

# Press Release

## **Profit Before Tax grew by 141% YoY, Debt Reduced and Strong Order Win delivered by Varroc Engineering Limited**

- Consolidated revenue from operations was ₹18,868 million in Q2 FY24, registering a growth of 2.9% on YoY basis
- Consolidated PBT margins in Q2 FY24 were at 3.9%, improved by 220 bps YoY
- Net Debt reduces by ₹2,214 million in Q2 FY24 and Annualized ROCE of 23%
- Strong new order lifetime win of Rs.36.02 billion in H1 FY24

**Pune, Nov 07, 2023:** Varroc Engineering Ltd. (Varroc), a global tier-I auto components group, today announced its results for the quarter ended Sep 30, 2023. Mr. Tarang Jain, CMD commented,

*“The geopolitical situation in Europe and the Middle East has created uncertainty in the global business environment. The interest rates may come under pressure if inflation goes up further due to a spike in oil prices. Despite these uncertainties in the global markets, we see a resilient and growing economy in India. The Indian economy has sustained its growth momentum in FY 2024 so far. Though the urban demand has already picked up well, we are expecting that the rural demand will also pick up with the current festive season.*

*In terms of our operations in Q2FY24, we continued our journey of improving operational and financial performance. Our revenue from operations grew by 3% on a YoY basis to Rs. 18,868 million, despite a weak growth in overseas markets due to the holiday season in Europe. The reported PBT for the quarter was Rs. 739 million which includes profit from our joint venture of Rs 80.6 million. Our balance sheet has strengthened in the H1 FY24 as we pulled ahead some of the debt reduction initiatives to Q2 and reduced our net debt significantly by over 2,714 million in H1 FY24 and our Net Debt/Equity ratio to below 1X. Our debt servicing ability has also improved as Net Debt to EBITDA is now at 1.35X compared to over 2.13X at the start of the financial year. The annualized ROCE for the H1 FY24 is around 23%.*

*We continue to win the trust of the customers as they are awarding us more business. This is reflected in the new order win. In H1 FY24 our new lifetime order win is Rs. 36.02 billion. In Q2 FY24, we have added 3 new customers for supplying components to their EV models. In the quarter, we also won business from 2 customers for supplying components related to the EV powertrain. These new orders will enable us to strengthen our presence in EV component space. Our Revenue from supplying to EV players in Q2 FY24 was approx. ~4.4% of our overall revenue.*

*Our effort to increase our technical capability was further enhanced in H1 FY24 as we filed 9 patents in India and 1 overseas.*

*We continue to enhance our engagement with OEM’s and showcase our ability to deliver advanced technology solutions at affordable cost to them. We are also working on various*



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*other efforts like capacity utilization, prudent capital allocation and cost reduction across the board to make our business more robust.”*

### **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 ₹ 69,209 million from continued operations in FY23. The group employs more than 6,500 employees (750 + R&D Engineers), has 36 global operating manufacturing facilities supported by 7 R&D Centres, and has more than 90 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)

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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.