

# Varroc Engineering Limited

## Corp Office:

3rd & 7th Floor, B- 3010 & 7010, Solitaire  
Business Hub (Marvel Edge) Datta Mandir  
Chowk, Viman Nagar, Pune - 411014,  
Maharashtra, India  
Tel: + 91 20 67445001

## Regd. Office:

L-4, MIDC Industrial Area, Waluj,  
Chhatrapati Sambhaji Nagar (formerly  
Aurangabad)-431 136 Maharashtra, India  
Tel:+91 - 240-6653700  
Fax +91 240 2564540

www.varroc.com  
CIN: L28920MH1988PLC047335  
Email: Varroc.info@varroc.com



VARROC/SE/INT/2025-26/146

February 5, 2026

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

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

**Sub: Outcome of Board Meeting**

**Ref: Regulation 30 (read with Part A of Schedule III), Regulation 33, 52 and other applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Dear Sir/Madam,

This is to inform you that the Board of Directors of the Company, at its meeting held today i.e., on Thursday, February 5, 2026, which commenced at 12.30 p.m. IST and concluded at 2.40 p.m. IST has considered and approved the following items:

**1. Un-audited Financial Results (Standalone and Consolidated) for the quarter and nine months ended on December 31, 2025**

The Unaudited (Standalone and Consolidated) Financial Results of the Company for the quarter and nine months ended on December 31, 2025, were approved.

Pursuant to Regulation 30, 33 and 52 of the Listing Regulations, we enclose the following:

- i. Statements showing the Un-audited Financial Results (Standalone and Consolidated) of the Company for the quarter and nine months ended on December 31, 2025; and
- ii. The Limited Review Reports issued by the Statutory Auditors of the Company on the aforesaid Un-audited Financial Results (Standalone and Consolidated).

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

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

**2. Amendment to Regulatory Policy(ies)**

The Board of Directors has approved amendment to the following Policy effective February 5, 2026.

- i. Policy for determining materiality and dealing with Related Party Transactions

The aforesaid policies and this intimation can also be accessed at the website of the Company at i.e., [www.varroc.com](http://www.varroc.com).

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### 3. Call Option for Debentures

The Board of Directors has approved the proposal to exercise the Call Option in respect of 25,000 (Twenty-Five Thousand) rated, listed, senior, secured, redeemable, taxable and transferable Non-Convertible Debentures, having an original face value of INR 1,00,000 each and a current face value of INR 68,750 each, bearing ISIN INE665L07040, allotted on September 7, 2023, with a scheduled maturity and final redemption date of September 7, 2028, in accordance with the terms of issue mentioned in General Information Document, Debenture Trustee Agreement and the Debenture Trust Deed, upon completion of 30 months from the date of allotment.

### 4. Reconstitution of Committees

The Board of Directors has approved the re-constitution of the Audit Committee and the Nomination & Remuneration Committee. The revised composition of the aforesaid Committees is as under:

#### Audit Committee:

1. Mr. Vinish Kathuria – Chairman (Non-Executive Independent Director)
2. Mrs. Liselott Kilaas – Member (Non-Executive Independent Director)
3. Mr. Akshay Chudasama – Member (Non-Executive Independent Director)

#### Nomination & Remuneration Committee:

1. Mr. Akshay Chudasama – Chairman (Non-Executive Independent Director)
2. Mrs. Liselott Kilaas – Member (Non-Executive Independent Director)
3. Mr. Vinish Kathuria – Member (Non-Executive Independent Director)

Thanking you,

Yours faithfully,

**For Varroc Engineering Limited**

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**Anil Ghatiya**  
**Company Secretary & Compliance Officer**

Encl: a/a

**Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended****Review Report to  
The Board of Directors  
Varroc Engineering Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Varroc Engineering Limited (the "Company") for the quarter ended December 31, 2025 and year to date from April 01, 2025 to December 31, 2025 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. **Basis for Qualified Conclusion**  
As disclosed in Note 2 to the Statement, during the quarter ended June 30, 2025, the Company had received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognized by the Company under 'Revenue from operations' during the quarter ended June 30, 2025, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). In the current quarter, the Company 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.  
Pending disposal of the arbitration proceedings and in the absence of sufficient appropriate audit evidence, we are unable to comment on the said income recognized in the books and consequential impact including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the quarter and nine months ended December 31, 2025. Our report for the quarter and six months ended September 30, 2025 was also qualified in respect of this matter.



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

Chartered Accountants

5. **Qualified Conclusion**

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

6. **Emphasis of Matter**

We draw attention to the following matters:

- a. Note 3 of the Statement regarding an arbitration initiated by OPmobility Lighting Holding, France ("OPmobility") at the ICC International Court of Arbitration alleging breaches of certain covenants under the Securities Purchase Agreement entered with OPmobility. Pending disposal of the arbitration proceedings and basis the legal opinion obtained, the management of the Company believes that no provision is considered necessary in the financial results.
- b. Note 4 of the Statement which describes the effects of the GST Orders received by the Company from GST Authorities. The Company has initiated appellate proceedings against one of the orders and is in the process of filing appeal against the other, pending conclusion of which no adjustments have been made in respect of these matters in the financial results.

