

Varroc Engineering Limited

Regd. & Corp. Office

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Waluj, Aurangabad 431 136
Maharashtra, India

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www.varrocgroupp.com
CIN: L28920MH1988PLC047335



VARROC/SE/INT/2018-19/13

September 05, 2018

To,

(1) The Manager – Listing
The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai-400051

(2) The Manager – Listing
The Corporate Relation Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400001

NSE Symbol: VARROC

BSE Security Code: 541578
Security ID : VARROC

Dear Sirs,

Sub.: Submission of Financial Results for 012018-19

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

This is to inform you that the Board of Directors of the Company, at its meeting held today i.e. on 05th September 2018, which commenced at 12: 40 p.m. and concluded at 1:45 p.m. inter alia, has discussed and approved unaudited Standalone and Consolidated Financial Results of the Company for quarter ended June 30, 2018.

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the following:

1. Standalone unaudited financial results and Consolidated unaudited financial results, for the quarter ended 30th June 2018.
2. Limited review report on unaudited Financial Results for the quarter ended 30th June, 2018.

The results will be uploaded on the Company's website www.varrocgroupp.com and will be published in the newspapers.

You are requested to take note of the same.

Thanking you,

Yours faithfully,

For Varroc Engineering Limited

Rakesh Darji
Company Secretary and Compliance officer

SRBC & CO LLP

Chartered Accountants

C - 401, 4th Floor
Panchshil Tech Park, Yerwade
(Near Don Bosco School)
Pune - 411 006, India
Tel : +91 20 6603 6000
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Report on Review of Interim Financial Information

**The Board of Directors
Varroc Engineering Limited
L-4, MIDC Area, Waluj,
Aurangabad 431 136, Maharashtra**

1. We have reviewed the accompanying unaudited standalone interim financial information of Varroc Engineering Limited for the quarter ended June 30, 2018 ("Standalone Interim Financial Information"). Management is responsible for the preparation and presentation of this Standalone Interim Financial Information in accordance with the basis of preparation as set out in note 2 to the Standalone Interim Financial Information. Our responsibility is to express a conclusion on this Standalone Interim Financial Information based on our review.
2. We conducted our review 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. 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.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the Standalone Interim Financial Information is not prepared in accordance with the basis of preparation as set out in note 2 to the Standalone Interim Financial Information.

Basis of Accounting

4. Without modifying our opinion, we draw attention to Note 2 to the Standalone Interim Financial Information, which describes the Basis of preparation of the Standalone Interim Financial Information. The Standalone Interim Financial Information has been prepared by the management of the Company as additional information for the equity shareholders of the Company.

Other matters

5. We have not audited or reviewed the comparative financial information of the Company for the corresponding quarter ended June 30, 2017, included in the Standalone Interim Financial Information which have been prepared solely based on the information compiled by Management.



SRBC & CO LLP

Chartered Accountants

6. The comparative financial information of the Company for the quarter ended March 31, 2018, included in the Standalone Interim Financial Information, represent the derived figures between the audited figures in respect of the financial year ended March 31, 2018 and the audited figures for the nine months ended December 31, 2017 which were audited by the predecessor auditor who expressed an unmodified opinion on those financial information on June 6, 2018 and March 25, 2018 respectively. The comparative financial information of the Company for the year ended March 31, 2018, included in the Standalone Interim Financial Information is based on the audited standalone financial statements of the Company for the year ended March 31, 2018 which were audited by the predecessor auditor who expressed an unmodified opinion on those standalone financial statements on June 6, 2018.

For SRBC & CO LLP

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Paul Alvares**

Partner

Membership No.: 105754

Place: Pune

Date: September 05, 2018



SRBC & CO LLP

Chartered Accountants

C - 401, 4th Floor
Panchshil Tech Park, Yerwade
(Near Don Bosco School)
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Fax : +91 20 6601 5900

Report on Review of Interim Financial Information

**The Board of Directors
Varroc Engineering Limited
L-4, MIDC Area, Waluj,
Aurangabad 431 136, Maharashtra**

1. We have reviewed the accompanying unaudited consolidated interim financial information of Varroc Engineering Limited comprising Varroc Engineering Limited ('the Company'), its subsidiaries (together, 'the Group') and Joint Ventures for the quarter ended June 30, 2018 ("Consolidated Interim Financial Information"). Management is responsible for the preparation and presentation of this Consolidated Interim Financial Information in accordance with the basis of preparation as set out in note 2 to the Consolidated Interim Financial Information. Our responsibility is to express a conclusion on this Consolidated Interim Financial Information based on our review.
2. We conducted our review 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. 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.

