

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2024-25/99

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: Investor Presentation - Financial Results Q2/FY 2024-25

Please find enclosed a copy of Investor Presentation 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

Presentation to Investors - Q2 FY25

13th November 2024



Disclaimer



This presentation may include statements which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events and involves known and unknown risks, uncertainties and other factors. The Company cannot guarantee that these assumptions and expectations are accurate or exhaustive or will be realised. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. No obligation is assumed by the Company to update the forward-looking statements contained herein.

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About Us



Varroc is a leading global auto technology company with a product portfolio covering a wide range of electrical, electronics, lighting, polymer, metallic, ADAS, after-market and advanced safety solutions



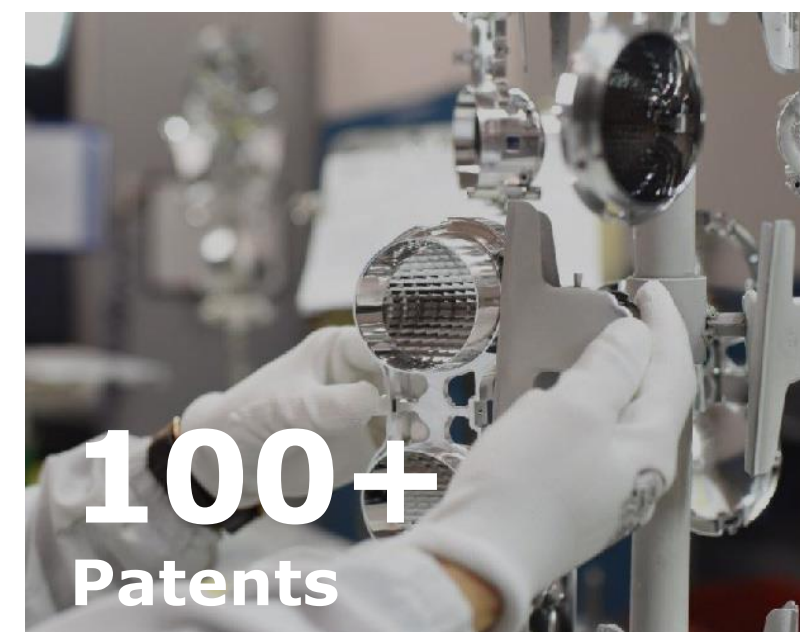
REVENUE USD 910 MILLION

BUSINESS CONTRIBUTION BY REGION

INDIA 87%

GLOBAL 13%

*Updated as per financial year 2024 and excludes the revenue from the JV.





Update on Q2 FY 25 Performance

13th November 2024

Highlights for Q2 FY25



1. Revenue for Q2 FY25 at 20,808 mn with a growth of 10.3% YoY driven by India business growth of 13.4% .

2. Profitability for Q2 FY25 Q2 FY25 PBT at 4.4% vs. 3.9% in Q2FY 24
Q2 FY25 EBITDA at 9.7% vs. 9.9% in Q2 FY 24

Net debt reduced by Rs.1,554 million in H1FY25 and is Rs. 8,273 million.

3. Lifetime business won in H1 FY25

Net New lifetime orders in H1 FY25 of Rs.32.48 billion with annual peak revenue of Rs.6.05 billion

More than 37% business win is from supplying to EV vehicles

Revenue from supplying to EV customers in Q2 FY25 was around 12.0% of revenue and for H1 FY25 it is around 9.2%

4. Varroc's Kham River Restoration (Part of CSR)

i) Recognized by the WRI Ross Center for Sustainable Cities, as one of the top five finalists globally for their prestigious award.

ii) Received globally recognized prestigious award i.e. [The St Andrews Prize for the Environment](#)

5. Capex (Net) spend in H1 FY25 was around Rs. 1,030 million. The same is going to accelerate in the second half as we need to expand our capacity in Electronics, EV powertrain and acquiring lands for future growth.