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

**For S R B C & CO LLP**

Chartered Accountants

**ICAI Firm registration number: 324982E/E300003**

  
per **Mustafa Saleem**  
Partner

Membership No.: 136969

UDIN: 26136969RLIHVN7212

Place: Pune

Date : February 05, 2026

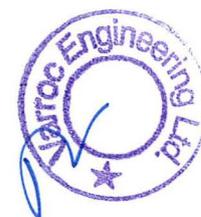




Statement of Unaudited Standalone Financial Results for the Quarter and Nine Months Ended December 31, 2025

(Rs. in Million)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024	March 31, 2025
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations (refer note 2)	21,151.59	20,378.56	18,758.57	59,959.02	54,552.46	73,685.82
2	Other income (refer note 6)	29.87	26.79	31.68	93.57	110.47	276.24
3	<b>Total Income (1 + 2)</b>	<b>21,181.46</b>	<b>20,405.35</b>	<b>18,790.25</b>	<b>60,052.59</b>	<b>54,662.93</b>	<b>73,962.06</b>
4	<b>Expenses</b>						
	(a) Cost of materials consumed	13,847.70	13,763.23	12,494.51	39,849.37	36,633.26	48,960.09
	(b) Changes in stock of finished goods and work-in-progress	248.59	(291.83)	110.61	(331.27)	(594.57)	(286.40)
	(c) Employee benefits expense	1,721.71	1,779.87	1,764.68	5,189.34	5,103.37	6,693.88
	(d) Finance costs	276.95	297.92	403.04	906.88	1,236.98	1,622.26
	(e) Foreign exchange (gain)/loss (net)	35.61	6.46	47.60	24.08	(37.35)	(96.99)
	(f) Depreciation and amortisation expense	660.85	646.59	630.39	1,931.83	1,883.68	2,517.36
	(g) Other expenses	3,108.17	3,276.67	2,599.06	9,094.16	7,990.30	10,744.98
	<b>Total expenses (4)</b>	<b>19,899.58</b>	<b>19,478.91</b>	<b>18,049.89</b>	<b>56,664.39</b>	<b>52,215.67</b>	<b>70,155.18</b>
5	<b>Profit before tax and exceptional items (3- 4)</b>	<b>1,281.88</b>	<b>926.44</b>	<b>740.36</b>	<b>3,388.20</b>	<b>2,447.26</b>	<b>3,806.88</b>
6	<b>Exceptional item (refer note 5)</b>	<b>871.37</b>	<b>-</b>	<b>112.70</b>	<b>871.37</b>	<b>112.70</b>	<b>208.12</b>
7	<b>Profit before tax (5-6)</b>	<b>410.51</b>	<b>926.44</b>	<b>627.66</b>	<b>2,516.83</b>	<b>2,334.56</b>	<b>3,598.76</b>
8	<b>Tax expense</b>						
	(a) Current tax	-	-	-	-	-	-
	(b) Short/(excess) provision in respect of earlier years	1.12	-	(5.14)	1.12	(5.32)	(5.32)
	(c) Deferred tax	88.50	249.90	177.85	652.00	638.00	845.58
	<b>Total tax expense (8)</b>	<b>89.62</b>	<b>249.90</b>	<b>172.71</b>	<b>653.12</b>	<b>632.68</b>	<b>840.26</b>
9	<b>Profit for the period (7-8)</b>	<b>320.89</b>	<b>676.54</b>	<b>454.95</b>	<b>1,863.71</b>	<b>1,701.88</b>	<b>2,758.50</b>
10	<b>Other comprehensive income</b>						
A	<b>Items that will be reclassified to profit or loss in subsequent periods (net of tax)</b>						
	Net movement on Effective portion of Cash Flow Hedges (net of tax)	33.79	(21.00)	-	(15.47)	-	-
B	<b>Items that will not be reclassified to profit or loss in subsequent periods (net of tax)</b>						
	Remeasurement of defined benefit obligation (net of tax)	20.81	-	-	20.81	-	3.66
	<b>Total other comprehensive income/(loss), (net of tax) (10)</b>	<b>54.60</b>	<b>(21.00)</b>	<b>-</b>	<b>5.34</b>	<b>-</b>	<b>3.66</b>
11	<b>Total comprehensive income for the period (9+10)</b>	<b>375.49</b>	<b>655.54</b>	<b>454.95</b>	<b>1,869.05</b>	<b>1,701.88</b>	<b>2,762.16</b>
12	<b>Paid-up equity share capital (Face value of the share is Re.1/- each)</b>	<b>152.79</b>	<b>152.79</b>	<b>152.79</b>	<b>152.79</b>	<b>152.79</b>	<b>152.79</b>
13	<b>Reserves excluding revaluation reserves as per balance sheet of previous accounting year</b>						<b>17,724.65</b>
14	<b>Earnings per equity share (Nominal value per share Re. 1/- each) (not annualised)</b>						
	<b>Basic &amp; Diluted (in Rupees)</b>	<b>2.10</b>	<b>4.43</b>	<b>2.98</b>	<b>12.20</b>	<b>11.14</b>	<b>18.05</b>