Conclusion

3. Based on our review conducted as above and based on the consideration of the reports of other auditors on the unaudited separate quarterly financial information of subsidiaries and joint ventures, nothing has come to our attention that causes us to believe that the Consolidated Interim Financial Information is not prepared in accordance with the basis of preparation as set out in note 2 to the Consolidated Interim Financial Information.

Basis of Accounting

4. Without modifying our opinion, we draw attention to Note 2 to the Consolidated Interim Financial Information, which describes the Basis of preparation of the Consolidated Interim Financial Information. The Consolidated Interim Financial Information has been prepared by the management of the Company as additional information for the equity shareholders of the Company.

Other matters

5. We did not review the financial information in respect of 2 subsidiaries, whose financial information, without giving effect to elimination of intra group transactions, reflect total revenues of Rs. 16,417.88 million for the quarter ended June 30, 2018. These financial information have been reviewed by other auditors, whose reports have been furnished to us by the management. The Consolidated Interim Financial Information also include the Group's share of net profit of Rs 124.56 million for the quarter ended as on June 30, 2018 in respect of a joint venture, whose financial information have been reviewed by other auditor and whose reports have been furnished



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Chartered Accountants

to us by the management. Our conclusion, in so far as it relates to the affairs of such subsidiaries and joint venture is based solely on the report of other auditors. Our conclusion is not modified/qualified in respect of this matter.

6. The accompanying Consolidated Interim Financial Information include unaudited financial information in respect of 13 subsidiaries whose financial information, without giving effect to elimination of intra group transactions, reflects total revenues of Rs. 1,643.92 million for the quarter ended June 30, 2018. These unaudited financial information have been furnished to us by the management. The Consolidated Interim Financial Information also include the Group's share of net profit of Rs. 3.95 million for the quarter ended June 30, 2018, in respect of a joint venture, whose financial information have not been audited and whose unaudited financial information have been furnished to us by the management. Our conclusion, in so far as it relates to the affairs of these subsidiaries and joint venture is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group. Our conclusion is not modified/qualified in respect of this matter.
7. We have not audited or reviewed the comparative financial information of the Company for the corresponding quarter ended June 30, 2017, included in the Consolidated Interim Financial Information which have been prepared solely based on the information compiled by Management.
8. The comparative financial information of the Company for the quarter ended March 31, 2018, included in the Consolidated Interim Financial Information, represent the derived figures between the audited figures in respect of the financial year ended March 31, 2018 and the audited figures for the nine months ended December 31, 2017 which were audited by the predecessor auditor who expressed an unmodified opinion on those financial information on June 6, 2018 and March 25, 2018 respectively. The comparative financial information of the Company for the year ended March 31, 2018, included in the Consolidated Interim Financial Information is based on the audited consolidated financial statements of the Company for the year ended March 31, 2018 which were audited by the predecessor auditor who expressed an unmodified opinion on those consolidated financial statements on June 6, 2018.

For **SRBC & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Paul Alvares**

Partner

Membership No.: 105754

Place: Pune

Date: September 05, 2018



Unaudited Standalone Interim Financial Information for the three months ended June 30, 2018

Particulars	For the quarter ended			(Rs. In million)
	June 30, 2018	March 31, 2018	June 30, 2017	For the year ended
	Unaudited	Audited (refer note 3)	Unaudited (refer note 3)	March 31, 2018 Audited
Revenue from operations (refer note 4)	6,199.04	5,572.33	5,090.09	20,954.75
Other income	124.27	70.03	45.59	287.71
Total income	6,323.31	5,642.36	5,135.68	21,242.46
Expenses				
Cost of materials consumed	4,025.96	3,673.46	2,864.89	13,045.36
Changes in inventories of work-in-progress, stock-in-trade and finished goods	(30.45)	(83.08)	54.63	(10.54)
Excise duty	-	-	485.83	485.83
Employee benefits expense	533.93	481.69	405.38	1,753.76
Finance costs	100.41	106.32	89.78	401.50
Depreciation and amortisation expense	260.11	255.87	249.53	1,016.11
Other expenses	1,044.07	925.74	816.56	3,498.84
Total expenses	5,934.03	5,360.00	4,966.60	20,190.86
Profit before tax	389.28	282.36	169.08	1,051.60
Tax expense				
Current tax	90.75	64.41	40.23	232.97
Deferred tax	40.26	43.97	20.03	120.33
Total tax expense	131.01	108.38	60.26	353.30
Profit for the period	258.27	173.98	108.82	698.30
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Deferred hedging gains/(losses) on cash flow hedges (net of tax)	(8.31)	1.92	(1.51)	6.68
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Remeasurement of defined benefit obligation (net of tax)	-	12.02	-	10.82
Other comprehensive income, net of tax	(8.31)	13.94	(1.51)	17.50
Total comprehensive income for the period	249.96	187.92	107.31	715.80
Earnings per equity share attributable to Owners [Nominal value per share: Re. 1] (not annualised)				
Basic and diluted (in Rupees)	1.92	1.29	0.84*	4.96

