Varroc Engineering Limited

L-4, MIDC, Industrial Area Waluj, Aurangabad 431 136 Maharashtra, India
CIN: U28920MH1988PLC047335 | Tel + 91 240 6653700 | www.varroc.com

Press Release

- **Consolidated Revenue from operations for Q1 FY21 declined by 56% YoY due to the impact of the COVID-19 pandemic on business operations**
- **EBITDA loss for the quarter was Rs 1.8 billion; several cost rationalization initiatives rolled out to reduce fixed cost base by more than 20%**
- **Resumption of the regular working capital cycle, improved profitability and reduction in capex expected to lead to positive cash flows going forward**

Pune, August 14, 2020: Varroc Engineering Ltd. (Varroc), a global tier-I auto component group, today announced its results for the quarter ended June 30, 2020

Summary Consolidated Financials

(Rs million)

	Q1 FY21	Q1 FY20	% Change
Revenue from Operations - Reported	12746.9	28700.8	-56%
Other Income - Operating	110.0	280.4	
Other Income - non-Operating	390.0	11.3	
EBITDA : Reported	-1794.3	2970.3	-160%
EBITDA %	*-14.1%*	*10.3%*	
Depreciation & Amortisation	2069.0	1646.3	26%
Finance Cost	431.5	312.5	38%
Share of net profits of JVs under equity method	109.7	-1.5	
PBT - Reported	**-3795.1**	**1021.4**	
Tax	-709.2	146.4	
Tax rate	*18.2%*	*14.3%*	
PAT - Reported	**-3085.9**	**875.0**	

Consolidated Financial Performance for the quarter

- Revenue from operations for the quarter was Rs 17,747 million, a decline of 56% over Q1 FY20, mainly due to plant shutdowns caused by the COVID-19 pandemic.
- The Global Lighting Business (VLS) revenue declined 50% YoY in Euro terms. The India Business revenue declined by 71%.
- The reported EBITDA loss for the quarter was Rs 1,794 million.
- The EBITDA loss for India business was at Rs 251 million while VLS reported EBITDA loss of Rs.1,547 million.

China JV

- China JV recovered quickly from the Covid-19 impact and performed strongly in this quarter. Revenue grew by 30.5% YoY and EBITDA margin was (+)16.5% for the quarter as against (+)6.3% in Q1 FY20. Our share of the JV profit was Rs.110 Mn as against a marginal loss in Q1 FY20.

Depreciation and amortisation

- Depreciation and Amortisation expenses were higher due to capitalisation of new facilities.

Finance Costs

- Finance costs were higher due to higher average borrowings during the period, caused by the disruption to the working capital cycle.

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

"As is required of any prudent business, we initiated a number of steps to mitigate the impact of the Covid-19 impact on the business. We are limiting capital expenditure in line with revised demand expectations, and it will be only about 60% of the capex incurred last year. We have also taken steps to reduce the fixed cost base through various measures, resulting in savings of about 20% overall. We have also prioritised securing and preserving liquidity till the operations have fully stabilised and visibility on business prospects has improved. These measures helped us weather the storm and navigate our way through the crisis and emerge stronger with a lower cost base and more efficient operations.

Going forward, our key areas of focus would be optimisation of cost structure, maximising capacity utilisation of investments made and cash flow generation."

About Varroc Engineering Ltd.

Varroc Engineering Ltd is a global tier-1 automotive component group, ranked 124th in the 2019 Fortune India 500 list. It was incorporated in 1988. The group designs, manufactures and supplies 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 11,200 crore (USD 1.5 Billion) in FY20. The group employs more than 14,300+ employees, has 43 global operating manufacturing facilities and has 185 patents.

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