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

Particulars	Quarter Ended			Nine months Ended		Year Ended	
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024	March 31, 2025	
Debt Equity ratio [refer note (i)]	(No of times)	0.32	0.33	0.57	0.32	0.57	0.48
Debt service coverage ratio [refer note (ii)]	(No of times)	3.55	2.90	1.64	2.82	1.66	1.79
Interest service coverage ratio [refer note (iii)]	(No of times)	8.01	6.28	4.40	6.87	4.50	4.90
Outstanding Redeemable Preference Shares (Qty / Value)					Not Applicable		
Capital Redemption Reserve					Not Applicable		
Debenture Redemption Reserve					Not Applicable		
Net Worth [refer note (iv)]	(Rs. In Millions)	19,593.70	19,218.21	16,817.17	19,593.70	16,817.17	17,877.44
Net profit after tax	(Rs. In Millions)	320.89	676.54	454.95	1,863.71	1,701.88	2,758.50
<b>Earning per share (EPS)</b>							
Basic EPS (Not Annualised)	(Rs)	2.10	4.43	2.98	12.20	11.14	18.05
Diluted EPS (Not Annualised)	(Rs)	2.10	4.43	2.98	12.20	11.14	18.05
Current Ratio [refer note (v)]	(No of times)	0.76	0.77	0.72	0.76	0.72	0.75
Long Term Debt To Working Capital [refer note (vi)] ^	(No of times)	(0.78)	(0.87)	(2.22)	(0.78)	(2.22)	(1.72)
Bad Debts To Account Receivable Ratio [refer note (vii)] **	(No of times)	-	(0.00)	-	-	-	-
Current Liability Ratio [refer note (viii)]	(No of times)	0.87	0.86	0.80	0.87	0.80	0.83
Total Debts To Total Assets [refer note (ix)]	(No of times)	0.14	0.14	0.22	0.14	0.22	0.19
Debtors Turnover [refer note (x)] *	(No of times)	3.86	3.77	4.70	11.70	15.52	16.88
Inventory Turnover [refer note (xi)] *	(No of times)	2.00	1.98	1.88	6.16	6.12	8.93
Operating Margin [refer note (xii)]	(In %)	7.40%	5.91%	6.18%	7.05%	6.48%	6.86%
Net Profit Margin [refer note (xiii)]	(In %)	1.52%	3.32%	2.43%	3.11%	3.12%	3.74%
Security cover ratio [refer note (xvii)]	(No of times)	2.12	1.95	1.43	2.12	1.43	1.57

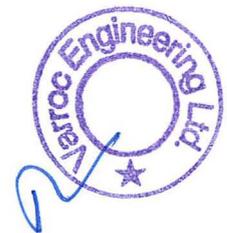
**Formulae for calculation of ratios are as follows:**

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

^ Ratio is negative because net working capital is negative

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

\*\* numbers are below 0.01



Varroc Engineering Limited

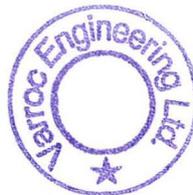
Registered and Corporate Office : L-4, MIDC Area, Waluj, Chhatrapati Sambhaji Nagar (Aurangabad) 431 136, Maharashtra  
CIN: L28920MH1988PLC047335  
Tel: +91 240 6653 700/6653 699, Fax: +91 240 2564 540  
E-mail: investors@varroc.com



**Notes to Standalone Financial Results:**

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on February 05, 2026 and were subjected to review by the Statutory Auditors.
- 2) The Company had received a settlement offer during the quarter ended June 30, 2025 from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognised by the Company under 'Revenue from operations' during the quarter ended June 30, 2025, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). In the current quarter, the Company received a '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. 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. The auditors in their review report have included a qualification in respect of this matter.
- 3) On July 7, 2025, the Company, together with its Wholly Owned Subsidiary, VarrocCorp Holding B.V., Netherlands, received an intimation from ICC International Court of Arbitration ('ICC') with respect to a Request for Arbitration initiated by OPmobility Lighting Holding, France (erstwhile PO Lighting Systems). The request pertains to certain alleged breaches of covenants under the Securities Purchase Agreement executed between the parties on April 29, 2022, and subsequently amended on October 5, 2022, May 12, 2023, and June 15, 2023. Claims in respect of some of the breaches have been quantified at US\$ 66.41 mn plus legal costs while for others no quantification has been provided. The Company is evaluating the matter and exploring legal and contractual remedies. It intends to contest the claims and take appropriate steps to protect its interests. Based on a legal opinion obtained, the Company believes that it has grounds to defend against the said allegations and accordingly no provision has been considered in respect of this matter in these results.
- 4) a) On November 5, 2024, the Company received a GST Order from Additional Commissioner of CGST & Central Excise for appropriation of GST dues amounting to Rs. 629 million along with equivalent penalty and applicable interest relating to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023. The Company has paid the principal demand, however, considering merits of the case, management believes that it has grounds to successfully defend and litigate the GST Order with respect to applicable interest and penalty for the aforementioned period. The Company has initiated appellate proceedings against this GST Order, pending conclusion of which no adjustments have been made in respect of this matter in the financial results for the quarter and nine months ended December 31, 2025.  
b) On January 03, 2025, the Company had received a GST Order from Commercial Tax Officer (Divisional GST office, Karnataka) consisting of demand for GST dues amounting to Rs. 0.03 million along with interest of Rs. 302.67 million and penalty of Rs. 564.19 million relating to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023. The Company had filed an appeal against the above order which has been disposed off partly in favour of the Company. Considering merits of the case, management believes that it has grounds to successfully defend and litigate the Appellate Order with respect to the interest and penalty. The Company will appeal against the aforesaid Order, pending conclusion of which no adjustments have been made in respect of this matter in the financial results for the quarter and nine months ended December 31, 2025.
- 5) Exceptional items for the periods presented in the standalone results include following:
  - a. On November 21, 2025, the Government of India notified the four Labour Codes – the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 consolidating 29 existing labour laws. The Company has assessed and disclosed the incremental impact of these changes on the basis of the best information available and guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Company has presented such incremental impact under "Exceptional Items" in the financial results for the quarter and nine month period ended December 31, 2025. The incremental impact on provisions for employee benefits expenses of Rs. 217.93 Million towards gratuity and compensated absences primarily arises due to change in wage definition. The Company continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect as and when such clarifications are issued/rules are notified.
  - b. The Company announced a Voluntary Separation Scheme ('VSS') for all eligible permanent workmen at specific plants of the Company. In this regard, the Company accepted separation of 338 employees and the separation cost of Rs. 663.44 million associated with the VSS has been recognised as an exceptional item during the quarter and nine months ended December 31, 2025.
  - c. Estimated expenses directly attributable to the merger of Varroc Polymers Limited ('VPL') with the Company amounting to Rs. 112.70 million and Rs. 196.02 million for the quarter and nine months ended December 31, 2024 and year ended March 31, 2025, respectively. Further, exceptional item also includes write back of excess accrual of aforesaid expenses of Rs. 10 million for the quarter and nine months ended December 31, 2025.
  - d. KTM AG, one of the customer of the Company, filed for insolvency and the Court admitted restructuring with self-administration in Austria. Considering these developments, the Company recognised a provision for the expected credit loss of trade receivables as exceptional item amounting to Rs. 12.10 million for the year ended March 31, 2025.
- 6) Other Income for the year ended March 31, 2025 includes dividend received from a subsidiary company of Rs. 125.79 million.
- 7) During the year ended March 31, 2024, the Company issued 25,000 number of listed Non-Convertible Debentures ('NCD') of face value of Rs. 1,00,000 each aggregating to Rs. 2,500 million on a private placement basis. The NCDs are repayable in 16 equal quarterly instalments beginning from December 07, 2024. Further, NCD holders have a put option after 30 months and 42 months respectively from date of allotment, requiring the Company to redeem all the NCDs. The Company shall at all times until the Final Settlement Date maintain a minimum Security Cover of at least 1.1 x. The proceeds from the issue have been utilised for repayment of existing listed NCDs, other outstanding debt and for general corporate purposes. These NCDs are secured by exclusive charge by way of hypothecation on the specific identified movable properties of the Company. The asset cover in respect of the Non-Convertible Debentures as on December 31, 2025 is 2.12 times of the total due amount which is higher than the requirement of 1.10 times as specified in the Debenture Trust Deed.