6. New products to drive future growth include:

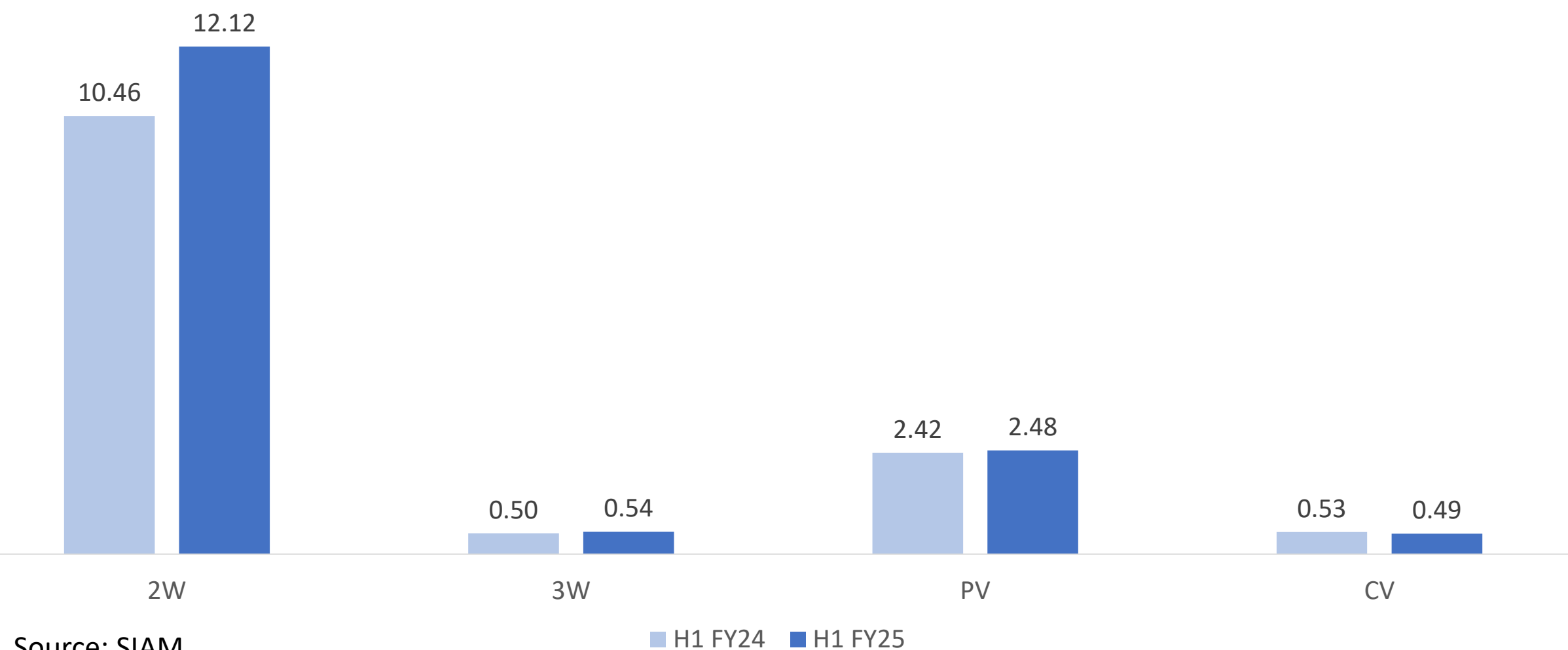
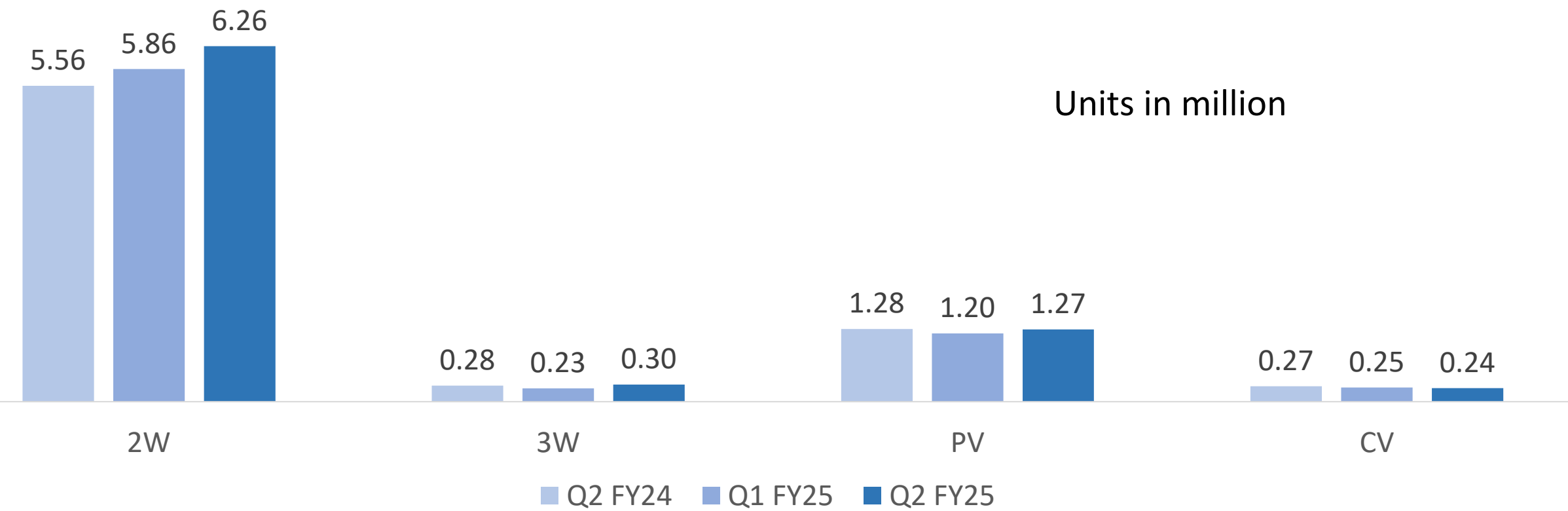
I. Interior Ambient Lighting

