

Varroc Engineering Limited

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www.varrocgroupp.com
CIN: L28920MH1988PLC047335



VARROC/SE/INT/2019-20/37

August 09, 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: Outcome of the Board Meeting.

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

This is to inform you that the Board of Directors of the Company, at its meeting held today i.e. August 09, 2019, which commenced at 2:30 p.m. and concluded at 4:20 p.m. has transacted following items:

1. Considered and approved execution of Share Purchase Agreement for initial acquisition of 74% equity stake, on a fully diluted basis in the Pune-based CarlQ Technologies Private Limited (CIN: U74900PN2013PTC145967) ("CarlQ").

Consequent to the said acquisition, CarlQ will become subsidiary of the Company.

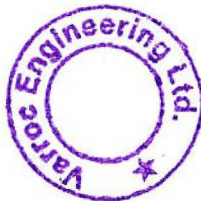
2. Considered and approved Limited Review Report on Standalone and Consolidated Unaudited Financial Results, for the quarter ended on June 30, 2019.
3. Considered and approved Standalone and Consolidated Unaudited Financial Results, for the quarter ended on June 30, 2019.

The Financial Results will be uploaded on the Company's website www.varrocgroupp.com and will be published in the Business Standard (English) and Loksatta (Marathi) newspapers.

Kindly take the same on record and note the compliance.

Thanking you,

Yours faithfully,
For Varroc Engineering Limited



Rakesh Darji
Company Secretary & Compliance Officer

Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 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 June 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. 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, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. 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 is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as 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 Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Paul Akarres

Partner

Membership No.: 105754

UDIN: 19105754AAAACD1482

Place: Aurangabad

Date: August 9, 2019

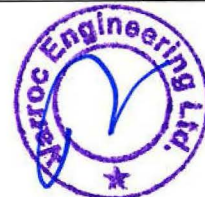




Statement of unaudited standalone financial results for the quarter ended June 30, 2019

Rs 'Million

Sr. No.	Particulars	Quarter ended		Year ended	
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2018
		Unaudited	Audited (refer note 3)	Unaudited	Audited
1	REVENUE from operations	6,260.60	6,137.40	6,199.04	25,731.33
2	Other income	72.40	94.90	124.27	514.84
3	Total Income (1 + 2)	6,332.90	6,232.36	6,323.31	26,246.37
4	Expenses				
	(a) Cost of materials consumed	3,828.11	4,096.60	4,025.96	16,993.69
	(b) Changes in stock of finished goods and work-in-progress	229.38	(22.27)	(30.45)	(244.52)
	(c) Employee benefits expense	587.29	570.77	533.93	2,196.13
	(d) Finance costs	111.57	94.47	100.41	392.01
	(e) Depreciation and amortisation expense	309.07	286.46	260.11	1,075.19
	(f) Other expenses	1,003.96	1,054.53	1,044.07	4,095.13
	Total expenses (4)	6,069.38	6,080.56	5,934.03	24,507.63
5	Profit before tax (3- 4)	263.52	151.80	389.28	1,738.74
6	Tax expense				
	Current tax	57.27	46.01	93.87	387.60
	Short/(excess) provision for tax relating to prior periods	-	-	(3.12)	(5.68)
	Deferred tax	18.71	22.89	40.26	161.42
	Total tax expense	75.98	68.90	131.01	543.34
7	Profit for the period (5-6)	187.54	82.90	258.27	1,195.40
8	Other comprehensive income				
	Items that will be reclassified to profit or loss in subsequent periods (net of tax)				
	Deferred hedging gains/(losses) on cash flow hedges (net of tax)	1.09	(3.74)	(8.31)	29.81
	Items that will not be reclassified to profit or loss in subsequent periods (net of tax)				
	Remeasurement of defined benefit obligation (net of tax)	-	(1.00)	-	(11.81)
	Other comprehensive income	1.09	(4.74)	(8.31)	18.00
9	Total comprehensive income for the period (7+8)	188.63	78.16	249.96	1,213.40
10	Paid-up equity share capital (Face value of the share in Re.1/- each)	134.81	134.81	134.81	134.81
11	Reserves excluding revaluation reserves as per balance sheet of previous accounting year				11,152.84
12	Earnings per share (of Re 1/- each) (not annualised): Basic & diluted	1.39	0.61	1.92	8.87