Place: Pune  
Date: February 05, 2026



For and on behalf of Board of Directors  
Varroc Engineering Limited

  
Tarang Jain  
Chairman and Managing Director

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

1. We have reviewed the accompanying Statement of unaudited Consolidated Financial Results of Varroc Engineering Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its joint ventures for the quarter ended December 31, 2025 and year to date from April 01, 2025 to December 31, 2025 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. The Statement includes the results of the following entities:

**Subsidiaries:**

Durovalves India Private Limited; Varroc Connect Private Limited (erstwhile CarIQ Technologies Private Limited); Varroc European Holding B.V.; VarrocCorp Holding B.V.; Varroc Japan Co. Limited; Industria Meccanica e Stampaggio S.p.A., Italy; Varroc Italy S.p.A; Varroc Romania SA.; Varroc Vietnam Co. Ltd.; Varroc Electronics Romania SRL; Varroc Poland s.p.z.oo; Varroc Germany GmBH; Varroc Intelligent Driving Research and Development Centre (Changzhou) Co., Ltd.; Varroc (Thailand) Company Limited (erstwhile Varrec (Thailand) Company Limited)

**Joint Ventures:**

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



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5. Basis for Qualified Conclusion:

As disclosed in Note 2 to the Statement, during the quarter ended June 30, 2025, the Group had received a settlement offer from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. (“TYC Parties”) alleging breach of Transition Management Agreement (“TMA” or ‘agreement’) in respect of certain income amounting to Rs. 209.89 million recognized during the quarter ended June 30, 2025 and Rs. 231.82 million recognized during the previous year ended March 31, 2025 by the Group under ‘Revenue from operations’, as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). In the current quarter, the Group 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.

Pending disposal of the arbitration proceedings and in the absence of sufficient appropriate audit evidence, we are unable to comment on the said income recognized in the books and consequential impact, including of the additional claims/breaches, if any, on the profit before tax, tax expense, profit after tax, total comprehensive income and earnings per share for the quarter and nine months ended December 31, 2025. Our report for the quarter and six months ended September 30, 2025 was also qualified in respect of this matter.

6. Qualified Conclusion:

Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 8 and 9 below, except for the possible effects of our observation in para 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. Emphasis of Matter:

We draw attention to the following matters:

- a. Note 3 of the Statement regarding an arbitration initiated by OPmobility Lighting Holding, France (“OPmobility”) at the ICC International Court of Arbitration alleging breaches of certain covenants under the Securities Purchase Agreement entered with OPmobility. Pending disposal of the arbitration proceedings and basis the legal opinion obtained, the management of the Group believes that no provision is considered necessary in the financial results.
- b. Note 5 of the Statement which describes the effects of the GST Orders received by the Group from GST Authorities. The Group has initiated appellate proceedings against one order and is in the process of filing appeal against the other, pending conclusion of which no adjustments have been made in respect of the matters in the financial results.

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

8. The accompanying Statement includes the unaudited interim financial results/statements and other financial information, in respect of 4 subsidiaries, whose unaudited interim financial results/statements include total revenues of Rs. 1,200.27 million and Rs. 3,703.67 million, total net profit/(loss) after tax of (Rs. 240.99 million) and (Rs. 571.53 million), and total comprehensive income of (Rs. 240.99 million) and (Rs. 571.53 million), for the quarter ended December 31, 2025 and the period ended on that date respectively, as considered in the Statement which have been reviewed by their respective independent auditors.

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



# **S R B C & COLLP**

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9. Certain of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.
10. The accompanying Statement includes unaudited interim financial results /statements and other unaudited financial information in respect of:
- 2 subsidiaries, whose interim financial results/statements and other financial information include total revenues of Rs. 24.19 million and Rs. 76.78 million, total net profit/(loss) after tax of (Rs. 28.67 million) and (Rs. 73.68 million), and total comprehensive income of (Rs. 28.67 million) and (Rs. 73.68 million), for the quarter ended December 31, 2025 and the period ended on that date respectively.
  - 2 joint ventures whose interim financial results/statements includes the Group's share of net profit/loss of Rs. 9.35 million and Rs 23.12 million and Group's share of total comprehensive income of Rs. 9.35 million and Rs 23.12 million for the quarter ended December 31, 2025 and for the period ended on that date respectively.