III. Soft-touch Door Panel

II. Battery Management System

IV. Integrated Starter Generator (ISG)

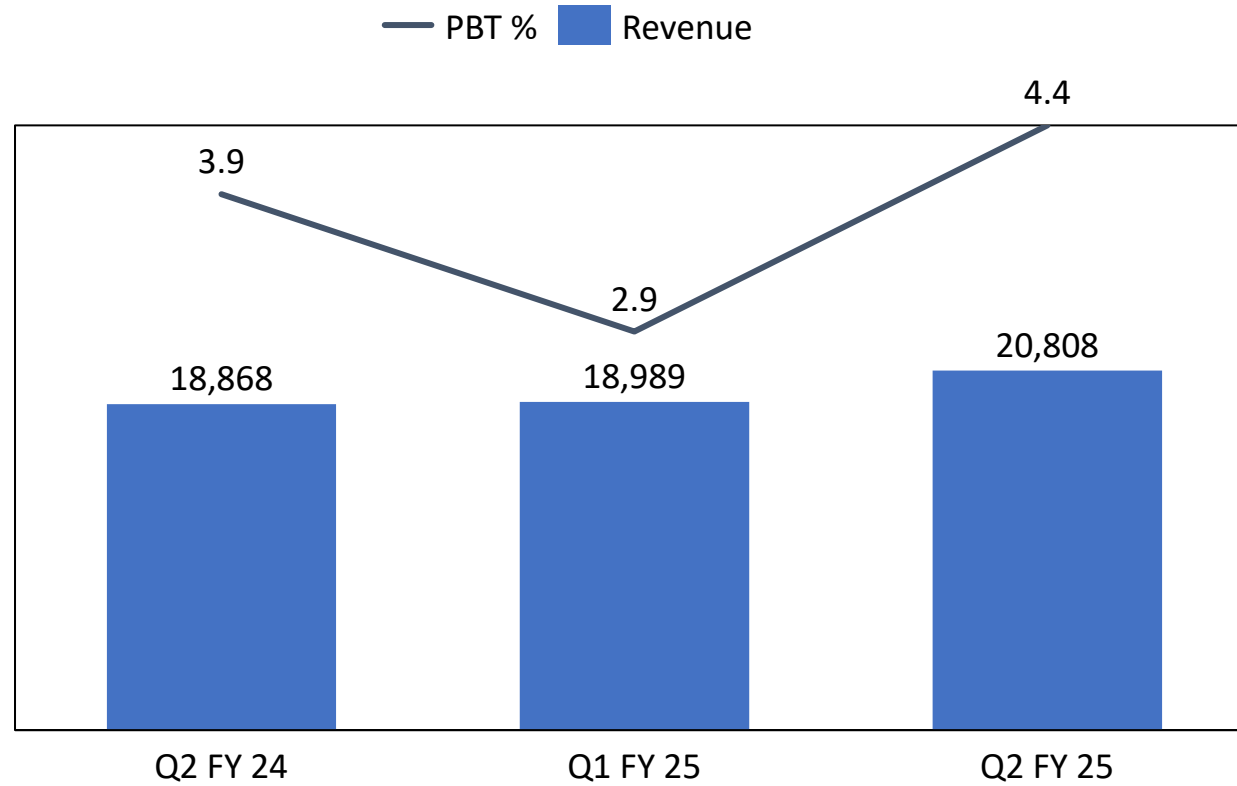
Automotive Production in India



Source: SIAM

- Uptick in rural demand has helped 2W & 3W to continue its upward growth trend in Q2 FY25 whereas high base has started impacting both PV and CV 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%
- On QoQ basis, we saw growth in almost all segment due to early festive season other than CV:
 - 2W grew by 6.8%
 - 3W grew by 29.3%
 - PV grew by 5.7%
 - CV de-grew by 5.2%
- EV 2W volume on QoQ basis grew by 73.9%
- For H1FY25 almost all the segment have seen growth as economic activity remains buoyant. CV saw de-growth because of election and high base
 - 2W grew by 15.8%
 - 3W grew by 7.6%
 - PV grew by 2.4%
 - CV de-grew by -7.5%

