

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2018-19/46
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

NSE Symbol: VARROC

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

BSE Security Code: 541578
Security ID: VARROC

Dear Sir/Madam,

Sub.: Submission of Unaudited Financial Results for Q3 2018-19.

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 08th February 2019, which commenced at 12:30 p.m. and concluded at 02:00 p.m., *inter alia*, has discussed and approved Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and nine months ended 31st December 2018.

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

1. Limited Review Report on Unaudited Financial Results for the Quarter and nine months ended 31st December 2018.
2. Standalone and Consolidated Unaudited Financial Results, for the Quarter and nine months ended 31st December 2018.

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



Encls: 1. Limited Review Report on Unaudited Financial Results for Q3 2018-19.
2. Unaudited Financial Results for Q3 2018-19.

CC: Link Intime India Pvt. Ltd., Mumbai (RTA).

Limited Review Report**Review Report to
The Board of Directors
Varroc Engineering Limited**

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of Varroc Engineering Limited (the 'Company') for the quarter ended December 31, 2018 and year to date from April 01, 2018 to December 31, 2018 (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'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('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 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 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 applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, 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.
5. We have not audited or reviewed the comparative financial information of the Company for the corresponding quarter ended December 31, 2017, included in the Statement of unaudited standalone Ind AS financial results which have been prepared solely based on the information compiled by Management.



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6. The comparative Ind AS financial information of the Company for the nine months period ended December 31, 2017 and for the year ended March 31, 2018, included in these unaudited standalone Ind AS financial results, is based on the audited financial statements of the Company for the nine months period ended December 31, 2017 and for the year ended March 31, 2018 which were audited by the predecessor auditor who expressed unmodified opinion on those standalone financial statements on March 25, 2018 and June 06, 2018 respectively.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003


per Paul Alvares

Partner

Membership No.: 105754

Mumbai

February 08, 2019





Statement of unaudited standalone financial results for the Quarter and Nine months ended December 31, 2018

Particulars	Quarter ended			Nine months ended		(Rs. In million)
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	Year ended March 31, 2018
	Unaudited	Unaudited	Unaudited (refer note 3)	Unaudited	Audited	Audited
Revenue from operations (refer note 4)	6,460.76	6,934.27	5,014.18	19,594.07	15,382.42	20,954.75
Other income	139.39	156.28	98.40	419.94	217.68	287.71
Total Income	6,600.15	7,090.55	5,112.58	20,014.01	15,600.10	21,242.46
Expenses						
(a) Cost of materials consumed	4,354.86	4,516.27	3,282.46	12,897.09	9,371.90	13,045.36
(b) Changes in stock of finished goods, stock-in-trade and work-in-progress	(166.60)	(25.19)	(113.16)	(222.25)	72.54	(10.54)
(c) Excise duty	-	-	-	-	485.83	485.83
(d) Employee benefits expense	553.38	538.05	434.35	1,625.36	1,272.07	1,753.76
(e) Finance costs	95.95	101.18	77.69	297.54	295.18	401.50
(f) Depreciation and amortisation expense	266.03	262.59	259.29	788.73	760.24	1,016.11
(g) Other expenses	952.89	1,043.64	909.98	3,040.60	2,573.10	3,498.84
Total expenses	6,056.51	6,436.54	4,850.61	18,427.07	14,830.86	20,190.86
Profit before tax	543.64	654.01	261.97	1,586.94	769.24	1,051.60
Tax expense						
Current tax	126.79	120.93	55.24	341.59	168.56	232.97
Short/(excess) provision for tax relating to prior periods	(2.57)	0.01	-	(5.68)	-	-
Deferred tax	39.48	58.79	24.16	138.53	76.36	120.33
Total tax expense	163.70	179.73	79.40	474.44	244.92	353.30
Profit for the period	379.94	474.28	182.57	1,112.50	524.32	698.30
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)	(16.29)	58.15	4.74	33.55	4.76	6.68
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)						
Remeasurement of defined benefit obligation (net of tax)	(10.81)	-	(1.20)	(10.81)	(1.20)	10.82
Other comprehensive income	(27.10)	58.15	3.54	22.74	3.56	17.50
Total comprehensive income for the period	352.84	532.43	186.11	1,135.24	527.88	715.80
Paid-up equity share capital	134.81	134.81	123.13	134.81	123.13	134.81
Face value of the share in Re.1/- each						
Reserves excluding revaluation reserves as per balance sheet of previous accounting year						9,980.66
Earnings per share (of Re 1/- each) (not annualised):						
Basic & diluted	2.82	3.52	1.28*	8.25	3.67*	4.96