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E-mail: investors@varroc.com



Notes to the Unaudited 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 August 09, 2019 and were subjected to limited review by the Statutory Auditors.
- 2) Effective April 1, 2019, the Company has adopted Ind AS 116 - "Leases" using the modified retrospective method without adjusting the comparatives and the cumulative impact has been adjusted to retained earning on the date of initial application i.e. April 1, 2019. Had the Company continued to apply the previous accounting standard on leases, the depreciation and finance costs would have been lower by Rs.12.43 million and Rs.4.13 million respectively, the other expenses would have been higher by Rs. 15.33 million and the profit before tax would have been higher by Rs.1.21 million for the quarter ended June 30, 2019.
- 3) The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of full financial year upto March 31, 2019 and the unaudited published year-to-date figures upto December 31, 2018, being the date of the third quarter of the financial year, which were subjected to limited review.

Place: Aurangabad
Date: 09/08/2019

For and on behalf of Board of Directors
Varroc Engineering Limited

Tarang Jain
Managing Director



Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 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 Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), and its share of the net loss after tax and total comprehensive income of its joint ventures for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulation'), read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared 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 read with the Circular. 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. 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 Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.

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

List of Subsidiaries:

Varroc Polymers Private Limited; Durovalves India Private Limited; Team Concepts Private Limited; Varroc Lighting Systems (India) Private Limited; Varroc European Holding B.V.; Aries Mentor Holding B.V.; VarrocCorp Holding B.V.; Varroc Japan Co. Ltd.; IMES, Italy ; Varroc Lighting Systems Italy, S.p.A.; Varroc Lighting Systems Romania S.A.; Varroc Lighting Systems Vietnam Co. Ltd.; TRI.O.M. S.A.de.C.V, Mexico; Varroc Lighting Systems SRO CZ; Varroc Lighting Systems, INC; Varroc Lighting Systems, GmbH; Varroc Lighting Systems, S.de.R.L.de.C.V.; Varroc Lighting Systems SA, Morocco; Varroc do Brasil Industria E Comercio LTDA; Varroc Lighting Systems, S.p.z.o.o.; Varroc Lighting Systems Endüstriyel Ürünler İmalat ve Ticaret Anonim Şirketi; Varroc Lighting Systems Bulgaria Eood.



List of Joint Ventures:

Nuova CTS, Srl, Italy; Varroc Elba Electronics SRL, Romania; Varroc TYC Corporation BVI;
Varroc Dell'Orto Private Limited

5. 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 6 below, 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 Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial results of 8 subsidiaries, included in the consolidated unaudited financial results, whose interim financial results reflect total revenues of Rs. 17,316.42 million, total net profit after tax of Rs. 262.67 million and total comprehensive income of Rs. 325.73 million, for the quarter ended June 30, 2019, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also include the Group's share of net loss after tax of Rs. 0.95 million and total comprehensive income of Rs. 0.95 million for the quarter ended June 30, 2019, as considered in the consolidated unaudited financial results, in respect of 1 joint venture, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors, whose reports 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 and joint venture is based solely on the report of the other auditors and procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.
7. Certain of these subsidiaries/joint venture 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 reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent's management has converted the financial results of such subsidiaries/joint ventures located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries/joint venture located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent and reviewed by us.



SRBC & CO LLP

Chartered Accountants

8. The accompanying unaudited consolidated financial results includes unaudited interim financial results and other unaudited financial information in respect of 9 subsidiaries, which have not been reviewed/audited by their auditors, whose interim financial results reflect total revenues of Rs. 507.16 million, total net loss after tax of Rs. 37.05 million and total comprehensive income of Rs. 37.05 million, for the quarter ended June 30, 2019, as considered in the unaudited consolidated financial results. The unaudited consolidated financial results also include the Group's share of net loss after tax of Rs. 0.51 million and total comprehensive income of Rs. 0.51 million, for the quarter ended June 30, 2019, as considered in the unaudited consolidated financial results, in respect of 3 joint ventures, based on their interim financial results which have not been reviewed/audited by their/any auditors. These unaudited financial results and other unaudited financial information have been approved and furnished to us by the management. Our conclusion, in so far as it relates to the affairs of these subsidiaries and joint ventures, is based solely on such unaudited financial results and other unaudited financial information. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Paul Alvares