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

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

For **S R B C & CO LLP**

Chartered Accountants

**ICAI Firm registration number:** 324982E/E300003



per **Mustafa Saleem**

Partner

Membership No.: 136969

UDIN: 26136969COBVHG4729

Place: Pune

Date: February 05, 2026



Varroc Engineering Limited

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

CIN : L28920MH1988PLC047335

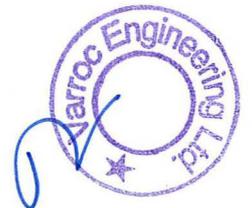
Tel: +91 240 6653 700/6653 699, Fax: +91 240 2564 540, E-mail : investors@varroc.com



Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2025

(Rs. in Million)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024	March 31, 2025
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations (refer note 2)	22,875.20	22,073.38	20,752.62	65,224.09	60,548.83	81,540.84
2	Other income	42.96	26.58	26.04	120.13	128.43	176.82
3	<b>Total income (1+2)</b>	<b>22,918.16</b>	<b>22,099.96</b>	<b>20,778.66</b>	<b>65,344.22</b>	<b>60,677.26</b>	<b>81,717.66</b>
4	<b>Expenses</b>						
	(a) Cost of materials consumed	14,909.93	14,328.96	13,319.61	41,951.27	39,317.72	52,391.04
	(b) Changes in inventories of work-in-progress and finished goods	(20.32)	(118.70)	81.79	(138.85)	(688.88)	(298.84)
	(c) Employee benefits expense	2,354.46	2,494.76	2,343.56	7,261.52	6,744.34	8,877.11
	(d) Finance costs	311.58	318.55	417.92	993.33	1,294.37	1,702.29
	(e) Foreign exchange (gain)/loss (net)	22.86	(11.62)	41.59	(15.56)	(46.50)	(120.39)
	(f) Depreciation and amortisation expense	823.81	825.85	805.43	2,460.62	2,418.98	3,233.21
	(g) Other expenses	3,509.20	3,350.30	3,107.66	10,091.25	9,542.00	12,804.37
	<b>Total expenses (4)</b>	<b>21,911.52</b>	<b>21,188.10</b>	<b>20,117.56</b>	<b>62,603.58</b>	<b>58,582.03</b>	<b>78,588.79</b>
5	<b>Profit before exceptional item, share of profit of joint ventures and tax (3-4)</b>	<b>1,006.64</b>	<b>911.86</b>	<b>661.10</b>	<b>2,740.64</b>	<b>2,095.23</b>	<b>3,128.87</b>
6	Exceptional item (refer note 4)	1,048.81	-	909.18	436.87	909.18	1,473.37
7	<b>Profit/ (Loss) before share of profit of joint ventures and tax (5-6)</b>	<b>(42.17)</b>	<b>911.86</b>	<b>(248.08)</b>	<b>2,303.77</b>	<b>1,186.05</b>	<b>1,655.50</b>
8	Share of profit of Joint Ventures	9.35	8.36	0.14	23.12	34.02	37.09
9	<b>Profit/ (Loss) before tax (7+8)</b>	<b>(32.82)</b>	<b>920.22</b>	<b>(247.94)</b>	<b>2,326.89</b>	<b>1,220.07</b>	<b>1,692.59</b>
10	<b>Tax expense</b>						
	Current tax	17.32	38.90	32.33	99.46	105.35	151.13
	Short/ (excess) provision in respect of earlier year	0.77	0.16	(5.39)	7.02	8.02	8.02
	Deferred tax	62.12	248.53	176.95	626.61	639.84	836.68
	<b>Total tax expense (10)</b>	<b>80.21</b>	<b>287.59</b>	<b>203.89</b>	<b>733.09</b>	<b>753.21</b>	<b>995.83</b>
11	<b>Profit/ (Loss) for the period (9-10)</b>	<b>(113.03)</b>	<b>632.63</b>	<b>(451.83)</b>	<b>1,593.80</b>	<b>466.86</b>	<b>696.76</b>
12	<b>Other comprehensive income</b>						
A	<b>Items to be reclassified to profit or loss in subsequent periods</b>						
	Net movement on effective portion of Cash Flow Hedges (net of tax)	33.79	(21.00)	-	(15.47)	-	-
	Exchange differences in translating the financial statements of foreign operations (refer note 4e)	109.89	135.18	(142.53)	(156.25)	77.36	91.05
B	<b>Items not to be reclassified to profit or loss in subsequent periods</b>						
	Remeasurement of defined benefit obligation (net of tax)	23.80	-	-	23.80	(0.07)	(23.24)
	<b>Total Other comprehensive income/(loss), (net of tax) (12)</b>	<b>167.48</b>	<b>114.18</b>	<b>(142.53)</b>	<b>(147.92)</b>	<b>77.29</b>	<b>67.81</b>
13	<b>Total comprehensive income/ (loss) for the period (11+12)</b>	<b>54.45</b>	<b>746.81</b>	<b>(594.36)</b>	<b>1,445.88</b>	<b>544.15</b>	<b>764.57</b>
14	<b>Profit/ (Loss) for the period attributable to:</b>						
	Shareholders of the Company	(102.97)	609.51	(474.26)	1,557.16	406.56	612.30
	Non-controlling interests	(10.06)	23.12	22.43	36.64	60.30	84.46
15	<b>Other comprehensive income/(loss) attributable to:</b>						
	Shareholders of the Company	166.67	114.18	(142.53)	(148.73)	77.29	67.97
	Non-controlling interests	0.81	-	-	0.81	-	(0.16)
16	<b>Total comprehensive income/ (loss) for the period attributable to:</b>						
	Shareholders of the Company	63.70	723.69	(616.79)	1,408.43	483.85	680.27
	Non-controlling interests	(9.25)	23.12	22.43	37.45	60.30	84.30
17	Paid- up equity share capital (face value of Re. 1/- each)	152.79	152.79	152.79	152.79	152.79	152.79
18	<b>Reserves excluding revaluation reserves as per balance sheet</b>						<b>15,497.85</b>
19	<b>Earnings per equity share attributable to Owners (Nominal value per share: Re.1/- each) (not annualised)</b>						
	Basic and diluted (in Rupees)	(0.67)	3.99	(3.10)	10.19	2.66	4.01





