

Press Release

- Consolidated revenue from operations was ₹17,228 million in Q3 FY23, registering a growth of 15.3% on YoY basis
- Consolidated EBITDA margins were at 7.8%, improved by 140 bps YoY
- PAT was positive at Rs. 218 million as against loss reported during the same quarter last year.
- Lifetime New Order wins in India: ₹35.65 billion for 9M FY23, including ₹8.92 billion from EV manufacturers.

Pune, Feb 07, 2023: Varroc Engineering Ltd. (Varroc), a global tier-I auto components group, today announced its results for the quarter ended Dec 31, 2022. Mr. Tarang Jain, CMD commented,

“In India, automobile production for all the segments grew on YoY basis due to easing of semiconductor issues and improved economic activity. However, 2W saw tepid growth as lower end of the segment has not picked up and exports were impacted by geo-political issues. YoY, 2W production grew only by merely 0.5%, 3W by 13.3%, PV by 21.4% and CV by 12.0% on YoY basis. On QoQ basis the production for all the segments fell because of early festive season and reduction of inventory at the channel partners.

In terms of our operations, our revenue from operations grew by 15.3% to Rs.17,228 million on YoY basis. Our EBITDA margin was at 7.8% and it improved on YoY basis by 140 bps due to improvement in overseas performance. Sequentially, the EBITDA margin has fallen due to lower revenue from operations. The reported PAT for the quarter was Rs. 218 million.

We continue to have strong order wins for new business in 9M FY23 across business units enabling our future growth in India. During 9M FY23, lifetime revenue from new order wins is Rs.35,653 million. Out of this, business wins from 5 prominent EV customers is Rs.8,917 million. The order books also reflect our effort to diversify as we see nearly 48% of lifetime order win from 4W and 52% from 2&3 wheeler. Diversification can also be seen in order book from customer perspective with only 19% from the largest customer.

As stated previously, profitable business wins, improving contribution margin, sweating of assets, net working capital improvement, commercialization of our R&D efforts, control on costs, growing free cash flow, debt reduction and prudent capital allocation remain the focus of the Company.”

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Summary of Consolidated Financials for Continued Operations

Rs. in Million	Q3 FY23	Q3 FY22	Q2 FY23	9M FY23	9M FY22
Revenue*	17,228	14,936	18,341	51,921	42,082
Adjusted EBITDA [^]	1,345	952	1,681	4,372	2,883
Adjusted EBITDA Margin	7.8%	6.4%	9.2%	8.4%	6.9%
Reported PBT	114	-279	307	417	-240
Reported PAT	218	-284	-191	-12	-457

Please note that Revenue includes Govt Incentive of Rs.60 million in Q3 FY23; Rs.62 million in Q2 FY23; Rs. 50 million in Q3 FY22; Rs.191 million in 9M FY23 and Rs. 159 million in 9M FY22.

Please note that EBITDA does not include MTM on forex i.e. EBITDA = Revenue + Govt Incentive – Raw Material Cost- Employee Expenses – Other Expenses

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 revenue was close to ₹ 58,442 million from continued operations in FY22. 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 75 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

Contact Details

Bikash Dugar Head Investor Relations bikash.dugar@varroc.com +91-8104233847	Pallavi Deshmukh Head Marketing and Communications Pallavi.deshmukh@varroc.com +91-9923005424	Suman Das Sarma Vice President - Avian WE sumans@avianwe.com +91 9820051946
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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.