* Adjusted for impact of change in face value of equity shares from Rs. 10 to Re. 1 per share.



Unaudited Consolidated Interim Financial Information for the three months ended June 30, 2018

(Rs. In million)

Particulars	For the quarter ended			For the year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Audited (refer note 3)	Unaudited (refer note 3)	Audited
Revenue from operations (refer note 4)	29,270.24	29,845.56	24,342.61	1,03,784.57
Other income	261.53	170.90	87.36	386.10
Total Income	29,531.77	30,016.46	24,429.97	1,04,170.67
Expenses				
Cost of materials consumed	19,097.56	18,969.17	14,770.32	64,127.17
Changes in inventories of work-in-progress, stock-in-trade and finished goods	(705.13)	(12.46)	(554.99)	(300.31)
Excise duty	-	-	996.26	996.26
Employee benefits expense	3,742.45	3,544.40	3,174.49	13,135.17
Finance costs	229.02	246.82	216.12	861.70
Depreciation and amortisation expense	1,063.96	1,071.73	908.13	3,864.65
Other expenses	4,889.32	4,901.44	3,829.32	17,017.97
Total expenses	28,317.18	28,721.10	23,339.65	99,702.61
Profit before share of profits of joint ventures and tax	1,214.59	1,295.36	1,090.32	4,468.06
Share of profits of Joint Ventures	128.52	157.98	107.46	690.27
Profit before tax	1,343.11	1,453.34	1,197.78	5,158.33
Tax expense				
Current tax	325.01	309.89	225.98	1,193.75
Short provision in respect of earlier year	4.04	-	-	-
Deferred tax	9.68	(284.73)	(12.29)	(543.19)
Total tax expense	338.73	25.16	213.69	650.56
Profit for the period	1,004.38	1,428.18	984.09	4,507.77
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Deferred hedging gains/(losses) on cash flow hedges (net of tax)	(8.31)	1.92	-	6.68
Exchange differences in translating the financial statements of foreign operations	(190.35)	816.73	699.12	1,996.01
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Remeasurement of defined benefit obligation (net of tax)	-	(10.13)	1.67	(4.41)
Other comprehensive income, net of tax	(198.66)	808.52	700.79	1,998.28
Total comprehensive income for the period	805.72	2,236.70	1,684.88	6,506.05
Profit for the period attributable to:				
Shareholders of the Company	994.76	1,423.38	978.60	4,502.58
Non-controlling interests	9.62	4.80	5.49	5.19
Other comprehensive income attributable to:				
Shareholders of the Company	(198.66)	808.04	700.79	1,997.80
Non-controlling interests*	-	0.48	-	0.48
Total comprehensive income for the period attributable to:				
Shareholders of the Company	796.10	2,231.42	1,679.39	6,500.38
Non-controlling interests	9.62	5.28	5.49	5.67
Earnings per equity share attributable to Owners [Nominal value per share: Re. 1 (Previous year : Rs. 10)](not annualised)				
Basic and diluted (in Rupees)	7.38	10.56	7.26*	33.40

* Adjusted for impact of change in face value of equity shares from Rs. 10 to Re. 1 per share.