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

Particulars		Quarter ended			Nine months ended		Year ended
		December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024	March 31, 2025
Debt Equity ratio [refer note (i)]	(No. of times)	0.44	0.42	0.64	0.44	0.64	0.59
Debt Service Coverage Ratio [refer note (ii)]	(No. of times)	3.21	3.02	1.68	2.64	1.67	1.76
Interest Service Coverage Ratio [refer note (iii)]	(No. of times)	6.90	6.48	4.51	6.26	4.51	4.76
Outstanding Redeemable Preference Shares (Qty / Value)		Not Applicable					
Capital Redemption Reserve		Not Applicable					
Debenture Redemption Reserve		Not Applicable					
Net Worth [refer note (iv)]	(Rs. in Million)	17,272.45	17,218.00	15,805.98	17,272.45	15,805.98	15,979.36
Net Profit after Tax	(Rs. in Million)	(113.03)	632.63	(451.83)	1,593.80	466.86	696.76
<b>Earning per share (EPS)</b>							
Basic EPS (Not Annualised)	(Rs.)	(0.67)	3.99	(3.10)	10.19	2.66	4.01
Diluted EPS (Not Annualised)	(Rs.)	(0.67)	3.99	(3.10)	10.19	2.66	4.01
Current Ratio [refer note (v)]	(No. of times)	0.86	0.88	0.78	0.86	0.78	0.77
Long Term Debt to Working Capital Ratio [refer note (vi)] ^	(No. of times)	(1.39)	(2.03)	(3.07)	(1.39)	(3.07)	(1.59)
Bad Debts to Account Receivable Ratio [refer note (vii)] **	(No. of times)	(0.00)	(0.00)	-	(0.00)	0.00	0.00
Current Liability Ratio [refer note (viii)]	(No. of times)	0.87	0.86	0.80	0.87	0.80	0.83
Total Debts to Total Assets Ratio [refer note (ix)]	(No. of times)	0.16	0.15	0.22	0.16	0.22	0.20
Debtors Turnover Ratio [refer note (x)] *	(No. of times)	3.38	3.22	3.91	9.97	12.60	13.92
Inventory Turnover Ratio [refer note (xi)] *	(No. of times)	1.72	1.69	1.63	5.22	5.17	7.40
Operating Margin [refer note (xii)]	(in %)	5.67%	5.40%	5.27%	5.52%	5.31%	5.56%
Net Profit Margin [refer note (xiii)]	(in %)	-0.49%	2.87%	-2.18%	2.44%	0.77%	0.85%
Security cover ratio [refer note (xvii)]	(No of times)	2.12	1.95	1.43	2.12	1.43	1.57

Formulae for calculation of ratios are as follows:

(i) Debt Equity Ratio = [ Total Debt / Total Equity ]

(ii) Debt Service Coverage Ratio = [ (Earnings before Interest, Tax, Depreciation & Amortisation expense and Exceptional Item)/(Interest Expense + Principal repayments of long term loan made during the period excluding prepayment) ]

(iii) Interest Service Coverage Ratio = [ (Earnings before Interest, Tax, Depreciation & Amortisation expense and Exceptional Item)/(Interest Expense) ]

(iv) Net Worth = [ Equity Share Capital + Other equity + Non-controlling Interests ]

(v) Current Ratio = [ Current Assets^^ / Current Liabilities ]

(vi) Long Term Debt to Working Capital = [ Non Current Borrowings (including Current Maturities of Long Term Borrowings) / Working Capital ]

(vii) Bad Debts to Accounts Receivable Ratio = [ (Bad debts written off + Provision for bad debts charged to Profit and Loss account) / Average Trade Receivables ]

(viii) Current Liability Ratio = [ Current Liability / Total Liability ]

(ix) Total Debts to Total assets = [ Total Debt / Total Assets ]

(x) Debtors Turnover = [ Revenue from Operations / Average Debtors ]

(xi) Inventory Turnover = [ (Cost of Material Consumed + Changes in stock of finished goods and work-in-progress) / Average Inventory ]

(xii) Operating Margin = [ (Earnings before Interest, Tax, Exceptional Item and Share of Profit from Joint Venture - Other Income +/- foreign exchange (gain)/loss (net)) / Revenue from Operations ]

(xiii) Net Profit Margin = [ Net Profit after Tax / Revenue from Operations ]

(xiv) Total Debt = [ Long Term Borrowings + Short Term Borrowings (includes Current Maturities of Long Term Borrowings) ]

(xv) Total Equity = [ Equity Share Capital + Other Equity ]

(xvi) Working Capital = [ Total Current Assets^^ - Total Current Liabilities (excluding Current Maturities of Long Term Borrowings) ]

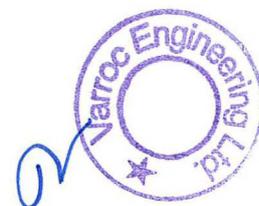
(xvii) Security cover ratio = [Book value of specific identified movable fixed assets both present and future of the company as per debenture trust deed / (NCD principal amount +Interest payable till date)]

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

\*\* numbers are below 0.01

^ Ratio is negative because net working capital is negative.