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

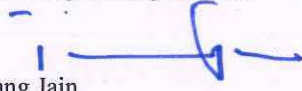


Notes to the Unaudited Standalone Financial Results:

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 8th February 2019 and subjected to a limited review by the Statutory Auditors.
- 2) These unaudited standalone financial results have 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 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016. dated 5th July, 2016.
- 3) The standalone unaudited financial results for the quarter ended December 31, 2017 is solely based on information compiled by the management. The said information has not been subject to limited review or audit.
- 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 nine months ended December 31, 2018 is not comparable with that for the nine months ended December 31, 2017 in the results.

Place: Mumbai
Date: 08/02/2019

For and on behalf of Board of Directors
Varroc Engineering Limited


Tarang Jain
Managing Director



Limited Review Report**Review Report to
The Board of Directors
Varroc Engineering Limited**

1. We have reviewed the accompanying statement of unaudited consolidated Ind AS financial results of Varroc Engineering Group comprising Varroc Engineering Limited (the 'Company'), its subsidiaries (together referred to as 'the Group') and its joint ventures, for the quarter ended December 31, 2018 and year to date from April 01, 2018 to December 31, 2018 (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'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('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 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 issue express a conclusion on the Statement based on our review.
3. 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. 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 and based on the consideration of the reports of other auditors on the unaudited separate quarterly financial results and on the other financial information of subsidiaries and joint venture, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated Ind AS financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, 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.
5. We did not review the financial results and other financial information, in respect of 6 subsidiaries, whose Ind AS financial results include total assets of Rs. 44,951.79 million as at December 31, 2018, and total revenues of Rs. 17,721.29 million and Rs. 52,961.17 million for the quarter and the period ended on that date. These Ind AS financial results and other financial information have been reviewed by other auditors, which financial results, other financial information and auditor's reports have been furnished to us by management. The consolidated Ind AS financial results also include the Group's share of net profit of Rs. 59.04 million and Rs. 254.27 million for the quarter and for the period ended December 31, 2018 respectively, as considered in the consolidated Ind AS financial results, in respect of a joint venture, whose financial results, other financial information have been reviewed by other auditors and whose reports have been furnished to us by 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 in respect of this matter.



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6. Certain of these subsidiaries and 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 audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial results of such subsidiaries and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries and joint venture located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Company and reviewed by us.
7. The accompanying consolidated Ind AS financial results include unaudited financial results and other unaudited financial information in respect of 11 subsidiaries, whose financial results and other financial information reflect total assets of Rs. 16,384.28 million as at December 31, 2018, and total revenues of Rs. 416.51 million and Rs. 1,241.12 million for the quarter and the period ended on that date respectively. These unaudited financial results and other unaudited financial information have been furnished to us by management. The consolidated Ind AS financial results also include the Group's share of net profit of Rs. 2.84 million and Rs. 9.49 million for the quarter and for the period ended December 31, 2018 respectively, as considered in the consolidated Ind AS financial results, in respect of a joint venture, whose financial results and other financial information have not been audited and whose unaudited financial results, other unaudited financial information have been furnished to us by 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 statement and other unaudited financial information. According to the information and explanations given to us by management, these financial results and other financial information are not material to the Group. Our conclusion is not modified in respect of this matter.
8. We have not audited or reviewed the comparative financial information of the Group for the corresponding quarter ended December 31, 2017, included in the statement of unaudited consolidated Ind AS financial results which have been prepared solely based on the information compiled by management.
9. The comparative Ind AS consolidated financial information of the Group for the nine months period ended December 31, 2017 and for the year ended March 31, 2018, included in these unaudited consolidated Ind AS financial results, is based on the audited consolidated financial statements of the Group for the nine months period ended December 31, 2017 and for the year ended March 31, 2018 which were audited by the predecessor auditor who expressed unmodified opinion on those consolidated financial statements on March 25, 2018 and June 06, 2018 respectively.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership No.: 105754