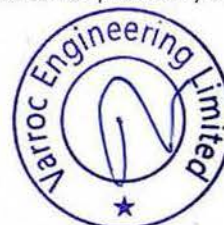
Consolidated Unaudited Segment wise Revenue, Results, Assets and Liabilities

(Rs. In million)

Particulars	For the quarter ended June 30, 2018	For the quarter ended March 31, 2018	For the quarter ended June 30, 2017	For the year ended March 31, 2018
	Unaudited	Audited (refer note 3)	Unaudited (refer note 3)	Audited
1) Segment Revenue				
(i) Automotive	28,443.67	28,982.59	23,734.02	1,01,042.03
(ii) Others	830.87	862.97	612.25	2,750.08
	29,274.54	29,845.56	24,346.27	1,03,792.11
Less: Inter segment revenue	4.30	-	3.66	7.54
	29,270.24	29,845.56	24,342.61	1,03,784.57
2) Segment Results				
(i) Automotive	1,394.16	1,521.47	1,278.74	5,240.21
(ii) Others	49.45	20.71	27.70	89.55
Total Segment Results	1,443.61	1,542.18	1,306.44	5,329.76
Add/ (Less):				
(a) Finance Cost	(229.02)	(246.82)	(216.12)	(861.70)
(b) Net unallocated (expenditure) / income	128.52	157.98	107.46	690.27
Total profit before tax	1,343.11	1,453.34	1,197.78	5,158.33
Segment Assets				
(i) Automotive	67,236.66	60,634.30	55,705.25	60,634.30
(ii) Others	2,488.50	2,518.39	2,105.53	2,518.39
Total segment assets	69,725.16	63,152.69	57,810.78	63,152.69
Add: Unallocated	5,430.88	5,371.23	3,876.92	5,371.23
Total assets	75,156.04	68,523.92	61,687.70	68,523.92
Segment Liabilities				
(i) Automotive	23,972.65	26,217.94	17,857.16	26,217.94
(ii) Others	1,071.84	979.28	718.21	979.28
Total segment liabilities	25,044.49	27,197.22	18,575.37	27,197.22
Add: Unallocated	20,825.31	12,838.98	19,319.78	12,838.98
Total liabilities	45,869.80	40,036.20	37,895.15	40,036.20

Notes :

- 1) The above unaudited standalone and consolidated interim financial information of the Company for the quarter ended June 30, 2018 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on September 05, 2018. The Statutory Auditor of the Company have carried out limited review of Financial information for the quarter ended June 30, 2018.
- 2) The unaudited standalone interim financial information comprises of the standalone statement of profit and loss and notes thereon of Varroc Engineering Limited ('the Company') and consolidated interim financial information comprises of the consolidated statement of profit and loss and notes thereon of Varroc Engineering Limited comprising the Company and its subsidiaries (together, 'the Group') and Joint Ventures, for the quarter ended June 30, 2018 ("Interim Financial Information"). The Interim Financial Information has been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard - 34 (Ind AS 34) notified under the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 ("Ind AS"). However it is not a complete or condensed set of financial statements under Ind AS 34 since it omits the balance sheet, Statement of changes in equity, Statement of cash flows and the various disclosures required by Ind AS 34. Interim Financial Information has been prepared only as an additional information for the equity share holders of the Company and may not be suitable for any other purpose. The Standalone and Consolidated Interim Financial Information has been prepared using the accounting policies which are consistent with those used for preparation of financial statements for previous year ended March 31, 2018.



- 3) The standalone and consolidated interim financial information for the quarter ended June 30, 2017 prepared in accordance with recognition and measurement principles laid down in Ind AS 34, is solely based on information compiled by the management. The said information has not been subject to limited review or audit. Further, the standalone and consolidated interim financial information for the quarter ended March 31, 2018 is the balancing figures between audited figures in respect of the full financial year ended March 31, 2018 and the audited figures for the nine months ended December 31, 2017.
- 4) Post the applicability of GST in India with effect from July 01, 2017, revenue is required to be disclosed net of GST, Accordingly, the revenue from operations for the quarter ended June 30, 2018 is not comparable with the quarter ended June 30, 2017 in the results.
- 5) 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.
- 6) Post completion of Initial Public Offer (IPO), the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on July 6, 2018.
- 7) The Group completed the acquisition of "SA-BA Endustriyel Urunler Imalat ve Ticaret Anonim Sirketi ", a Turkey based company engaged in the manufacture and supply of interior and exterior lighting products mainly for the automotive sector, on July 02, 2018.



For and on behalf of
Varroc Engineering Limited

Tarang Jain
Managing Director

Place: Aurangabad
Date: September 05, 2018

