

# Varroc Engineering Limited

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VARROC/SE/INT/2024-25/103

November 13, 2024

To,

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

The Manager – Listing  
The Corporate Relation  
Department,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001.  
BSE Security Code: 541578  
[Debt: 975062]

Dear Sir/Madam,

**Sub: Press Release - Financial Results Q2/FY 2024-25**

Please find enclosed a copy of Press Release on the Un-audited Financial Results (Consolidated & Standalone) for the quarter and half year ended on September 30, 2024.

Kindly take the same on record and note the compliance.

**For Varroc Engineering Limited**

**Ajay Sharma**  
**Group General Counsel and Company Secretary**

**Encl:** a/a

# Press Release

## **Varroc Engineering further strengthens balance sheet** **PBT grows by 23% on YoY and by 62% on QoQ basis.**

- Consolidated revenue from operations was ₹20,808 million in Q2 FY25
- PBT Margin for Q2 FY25 came at 4.4% higher by 50 basis point YoY and 150 basis point on QoQ
- Net Debt reduces by 1,554 million in first half and Net Debt/Equity improves to 0.50 in H1 FY25

**Pune, November 13, 2024:** Varroc Engineering Ltd. (Varroc), a global tier-I auto components group, today announced its results for the financial year ended Sep 30, 2024. Mr. Tarang Jain, CMD commented,

*“The India GDP growth for Q1 of FY 25 was 6.7%. This was lower than the earlier projections given by RBI and lower than the growth levels of the previous few quarters. While urban consumption is down, rural consumption has been improving during the FY which is also reflected in good growth seen in 2W industry.*

*In Q2 FY25 on YoY basis 2W grew by 12.5%, 3W grew by 6.3%, PV de-grew by 0.7%, CV de-grew by 13.3%. However, on QoQ basis, we saw growth in almost all segments other than CV, primarily due to the early festive season. 2W grew by 6.8%, 3W grew by 29.3%, PV grew by 5.7%, CV de-grew by 5.2%*

*Destocking by dealers before Euro 5+ and lack of growth driven by lower consumption is impacting the European and American 2 Wheeler market. In the Asean region, the growth was largely driven by low-end segments and the premium segment continues to struggle for growth in this region.*

*During Q2 FY25, the Company registered revenue of Rs.20,808 million with a growth of 10.3% YoY. The Indian business reported a growth of 13.4%. The PBT of the company was at 4.4% for Q2 FY25 due to positive operating leverage seen in India operations. The consolidated profitability remains impacted by degrowth in overseas businesses, R&D spending in overseas operations for future growth.*

*On QoQ, the Company reported improvement all around. The Revenue on QoQ grew by 9.6%, EBITDA margin improved by 60 basis point and PBT margin by 150 basis point.*

*The Company balance sheet continues to strengthen along with improvement in return ratios. The net debt of the company in H1FY25 reduced by 1,554 million and net debt to equity have reduced to 0.50X at the end of H1 FY25 from 0.64X at the end of FY24. The absolute net debt figure is 8,273 million. Annualized ROCE at the end of H1FY25 is 19.0%.*

## Press Release

*The capex spent in H1FY25 was 1,030 million. The capex spending in H2FY25 will increase driven by need for additional SMT lines and increased EV capacity. We are also investing in land in southern & western part of India for future growth.*

*As indicated earlier, we are working on various initiatives to drive cost reductions across several categories of cost with special focus on fixed cost. Some of these measures have already started showing impact on our bottom-line but most of them will fully get reflected by Q4 FY25. We have also rationalized headcount levels across businesses and functions. We continue to look at avenues to make the organization more lean, nimble & agile and to increase speed in decision making.*

*The orderbook for H1FY25 continues to remain healthy and we continue to build the orderbook in both India and overseas business. In H1FY25, we have achieved net new business wins with annualized peak revenues of Rs.6,046 million. The orderbook from EV models constitutes more than 37% of these wins. In the first half we added various new-age technological advanced product portfolio in our business. We started the production of Integrated starter generator and soft-touch door panels whereas we won business for Battery management system for electric vehicles thus further increasing our content in electric vehicles. We also won business for Interior ambient lighting from a global player which helps in increasing our offering for 4-wheeler vehicles.*

*We will continue to innovate by further strengthening our engineering capabilities, streamlining our operations through further cost reductions and working capital optimization. Our endeavor will remain to expand our presence through focused products to drive sustainable growth and deliver value to our shareholders.*

*Beyond business, we continue to focus on various ESG aspects to make the organization more sustainable. We have published our first sustainability report which can be accessed on our website. Our efforts towards giving back to society is being also recognized. The Kham River Restoration was recognized by the WRI Ross Center for Sustainable Cities, as one of the top five finalists globally for their prestigious award. The project also received globally recognized prestigious award i.e. [The St Andrews Prize for the Environment.](#)*



# Press Release

## **About Varroc Engineering Ltd.**

Varroc Engineering Ltd is a global tier-1 automotive component group. It was incorporated in 1988. The group manufactures and supplies electricals-electronics, polymers, metallics and exterior lighting systems to leading OEM's with end-to-end capabilities across design, development and manufacturing for two-wheeler, three-wheeler, passenger vehicles, commercial vehicle, and off-highway vehicle worldwide. The group income was ₹ 75,795 million from continued operations in FY24. The group employs more than 7,000 employees (750 + R&D Engineers), has 36 global operating manufacturing facilities supported by 7 R&D Centres, and has more than 100 patents.

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

For further information on Varroc Engineering Limited please visit [www.varroc.com](http://www.varroc.com)

## **Contact Details**

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## **Safe Harbor**

This release contains statements that contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Varroc Engineering Limited future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, several risks, uncertainties, and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Varroc Engineering Limited undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.