2019-20" are due to be transferred to the Investor Education and Protection Fund (IEPF) during FY 2026-27, in accordance with applicable regulations. A separate communication has been sent/will be sent to all shareholders whose dividends along with corresponding shares have remained unpaid or unclaimed for a period of seven (7) consecutive years.
38. Members are requested to claim their unpaid dividends and corresponding shares, if any, before they are transferred to the said fund. Claims may be submitted by contacting the RTA 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 : +91 810 811 6767 / 022-4918 6000
Email: investor.helpdesk@in.mpms.mufg.com

For any queries: -

<https://web.in.mpms.mufg.com/contact-us.html>

The details of unpaid and unclaimed amounts lying with the Company as on March 31, 2026, are available on the website of the Company at <https://www.varroc.com/investors/shareholders-information>

OTHER INFORMATION:

39. The Members holding shares in dematerialized 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.
40. 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.
41. 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.
42. 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 : +91 810 811 6767 / 022-4918 6000
Email: investor.helpdesk@in.mpms.mufg.com

For any queries: -

<https://web.in.mpms.mufg.com/contact-us.html>

43. 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 8 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

APPROVAL FOR INCREASE IN THE OVERALL BORROWING LIMIT OF THE COMPANY UNDER SECTION 180(1)(c) OF THE COMPANIES ACT, 2013

The members of the Company passed the Special Resolution on August 9, 2019 and authorised the Board of Directors of the Company, to borrow over and above the aggregate of paid-up share capital, free reserves and securities premium of the Company pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") to the extent of ₹ 2,000 Crore (Rupees Two Thousand Crores).

The provisions of Section 180(1)(c) of the Companies Act, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's Paid up Share Capital, Free Reserves and Securities Premium apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

In view of the increasing operational requirements, future growth plans, and long-term strategic business objectives of the Company, including the amalgamation of the wholly owned subsidiary, Varroc Polymers Limited with the Company in FY 2024-25, it has become necessary to revise the existing borrowing limits of the Company. This revision is essential to effectively accommodate the expanded scale of operations, support business growth, and enable the Company to achieve its objectives in the best interests of the Company.

Keeping in view the above requirements, the Board of Directors, at its meeting held on May 27, 2026, has approved and recommended for the Members' approval (by way of special resolution) the enhancement of the borrowing limit to ₹ 3,000 Crores (Rupees Three Thousand Crores), over and above the aggregate of the paid-up share capital, free reserves and securities premium of the Company, apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business.

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.5 of the Notice.

The Board of Directors recommends **SPECIAL RESOLUTION** as set out in Item No.5 of the Notice for approval of the Members of the Company.

ITEM NO.6

APPROVAL FOR CREATION OF CHARGE ON THE MOVABLE AND IMMOVABLE PROPERTIES OF THE COMPANY, BOTH PRESENT AND FUTURE, UNDER THE SECTION 180(1)(a) OF THE COMPANIES ACT, 2013

The members of the Company passed the Special Resolution on August 9, 2019, and authorised the Board of Directors of the Company, for creation of charge/mortgage on the assets of the Company under section 180(1)(a) of the Companies Act, 2013 ("the Act"), to the extent of ₹ 2,000 Crore (Rupees Two Thousand Crores). Pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a Company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings only with the consent of the company by a special resolution.

For this purpose, "Undertaking" has been defined under the Act to mean an undertaking in which the investment of the company exceeds 20% of its net worth as per the audited balance sheet of the preceding Financial Year or an undertaking which generates 20% of the total income of the company during the previous Financial Year.

Further the expression, "substantially the whole of the undertaking" in any financial year has been defined to mean 20% or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.

In this regard it is proposed to revise the limits for creation of mortgage and/or charge, in addition to the mortgages/ charges created/to be created by the Company, in such form and manner and on such terms as the Board (hereinafter referred to as 'the Board' which term shall be deemed to include, any Committee, including the Committee of Directors or any officer(s) authorized by the Board or Committee to exercise the powers conferred on the Board by this Resolution) may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company, for securing the borrowings of the Company availed/ to be availed by way of Loans, from time to time, subject to the limit up to ₹ 3,000 Crores (Rupees Three Thousand Crores).

The Board of Directors, at its meeting held on May 27, 2026, has approved and recommended for the Members' approval (by way of special resolution) the enhancement of the borrowing limit to ₹ 3,000 Crores (Rupees Three Thousand Crores), over and above the aggregate of the paid-up share capital, free reserves and securities premium of the Company, apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business.

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.6 of the Notice.

The Board of Directors recommends **SPECIAL RESOLUTION** as set out in Item No. 6 of the Notice for approval of the Members of the Company.

ITEM NO.7

RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITORS OF THE COMPANY

The Board of Directors in their meeting held on May 27, 2026, 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 as applicable, for the FY 2026-27, 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.7 of the Notice.

