

Press Release

- Consolidated Revenue in Q4 FY22 from Continued Operations improved 11.0% on QoQ basis
- Consolidated EBITDA margins improved by 150 bps QoQ for Continued Operations.
- SPA signed in April'22 with Plastic Omnium to divest the 4W Lighting Business in Europe & America for Enterprise Value of Euro 600 Million
- Application for Production Linked Incentive (PLI) scheme approved by the Government; target investment of approx. Rs.2800 Million over 5 Years
- Lifetime New Order wins in India: ₹35.1 billion for the Full Year and which consist of ₹10.4 billion from EV players

Pune, May 30, 2022: Varroc Engineering Ltd. (Varroc), a global tier-I auto component group, today announced its results for the quarter ended March 31, 2022.

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

“In India, the auto production for 2 wheelers in FY22 fell by 3.5% despite lower base of last year due to weak rural demand and higher cost of ownership. Passenger vehicle in India rose by 19.2% due to preference for personal mobility. Commercial Vehicle and 3 Wheeler also witnessed growth due to lower base and overall economic recovery.

Under this backdrop, the Revenue from continued operations for FY22 has grown by 33.6% to Rs.58,442 million as against Rs.43,739 million in FY21, outperforming the industry production numbers. The EBITDA margin for FY22 was 6.1% as against 7.7% in FY21 for the continued operations. The margins were impacted by higher commodity prices, forex losses on intercompany loans and lower operating utilization in some of the geographies.

The Revenue for Q4 FY22 for continued operations came at Rs.16,520 million which increased 11.0% Q-o-Q and 9.8% Y-o-Y again outperforming the Industry production numbers. The EBITDA margin improved on Q-o-Q basis by 150 basis point and came at 6.5%. The Margins for the quarter are still impacted by higher raw material prices

The focus of the company remains to pursue strategy which are combination of Growth and Margin Improvement for various business units. We have growth opportunity due to Mega Trends and some of our Business unit like Electric-Electronics in India, Polymer Business in India, Electronics in Romania are geared up to capitalize on specific growth opportunities. We are looking to improve the profitability of some of the business unit like IMES in Italy, Metallic Business in India, 4W lighting business in India and 2W global lighting business by mix of improving internal efficiency, higher capacity utilization and price increase from customers.

Strong Order wins for New Business in FY22 across business units will enable us to continue to outperform the Industry growth and it will also help us in improving the profitability. During FY22, lifetime revenue from New Order wins is Rs.35,509 million, and out of that, business win from EV customers is Rs.10,451 million.

To capture the growth from Mega Trends, we are happy to announce that the government has approved our application for Production Linked Incentive, and we will be investing around Rs.2800 million over 5 years under the scheme”

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In the financials, the business which is divested is now accounted as discontinued operations and only the profit or loss from discontinued operations is shown as one line item in the Income Statement as per the accounting standards.

Summary Consolidated Financials

(₹ million)

Particulars	Q4 FY22	Q3 FY22	Q4 FY21	FY 2022	FY 2021
Revenue from Continued Operations	16520	14886	15043	58442	43739
EBITDA	1071	744	1282	3593	3380
EBITDA Margin	6.5%	5.0%	8.5%	6.1%	7.7%
PBT from Continued Operation Before JV	-39.7	-309.8	709.6	-296.3	910.0
Share of Profit/(Loss) from JV	-21.2	30.9	64.0	-4.3	356.3
PBT from Continued Operations	-60.9	-279.0	773.6	-300.6	1266.3
Profit After Tax from Continued Operations	-325.7	-284.5	468.9	-782.8	787.6
Profit (Loss) from Discontinued Operations	-2523.9	-2668.1	-1912.1	-10284.4	-7074.0
Total Profit for the Period	-2849.6	-2952.6	-1443.2	-11067.3	-6286.4

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 **13,800** employees, has **43** global operating manufacturing facilities, and has **189** 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

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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.