Mumbai

February 08, 2019





Statement of unaudited consolidated financial results for the quarter and nine months ended December 31, 2018

(Rs. In million)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited (refer note 3)	Unaudited	Audited	Audited
Revenue from operations (refer note 4)	29,549.90	30,010.51	25,404.64	88,830.65	73,939.01	1,03,784.57
Other income	177.41	183.03	77.66	621.97	215.20	386.10
Total income	29,727.31	30,193.54	25,482.30	89,452.62	74,154.21	1,04,170.67
Expenses						
Cost of materials consumed	18,056.35	18,687.71	16,125.81	55,841.62	45,158.00	64,127.17
Changes in inventories of work-in-progress, stock-in-trade and finished goods	68.32	59.20	(324.99)	(577.61)	(289.44)	(300.31)
Excise duty	-	-	-	-	997.85	996.26
Employee benefits expense	3,841.30	3,402.98	3,305.19	10,986.73	9,590.77	13,135.17
Finance costs	272.92	207.95	176.84	709.89	614.88	861.70
Depreciation and amortisation expense	1,373.27	1,642.88	933.72	4,080.11	2,792.92	3,864.65
Other expenses	4,910.66	4,822.14	4,284.84	14,622.12	12,149.18	17,017.97
Total expenses	28,522.82	28,822.86	24,501.41	85,662.86	71,014.16	99,702.61
Profit before share of profits of joint ventures and tax	1,204.49	1,370.68	980.89	3,789.76	3,140.05	4,468.06
Share of profits of Joint Ventures	61.88	73.36	277.80	263.76	532.29	690.27
Profit before tax	1,266.37	1,444.04	1,258.69	4,053.52	3,672.34	5,158.33
Tax expense						
Current tax	502.00	182.05	250.94	1,013.10	851.21	1,193.75
Net current tax	502.00	182.05	250.94	1,013.10	851.21	1,193.75
Deferred tax	(257.33)	253.32	(161.95)	5.67	(258.46)	(543.19)
Total tax expense	244.67	435.37	88.99	1,018.77	592.75	650.56
Profit for the period	1,021.70	1,008.67	1,169.70	3,034.75	3,079.59	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)	(16.29)	58.15	4.74	33.55	4.76	6.68
Exchange differences in translating the financial statements of foreign operations	(359.18)	(21.28)	(317.08)	(570.81)	1,179.28	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)	(33.98)	-	5.72	(33.98)	5.72	(4.41)
Other comprehensive income, net of tax	(409.45)	36.87	(306.62)	(571.24)	1,189.76	1,998.28
Total comprehensive income for the period	612.25	1,045.54	863.08	2,463.51	4,269.35	6,506.05
Profit for the period attributable to:						
Shareholders of the Company	1,011.29	1,000.18	1,173.15	3,006.23	3,079.20	4,502.58
Non-controlling interests	10.41	8.49	(3.45)	28.52	0.39	5.19
Other comprehensive income attributable to:						
Shareholders of the Company	(409.25)	36.87	(306.62)	(571.04)	1,189.76	1,997.80
Non-controlling interests	(0.20)	-	-	(0.20)	-	0.48
Total comprehensive income for the period attributable to:						
Shareholders of the Company	602.04	1,037.05	866.53	2,435.19	4,268.96	6,500.38
Non-controlling interests	10.21	8.49	(3.45)	28.32	0.39	5.67
Paid-up equity share capital (face value of Rs 1)	134.81	134.81	134.81	134.81	134.81	134.81
Reserves excluding revaluation reserves as per balance sheet of previous accounting year						28,145.24
Earnings per equity share attributable to Owners (Nominal value per share: Re. 1) (not annualised)						
Basic and diluted (in Rupees)	7.50	7.42	8.70*	22.30	22.84*	33.40