^^ Current Assets are excluding assets held for sale.





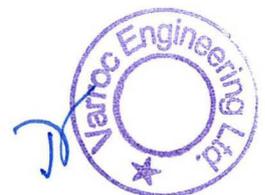
**Unaudited Consolidated Segment wise Revenue, Results, Assets and Liabilities**

(Rs. in Million)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2025	September 30, 2025	December 31, 2024	December 31, 2025	December 31, 2024	March 31, 2025
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1) Segment Revenue</b>						
(i) Automotive (refer note 2)	22,223.09	21,579.80	20,185.26	63,526.49	58,982.69	79,338.94
(ii) Others	652.11	493.58	567.36	1,697.60	1,566.14	2,201.90
<b>Revenue from operations</b>	<b>22,875.20</b>	<b>22,073.38</b>	<b>20,752.62</b>	<b>65,224.09</b>	<b>60,548.83</b>	<b>81,540.84</b>
<b>2) Segment Results</b>						
(i) Automotive (refer note 4a, 4b, 4c, 4d & 4g)	326.49	1,297.27	1,031.02	2,865.36	3,485.21	4,811.26
(ii) Others	(76.61)	(99.46)	(70.77)	(262.01)	(227.14)	(257.13)
Total segment results	249.88	1,197.81	960.25	2,603.35	3,258.07	4,554.13
Add/ (Less) :						
(a) Finance Cost	(311.58)	(318.55)	(417.92)	(993.33)	(1,294.37)	(1,702.29)
(b) Net unallocated (expenditure) / income (refer note 4e & 4f)	28.88	40.96	(790.27)	716.87	(743.63)	(1,159.25)
<b>Profit/(loss) before tax</b>	<b>(32.82)</b>	<b>920.22</b>	<b>(247.94)</b>	<b>2,326.89</b>	<b>1,220.07</b>	<b>1,692.59</b>
<b>3) Segment Assets</b>						
(i) Automotive	41,864.47	42,025.63	37,064.94	41,864.47	37,064.94	38,310.66
(ii) Others	2,355.57	2,251.49	1,997.38	2,355.57	1,997.38	2,260.65
Total segment assets	44,220.04	44,277.12	39,062.32	44,220.04	39,062.32	40,571.31
Add : Unallocated (refer note 4e)	2,999.27	3,455.75	6,288.93	2,999.27	6,288.93	6,147.82
<b>Total assets</b>	<b>47,219.31</b>	<b>47,732.87</b>	<b>45,351.25</b>	<b>47,219.31</b>	<b>45,351.25</b>	<b>46,719.13</b>
<b>4) Segment Liabilities</b>						
(i) Automotive	21,660.24	22,575.59	18,774.61	21,660.24	18,774.61	20,582.86
(ii) Others	567.72	539.06	505.12	567.72	505.12	590.30
Total segment liabilities	22,227.96	23,114.65	19,279.73	22,227.96	19,279.73	21,173.16
Add : Unallocated	7,718.90	7,400.22	10,265.54	7,718.90	10,265.54	9,566.61
<b>Total liabilities</b>	<b>29,946.86</b>	<b>30,514.87</b>	<b>29,545.27</b>	<b>29,946.86</b>	<b>29,545.27</b>	<b>30,739.77</b>

**Notes to Consolidated Financial Results:**

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on February 05, 2026 and were subjected to review by the Statutory Auditors.
- The Group had received a settlement offer during the quarter ended June 30, 2025 from Beste Motor Co. Ltd. and TYC Brother Industrial Co. Ltd. ("TYC Parties") alleging breach of Transition Management Agreement ('TMA' or 'agreement') in respect of certain income amounting to Rs. 209.89 million recognized during the quarter ended June 30, 2025 and Rs. 231.82 million recognized during the previous year ended March 31, 2025 by the Group under 'Revenue from operations', as received from Chongqing Varroc TYC Auto Lamps Co., Ltd. (erstwhile joint venture). In the current quarter, the Group received a '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. 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. The auditors in their review report have included a qualification in respect of this matter.
- On July 7, 2025, the Group received an intimation from ICC International Court of Arbitration with respect to a Request for Arbitration initiated by Opmobility Lighting Holding, France (Erstwhile PO Lighting Systems). The request pertains to certain alleged breaches of covenants under the Securities Purchase Agreement executed between the parties on April 29, 2022, and subsequently amended on October 5, 2022, May 12, 2023, and June 15, 2023. Claims in respect of some of the breaches have been quantified at US\$ 66.41 million plus legal costs while for others no quantification has been provided. The Group is evaluating the matter and exploring legal and contractual remedies. It intends to contest the claims and take appropriate steps to protect its interests. Based on a legal opinion obtained, the Group believes that it has grounds to defend against the said allegations and accordingly no provision has been considered in respect of this matter in these results.
- Exceptional items for the periods presented in the consolidated financial results include the following:
  - On November 21, 2025, the Government of India notified the four Labour Codes – the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 consolidating 29 existing labour laws. The Group has assessed and disclosed the incremental impact of these changes on the basis of the best information available and guidance provided by the Institute of Chartered Accountants of India. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Group has presented such incremental impact under "Exceptional Items" in the financial results for the quarter and nine months ended December 31, 2025. The incremental impact on provisions for employee benefits expenses of Rs. 225.49 Million 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.
  - The Group announced a Voluntary Separation Scheme ('VSS') for all eligible permanent workmen at specific plants of the Group. In this regard, the Group accepted separation of 411 employees and the separation cost of Rs. 799.49 million associated with the VSS has been recognised as an exceptional item during the quarter and nine months ended December 31, 2025.
  - Estimated expenses directly attributable to the merger of Varroc Polymers Limited ('VPL') with the Varroc Engineering Limited ('VEL'), the Holding company, amounting to Rs. 112.70 million and Rs. 196.02 million for the quarter and nine months ended December 31, 2024 and year ended March 31, 2025, respectively. Further, exceptional item also includes write back of excess accrual of aforesaid expenses of Rs. 10.00 million for the quarter and nine months ended December 31, 2025.
  - Net loss of Rs. 33.83 million for the quarter and nine months ended December 31, 2025 pertaining to liquidation of a step-down subsidiary, Varroc Lighting Systems, Bulgaria, EOOD.





