

Varroc Engineering Limited

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(CIN: L28920MH1988PLC047335)



VARROC/SE/INT/2018-19/47

February 08, 2019

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 Sir/Madam,

Sub: Press Release- Financial Results Q3 2018-19.

Please find enclosed herewith a copy of press release with respect to the Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and nine months ended 31st December 2018.

Kindly take the same on record and note the compliance.

Thanking you,

Yours faithfully,
For Varroc Engineering Limited

Rakesh Darji
Company Secretary & Compliance Officer



Encls: Press release of Unaudited Financial Results for the Quarter and nine months ended 31st December 2018.



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Press Release

- Revenue from operations for Q3 FY19 increased by 18.3% YoY to Rs 29,550 million on comparable basis
- EBITDA on a like-for-like basis increased by 40% YoY to Rs 2,737 million
- EBITDA margins for India and VLS business improved by 150bps & 140bps respectively YoY; overall EBITDA margin at 9.3%
- Brazil, Bulgaria and Halol facilities operational; Morocco to start production in February 2019

Mumbai, February 8, 2019: Varroc Engineering Ltd. (Varroc), a global tier-I auto component group, today announced its results for the third quarter and nine months ended December 31, 2018 (Q3 & 9M FY19).

Summary Consolidated Financials

(Rs million)

	Q3 FY 19	Q3 FY18	% Change	9M FY 19	9M FY18	% Change
Revenue from Operations - Reported	29550	25405	16.3%	88,831	73,939	20.1%
Revenue from Operations : like-for-like	29276	24,745	18.3%	88,029	70,898	24.2%
Other Income - Operating	106	76		434	207	
Other Income - non-Operating	72	1		187	8	
EBITDA : Reported	2779	2090	33.0%	8,392	6,540	28.3%
EBITDA : like-for-like	2737	1,955	40.0%	7,872	6,089	29.3%
EBITDA %	9.3%	7.9%		8.9%	8.6%	
Depreciation	1373	934	47.1%	4,080	2,793	46.1%
Interest	273	177	54.3%	710	615	15.5%
Share of net profits of JVs under equity method	62	278	-77.7%	264	532	-50.4%
PBT - Reported	1,266	1,259	0.6%	4,054	3,672	10.4%
Tax	245	89	174.9%	1,019	593	71.9%
Tax rate	20%	9%		27%	19%	
PAT - Reported	1,022	1,170	-12.7%	3,035	3,080	-1.5%

Consolidated Financial Performance

- Reported revenue from operations for the quarter was Rs 29,550 million, an increase of 16.3% over Q3 FY18. Revenue growth, on a like-for-like basis, excluding the impact of the Interior Plastics Business in North America (phased out during FY18), start-up related revenue, Ind AS 115 and Excise Duty, was at 18.3% YoY.

The India Business revenue increased by 22.6%, the Global Lighting Business (VLS) by 15.9% and Others by 23.6% over Q3 FY18, on a like-for-like basis.

- The reported EBITDA for Q2FY19 was Rs 2,779 million, an increase of 33% YoY. EBITDA on a like-for-like basis was up by 40% YoY and the EBITDA margin on like-for-like basis for the quarter was at 9.3% as against 7.9% in the same quarter last year.

The EBITDA for India Business, at Rs 1,257 million, increased by 150 bps YoY to 11.9%.

The reported EBITDA of VLS was at Rs 1,402 million. On a like-for-like basis, the VLS EBITDA was at 1,361 million and the EBITDA margin improved to 7.7% from 6.3% in Q3 FY18, as operational efficiencies in our Czech facilities started to show results.

- The PAT for the quarter was at Rs 1,022 million as compared to Rs 1,170 million for Q3 FY18. The profitability for the quarter was impacted by:
 - reduction in our share of China JV profit to Rs 62 million (from Rs 278 million in Q3 FY18) due to drop in revenue by 37.7%, caused by lower volumes of our key customers as well as significant decline in the overall market
 - higher effective tax rate in Q3 FY19 due to higher share of profits from India business and timing difference for Czech tax credits

China JV

- Our share of Revenue from China JV declined by 37.7% YoY to Rs 1,029 million and EBITDA on a like-for-like basis declined by 76.5% to Rs 74 million.

Other Updates

- The Halol, Gujarat plant, the Bulgaria plant (part of Turkey acquisition), and the Brazil plant all have started production. For our Morocco plant, first SOP date is in February 2019; we have also started construction for Phase II of the plant.

Mr. Tarang Jain, MD, Varroc Engineering Ltd. commented,

“Our results clearly showcase the improvements visible from operational efficiencies in the VLS business. The India business has sustained its performance with YoY margin improvement. Our EBITDA margins have improved by 140bps for the group.

The macro challenges continue to impact some of our important markets. The effect of this was visible as our JV in China de-grew in the quarter and some of our VLS business customers reported weaker volume numbers. This situation may continue in the near future. However, we are confident of maintaining our growth momentum and deliver improvement in our results.”

About Varroc Engineering Ltd.

Varroc Engineering Ltd is a global tier-1 automotive component group and it was incorporated in 1988. We design, manufacture and supply exterior lighting systems, plastic and polymer components, electricals-electronics components, and precision metallic components to passenger car, commercial vehicle, two-wheeler, three-wheeler and off-highway vehicle OEMs directly worldwide. The group revenue was close to Rs 11,000 crore (USD 1.7 Billion) in FY18, including the share of revenues from the China JV. The group employs more than 14,200+ employees and has 40 global manufacturing facilities.

Varroc Engineering Limited's shares are listed on the National Stock Exchange (VARROC) and the Bombay Stock Exchange (541578).