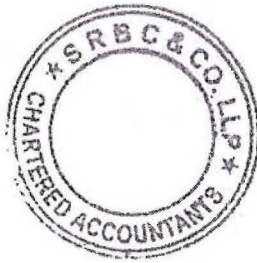
Partner

Membership No.: 105754

UDIN: 19105754AAAACE4585

Place: Aurangabad

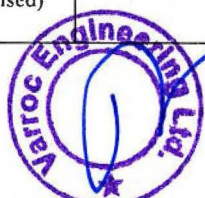
Date: August 9, 2019





Statement of unaudited consolidated financial results for the quarter ended June 30, 2019

Particulars	Quarter ended			(Rs. In million)
	June 30, 2019	March 31, 2019	June 30, 2018	Year ended March 31, 2019
	Unaudited	Audited (refer note 5)	Unaudited	Audited
Revenue from operations	28,700.79	31,534.00	29,270.24	1,20,364.65
Other income	291.63	285.91	261.53	907.88
Total income	28,992.42	31,819.91	29,531.77	1,21,272.53
Expenses				
Cost of materials consumed	17,371.49	20,175.77	19,097.56	76,017.39
Changes in inventories of work-in-progress and finished goods	(10.59)	18.15	(705.13)	(559.46)
Employee benefits expense	4,192.64	4,028.20	3,742.45	15,014.93
Finance costs	312.52	258.56	229.02	968.45
Depreciation and amortisation expense	1,646.26	1,529.68	1,063.96	5,656.42
Other expenses	4,457.27	4,380.58	4,889.32	19,002.70
Total expenses	27,969.59	30,390.94	28,317.18	1,16,100.43
Profit before share of profits of joint ventures and tax	1,022.83	1,428.97	1,214.59	5,172.10
Share of profits/(loss) of Joint Ventures	(1.45)	50.78	128.52	314.54
Profit before tax	1,021.38	1,479.75	1,343.11	5,486.64
Tax expense				
Current tax	296.16	361.39	325.01	1,381.58
Short provision in respect of earlier year	-	70.17	4.04	63.08
Deferred tax	(149.75)	(452.15)	9.68	(455.81)
Total tax expense	146.41	(20.59)	338.73	988.85
Profit for the period	874.97	1,500.34	1,004.38	4,497.79
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)	1.09	(3.74)	(8.31)	29.81
Exchange differences in translating the financial statements of foreign operations	63.06	(474.87)	(190.35)	(1,045.68)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Remeasurement of defined benefit obligation (net of tax)	-	(13.63)	-	(47.61)
Other comprehensive income, net of tax	64.15	(492.24)	(198.66)	(1,063.48)
Total comprehensive income for the period	939.12	1,008.10	805.72	3,434.31
Profit for the period attributable to:				
Shareholders of the Company	868.34	1,494.27	994.76	4,463.20
Non-controlling interests	6.63	6.07	9.62	34.59
Other comprehensive income attributable to:				
Shareholders of the Company	64.15	(491.67)	(198.66)	(1,062.71)
Non-controlling interests	-	(0.57)	-	(0.77)
Total comprehensive income for the period attributable to:				
Shareholders of the Company	932.49	1,002.59	796.10	3,400.49
Non-controlling interests	6.63	5.50	9.62	33.82
Paid-up equity share capital (Face value of the share in Re.1/- each)	134.81	134.81	134.81	134.81
Reserves excluding revaluation reserves as per balance sheet of previous accounting year				30,736.21
Earnings per equity share attributable to Owners [Nominal value per share: Re. 1 (Previous year : Re. 1)](not annualised)				
Basic and diluted (in Rupees)	6.44	11.08	7.38	33.11