- e) On December 11, 2024, the Group received an order from ICC International Court of Arbitration ('ICC') in respect of the ongoing arbitration between Varroc Corp Holding B.V. ('VCHBV') jointly with Varroc Engineering Limited and Beste Motor Co. Ltd. ('TYC BVI Entity') jointly with TYC Brother Industrial Co. Ltd ('TYC Group') and Varroc TYC Corporation ('VTYC' or 'China JV'), wherein VCHBV was directed to transfer its 50% shareholding in VTYC to TYC BVI Entity for a consideration of RMB 310.50 million. Accordingly, the Group assessed that its investment in VTYC (a joint venture accounted for under the equity method) satisfies the criteria prescribed under Ind AS 105 'Non-Current Assets Held for Sale and Discontinued Operations' for classification as 'Assets held for sale' and had written down this investment to Rs. 3,395.15 million which is its fair value less costs to sell. The resulting estimated impairment loss of Rs. 796.48 million and Rs. 806.82 million for the quarter and nine months ended December 31, 2024 and year ended March 31, 2025, respectively was disclosed as an Exceptional item in the financial results.  
The Group received above consideration on May 07, 2025 and transferred its investments in China JV. On account of such disposal, the cumulative exchange gains pertaining to China JV of Rs. 611.94 million, which had been recognised in Other Comprehensive Income and accumulated in foreign currency translation reserve during the previous periods, have been reclassified to the Statement of Profit or Loss. This has been disclosed as an exceptional item and reduced from Other Comprehensive Income for the nine months ended December 31, 2025.
- f) On April 21, 2025, the Group received final order from ICC in respect of the above arbitration wherein the Group was directed to pay to TYC Group legal costs pertaining to the arbitration incurred by TYC Group amounting to Rs. 439.91 million. The group recognised a provision for this cost as at March 31, 2025 and the same was disclosed as an Exceptional item in the financial results for the year ended March 31, 2025.
- g) KTM AG group, one of the customer of the Group, filed for insolvency and the Court admitted restructuring with self-administration in Austria. Considering these developments, the Group recognised a provision for expected credit loss of trade receivables of KTM AG Group amounting to Rs. 30.62 million in the year ended March 31, 2025.
- 5 a) On November 5, 2024, the Group received a GST Order from Additional Commissioner of CGST & Central Excise for appropriation of GST dues amounting to Rs. 629.00 million along with equivalent penalty and applicable interest relating to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023. The Group has paid the principal demand, however, considering merits of the case, management believes that it has grounds to successfully defend and litigate the GST Order with respect to applicable interest and penalty for the aforementioned period. The Group has initiated appellate proceedings against this GST Order, pending conclusion of which no adjustments have been made in respect of this matter in the financial results for the quarter and nine months ended December 31, 2025.  
b) On January 03, 2025, the Group had received a GST Order from Commercial Tax Officer (Divisional GST office, Karnataka) consisting of demand for GST dues amounting to Rs. 0.03 million along with interest of Rs. 302.67 million and penalty of Rs. 564.19 million relating to inappropriate classification of certain goods supplied during the period from July 1, 2017 to September 30, 2023. The Group had filed an appeal against the above order which has been disposed off partly in favour of the Group.  
Considering merits of the case, management believes that it has grounds to successfully defend and litigate the Appellate Order with respect to the interest and penalty. The Group will appeal against the aforesaid Order, pending conclusion of which no adjustments have been made in respect of this matter in the financial results for the quarter and nine months ended December 31, 2025.
- 6 During the year ended March 31, 2024, the Company issued 25,000 number of listed Non-Convertible Debentures ('NCD') of face value of Rs. 1,00,000 each aggregating to Rs. 2,500 million on a private placement basis. The NCDs are repayable in 16 equal quarterly instalments beginning from December 07, 2024. Further, NCD holders have a put option after 30 months and 42 months respectively from date of allotment, requiring the Company to redeem all the NCDs. The Company shall at all times until the Final Settlement Date maintain a minimum Security Cover of at least 1.1 x. The proceeds from the issue have been utilised for repayment of existing listed NCDs, other outstanding debt and for general corporate purposes. These NCDs are secured by exclusive charge by way of hypothecation on the specific identified movable properties of the Company. The asset cover in respect of the Non-Convertible Debentures as on December 31, 2025 is 2.12 times of the total due amount which is higher than the requirement of 1.10 times as specified in the Debenture Trust Deed.
- 7 The 'Automotive' segment consists of the business of automobile products consisting of auto parts for two-wheelers, three-wheelers and four-wheelers and related design, development and engineering activities and other services. 'Others' comprise of forging components for off road vehicles and components for mining and oil drilling industry which is below the thresholds for reporting as separate operating segment. Investment in joint ventures and corresponding share of profit/loss from joint ventures is considered under unallocated assets and profit/loss respectively.

For and on behalf of Board of Directors  
Varroc Engineering Limited



Tarang Jain  
Chairman and Managing Director

Place : Pune  
Date : February 05, 2026