



Varroc Engineering Limited

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Press Release

- Revenue from Operations for the quarter declined by 19% QoQ to ₹ 29.4 Billion; India Business revenue declined due to COVID second wave related lockdowns and the VLS revenue declined as a result of key customer OEMs shutting plants/ reducing volumes due to semiconductor shortages
- Consolidated EBITDA for the quarter severely impacted by the lower revenue/ capacity under-utilization as well as increase in raw material costs
- Net Debt increased to ₹27.7 billion mainly as a result of disruption to working capital cycle, capex and weaker operating performance
- Order wins encouraging with ₹2.8 billion inflows in India Business and € 99 million in VLS Business

Pune, August 12, 2021: Varroc Engineering Ltd. (Varroc), a global tier-I auto component group, today announced its results for the quarter ended June 30, 2021

Summary Consolidated Financials

	(₹ million)				
	Q1 FY22	Q1 FY21	Q4 FY21	YoY % Change	QoQ % Change
Revenue from Operations - Reported	29416.0	12746.9	36,192.6	131%	-19%
Other Income - Operating	146.1	110.0	103.4		
Other Income - non-Operating	7.5	390.0	216.7		
EBITDA: Reported	176.4	-1794.3	1,275.1	na	-86%
EBITDA %	0.6%	-14.1%	3.5%		
Depreciation & Amortisation	2192.1	2069.0	2,361.8	6%	-7%
Finance Cost	385.8	431.5	371.5	-11%	4%
Share of net profits of JVs under equity method	-25.5	109.7	64.0		
PBT - Reported	-2419.5	-3795.1	-1177.6		
Tax	-126.7	-709.2	265.6		
PAT before exceptional tax asset impairment	-2292.8	-3085.9	-1443.2		

Consolidated Financial Performance for the quarter

- Revenue from operations for the quarter was ₹ 29,416 million, an increase of 130.8% over Q1 FY21; however the revenue declined by 18.7% QoQ
- India Business revenue declined by 22.6% QoQ due to COVID second wave related lockdowns, and VLS revenue declined by 17.9% QoQ (in Euro) as a result of key customer OEMs shutting plants/ reducing volumes
- The EBITDA for the quarter was at ₹ 176 million (Ex China)
- Consolidated EBITDA for the quarter severely impacted by semiconductor shortage led production volume drop in VLS business and shutdowns in India. The EBITDA for India business was at ₹ 728 million (EBITDA margin 7.7%); while VLS reported EBITDA of (-) ₹ 544 million.

China JV

- China JV Revenue declined by 27% QoQ. Our share of the China JV profit was (-) ₹ 26 Million as against a PAT of (+) ₹ 54 million in Q4 FY21.

Depreciation and Amortisation

- Depreciation and Amortisation expenses have started to stabilise and were lower than the previous quarter (-7%) as capex intensity has reduced.

Finance Cost

- Finance cost was at ₹ 386 million, lower by 10.6% YoY due to reduction in gross debt over the last one year.

Project RACE

- Project RACE (Rapid Achievement of Competitive Edge) to bring VLS EBIT level in line with industry benchmarks is progressing well. In the initial phase, we are working on diagnostics to identify the improvement opportunities. The implementation of actions on quick wins has been initiated and is expected to start showing impact in the next six months.

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

“Countrywide lock-downs in India during COVID second wave and severe semiconductor shortages globally, impacted the revenue and the profitability in the first quarter. The semiconductor shortage situation is expected to continue in Q2 as well. The additional capacity for semiconductors is expected to be available in the second half and this should help stabilise the industry PV volumes.

During this challenging external environment, our focus will be to steadily improve the margins in our VLS business on a sustainable basis in the coming quarters.”

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 ₹ 11,300 crore (USD 1.5 Billion) in FY21. The group employs more than 13,400+ employees, has 43 global operating manufacturing facilities and has 161 patents.

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