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



Unaudited Consolidated Segment wise Revenue, Results, Assets and Liabilities

(Rs. In million)

Particulars	Quarter ended			Nine months ended		For the year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited (refer note 3)	Unaudited	Audited	Audited
1) Segment Revenue						
(i) Automotive	28,820.43	29,313.41	24,735.22	86,577.50	72,059.44	1,01,042.03
(ii) Others	729.47	697.10	673.30	2,257.45	1,887.11	2,750.08
	29,549.90	30,010.51	25,408.52	88,834.95	73,946.55	1,03,792.11
Less: Inter segment revenue	-	-	3.88	4.30	7.54	7.54
	29,549.90	30,010.51	25,404.64	88,830.65	73,939.01	1,03,784.57
2) Segment Results						
(i) Automotive	1,284.60	1,481.48	1,064.60	4,131.37	3,576.62	5,077.86
(ii) Others	93.57	(11.67)	35.34	131.35	68.84	89.55
Total Segment Results	1,378.17	1,469.81	1,099.94	4,262.72	3,645.46	5,167.41
Add/ (Less):						
(a) Finance Cost	(272.92)	(207.95)	(176.84)	(709.89)	(614.88)	(861.70)
(b) Net unallocated (expenditure) / income	161.12	182.18	335.59	500.69	641.76	852.62
Total profit before tax	1,266.37	1,444.04	1,258.69	4,053.52	3,672.34	5,158.33
3) Segment Assets						
(i) Automotive	75,889.88	76,253.29	57,696.35	75,889.88	57,696.35	60,634.30
(ii) Others	2,469.42	2,579.01	2,370.24	2,469.42	2,370.24	2,518.39
Total segment assets	78,359.30	78,832.30	60,066.59	78,359.30	60,066.59	63,152.69
Add: Unallocated	5,726.17	5,798.19	5,038.81	5,726.17	5,038.81	5,371.23
Total assets	84,085.47	84,630.49	65,105.40	84,085.47	65,105.40	68,523.92
4) Segment Liabilities						
(i) Automotive	28,231.35	29,581.02	21,111.82	28,231.35	21,111.82	26,217.94
(ii) Others	812.69	943.79	910.05	812.69	910.05	979.28
Total segment liabilities	29,044.04	30,524.81	22,021.87	29,044.04	22,021.87	27,197.22
Add: Unallocated	24,819.06	24,534.68	16,758.63	24,819.06	16,758.63	12,838.98
Total liabilities	53,863.10	55,059.49	38,780.50	53,863.10	38,780.50	40,036.20

Notes to the unaudited consolidated Financial Results:

- The above unaudited consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 8, 2019. The Statutory Auditors of the Company have carried out a "limited review" of these financial results.
- These unaudited consolidated financial results have 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 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI Circular no. CIR/CFD/FAC/62/2016, dated 5th July, 2016.
- The unaudited consolidated financial results for the quarter ended December 31, 2017 are solely based on information compiled by the management. The said information has not been subject to limited review or audit.
- 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 nine months ended December 31, 2018 is not comparable with that for the nine months ended December 31, 2017 in the results.
- 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.
- On July 02, 2018, the Group acquired "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. Given the recent acquisition, the management is in the process of allocation of the purchase consideration of EURO 43 million to assets and liabilities based on their acquisition date fair values. As at December 31, 2018, the consideration in excess of book value of the assets and liabilities acquired has been allocated to Goodwill on provisional basis. The Group expects to finalize the purchase price allocation as above before end of current financial year ending March 31, 2019.
- The deferred tax for the quarter ended December 31, 2018 in "Tax expense" includes a credit of Rs. 230.81 million recognised on tax incentive on eligible investments by the subsidiary in Czech Republic which can be utilised against future taxable income over the next 10 years

Place: Mumbai
Date: February 8, 2019

For and on behalf of Board of Directors
Varroc Engineering Limited

Tarang Jain
Managing Director