The Board of Directors recommends **ORDINARY RESOLUTION** as set out in item No. 7 of the Notice, for ratification of the Cost Auditors' remuneration for the approval of Members.

ITEM NO. 8

APPROVAL FOR ISSUE OF NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS

In terms of the 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 obtain prior approval of the Members by way of a Special Resolution, on an annual basis, in case any offer or invitation is made for subscription to Non-Convertible Debentures ("NCDs") on a private placement basis 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 the resolution set out at Item No.8 of the Notice.

The Board of Directors recommends the **SPECIAL RESOLUTION** set out in Item No. 8 of the Notice, for approval of the Members of the Company.

By Order of the Board of Directors
For **Varroc Engineering Limited**

Anil Ghatiya

Company Secretary
ACS: 16620

Date:- May 27, 2026
Place: Chhatrapati Sambhaji Nagar
(Erstwhile Aurangabad)

ANNEXURE I

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS – 2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ARE PROVIDED HERE UNDER:

Name of the Director	Mr. Arjun Jain	Mr. Dhruv Jain
DIN	07228175	09710448
Designation	Whole Time Director	Whole Time Director
Date of Birth	22/10/1989	11/04/1995
Age	36 years	31 years
Qualification and Experience (including expertise in specific functional area) / Brief Resume	Mr. Arjun Jain is Whole Time Director and CEO - Business 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 has been appointed as Whole Time Director of the Company and CEO - 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.
Terms and Conditions for appointment	Executive Director is liable to retire by rotation and eligible for re-appointment.	Executive Director is liable to retire by rotation and eligible for re-appointment.
Date of first appointment to Board	07/08/2018	01/09/2022 as Non-Executive Director and 01/06/2025 as Whole Time Director
Shareholding in the Company as on date	5,000 Equity Shares	5,000 Equity Shares
Disclosure of relationships between Directors inter-se;	Mr. Arjun Jain belongs to the promoter Group, he is son of Mr. Tarang Jain, Chairman & 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
Number of Board meetings attended in FY 2025-26	Attended 6 out of 6 Board Meetings held during FY 2025-26	Attended 5 out of 6 Board Meetings held during FY 2025-26

Name of the Director	Mr. Arjun Jain	Mr. Dhruv Jain
Directorship of other Companies as on date*	1. Varroc Engineering Limited 2. Varroc Dell'Orto Private Limited. 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")
Membership/Chairmanship of Committees of other Boards as on date	#Varroc Engineering Limited (Member) 1. Stakeholders Relationship Committee 2. Risk Management Committee 3. Corporate Social Responsibility Committee 4. ESG Steering Committee	#Varroc Engineering Limited (Member) 1. Stakeholders Relationship Committee 2. Risk Management Committee 3. Corporate Social Responsibility Committee 4. ESG Steering Committee
Remuneration proposed to be paid	The remuneration shall be in accordance with the resolution passed by the members at the 37 th Annual General Meeting	The remuneration shall be in accordance with the resolution passed by the members at the 37 th Annual General Meeting
Last drawn remuneration	**During the Financial Year 2025-26, Mr. Arjun Jain has received a remuneration of ₹ 30.17 million (excluding perquisites) from the Company	**During the Financial Year 2025-26, Mr. Dhruv Jain has received a remuneration of ₹15.54 million (excluding perquisites) from the Company
Listed Indian entities from which the Director has resigned/ term completion from Directorship in last three (3) years	None	None

*Directorship of other Companies: excluding Foreign Companies and Section 8 Companies.

#Membership of Audit and Stakeholders Relationship Committee.

**Details of last drawn remuneration and other relevant details are provided in the Report on Corporate Governance forming part of the Annual Report.

By Order of the Board of Directors
For **Varroc Engineering Limited**

Anil Ghatiya

Company Secretary

ACS: 16620

Date:- May 27, 2026

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, 1 st Floor, 247 Park, LBS Marg Vikhroli West, Mumbai – 400 083 (M.S.) Tel : +91 810 811 6767 / 022-4918 6000 Email: investor.helpdesk@in.mpms.mufg.com For any queries: - https://web.in.mpms.mufg.com/contact-us.html
e-Voting Agency	National Securities Depository Limited Address: 301, 3 rd 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



varroc

If un-delivered, please return to:

VARROC ENGINEERING LIMITED

Regd. Office: Plot No. L-4, MIDC Industrial Area, Waluj,
Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) - 431 136
Tel : (240) 6653700

Email: companysecretary@varroc.com



Varroc Engineering Limited

Registered Office

L-4, MIDC Area, Waluj, Chhatrapati Sambhaji Nagar (erstwhile Aurangabad) 431 136.

Tel: +91 240 6653 700/6653 699 | Fax: +91 240 2564 540

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