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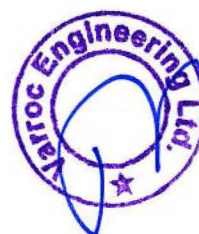
Unaudited Consolidated Segment wise Revenue, Results, Assets and Liabilities

(Rs. In million)

Particulars	For the quarter ended June 30, 2019	For the quarter ended March 31, 2019	For the quarter ended June 30, 2018	For the year ended March 31, 2019
	Unaudited	Audited (refer note 5)	Unaudited	Audited
1) Segment Revenue				
(i) Automotive	28,132.81	30,740.76	28,443.67	1,17,318.26
(ii) Others	567.98	793.24	830.87	3,050.69
	28,700.79	31,534.00	29,274.54	1,20,368.95
Less: Inter segment revenue	-	-	4.30	4.30
	28,700.79	31,534.00	29,270.24	1,20,364.65
2) Segment Results				
(i) Automotive	1,291.22	1,622.56	1,394.16	5,707.29
(ii) Others	(20.79)	17.28	49.45	148.63
Total Segment Results	1,270.43	1,639.83	1,443.61	5,855.92
Add/ (Less):				
(a) Finance Cost	(312.52)	(258.56)	(229.02)	(968.45)
(b) Net unallocated (expenditure) / income	63.47	98.48	128.52	599.17
Total profit before tax	1,021.38	1,479.75	1,343.11	5,486.64
Segment Assets				
(i) Automotive	84,421.57	78,642.37	67,236.66	78,642.37
(ii) Others	2,278.06	2,402.58	2,488.50	2,402.58
Total segment assets	86,699.64	81,044.95	69,725.16	81,044.95
Add: Unallocated	7,491.99	6,485.41	5,430.88	6,485.41
Total assets	94,191.63	87,530.36	75,156.04	87,530.36
Segment Liabilities				
(i) Automotive	33,173.76	29,608.00	23,972.65	29,608.00
(ii) Others	700.13	839.35	1,071.84	839.35
Total segment liabilities	33,873.89	30,447.35	25,044.49	30,447.35
Add: Unallocated	28,316.32	25,970.68	20,825.31	25,970.68
Total liabilities	62,190.21	56,418.03	45,869.80	56,418.03

Notes :

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 09, 2019 and were subjected to limited review by the Statutory Auditors.
- 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.



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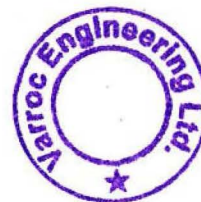
Varroc Engineering Limited
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CIN: L28920MH1988PLC047335
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E-mail: investors@varroc.com



- 3) Effective April 1, 2019, the Group has adopted Ind AS 116 - "Leases" using the modified retrospective method without adjusting the comparatives and the cumulative impact has been adjusted to retained earning on the date of initial application i.e. April 1, 2019. Had the Group continued to apply the previous accounting standard on leases, the depreciation and finance costs would have been lower by Rs. 78.36 million and Rs. 18.30 million respectively, the other expenses would have been higher by Rs. 86.81 million and the profit before tax would have been higher by Rs. 9.85 million for the quarter ended June 30, 2019.
- 4) The deferred tax in "Tax expense" for the quarter ended June 30, 2019 includes a credit of Rs.117.97 million (for year ended March 31, 2019 : Rs. 531.06 million; for the quarter ended March 31, 2019 : Rs. 300.25 Million and for the quarter ended June 30, 2018: Nil) recognised on tax incentive on eligible investments by the subsidiary in Czech Republic which can be utilised against future taxable income. Further, deferred tax for the quarter ended March 31, 2019 in "Tax expense" includes a credit of Rs. 108.98 Million recognised on provision for pension scheme by the subsidiary in Germany which will be utilised against future taxable income.
- 5) The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of full financial year upto March 31, 2019 and the unaudited published year-to-date figures upto December 31, 2018, being the date of the third quarter of the financial year, which were subjected to limited review.

For and on behalf of
Varroc Engineering Limited

Tarang Jain
Managing Director



Place: Aurangabad
Date: August 09, 2019