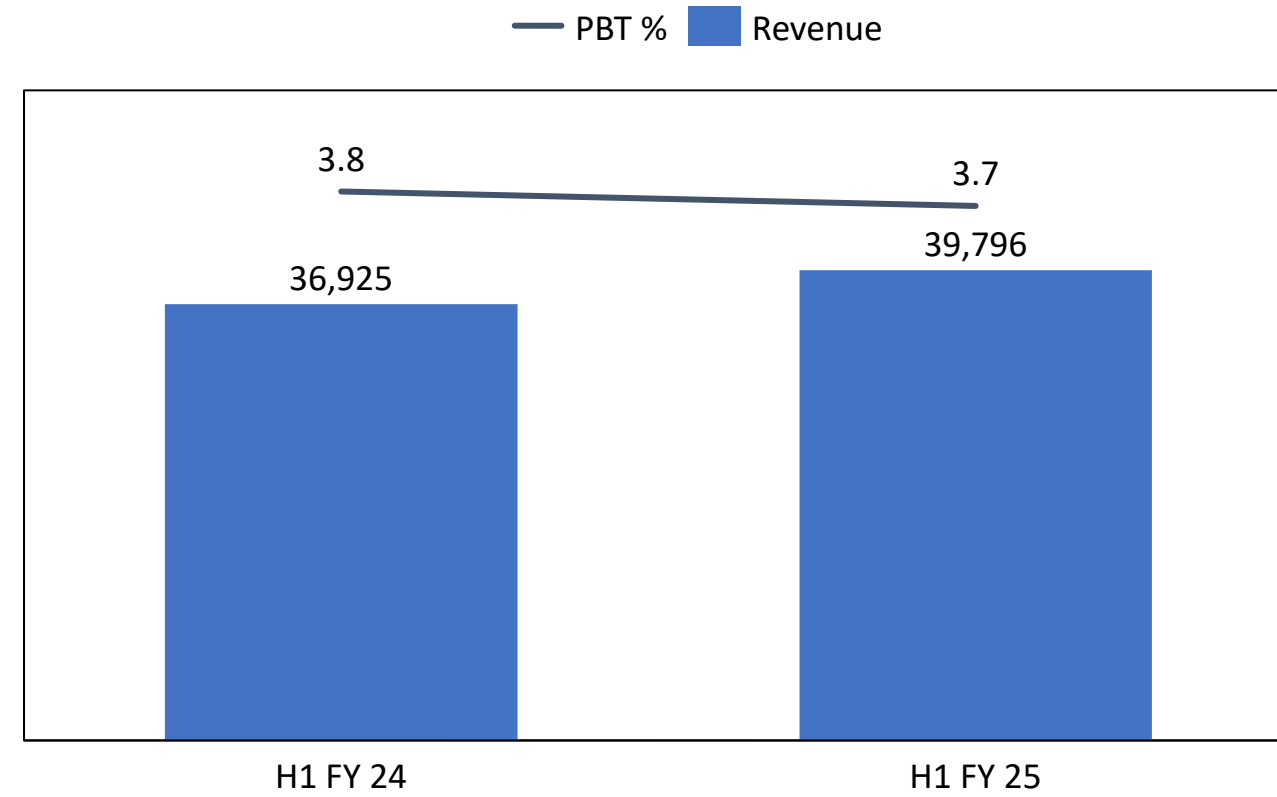
Consolidated Financials of Q2 FY25



Rs. In Million	Q2 FY25	Q2 FY24	YoY	Q1 FY25	QoQ
Revenue	20,808	18,868	10.3%	18,989	9.6%
EBITDA	2,010	1,871	7.4%	1,724	16.6%
EBITDA %	9.7%	9.9%	-20 bps	9.1%	60 bps
PBT	908	739	22.9%	560	62.2%
PBT %	4.4%	3.9%	50 bps	2.9%	150 bps

- Indian Operations grew by 13.4% YoY while overseas operations witnessed negative growth.
- The profitability (PBT) of the company improved both on YoY and QoQ basis due to positive operating leverage.
- Cost reduction efforts are expected to result in positive impact from Q4.

Consolidated Financials of H1 FY25



Rs. In Million	H1 FY25	H1 FY24	YoY
Revenue	39,796	36,925	7.8%
EBITDA	3,734	3,672	1.7%
EBITDA %	9.4%	9.9%	-50 bps
PBT	1,468	1,392	5.5%
PBT %	3.7%	3.8%	-10 bps

- India operation grew by 12.4% while overseas operations had negative growth
- The YoY profitability of the company was impacted by
 - R&D expense in overseas operations for future growth
 - Lower profitability in the JV Company due to pricing adjustments and model change-over by OEM customer.

Consolidated Balance Sheet & Return Ratio's

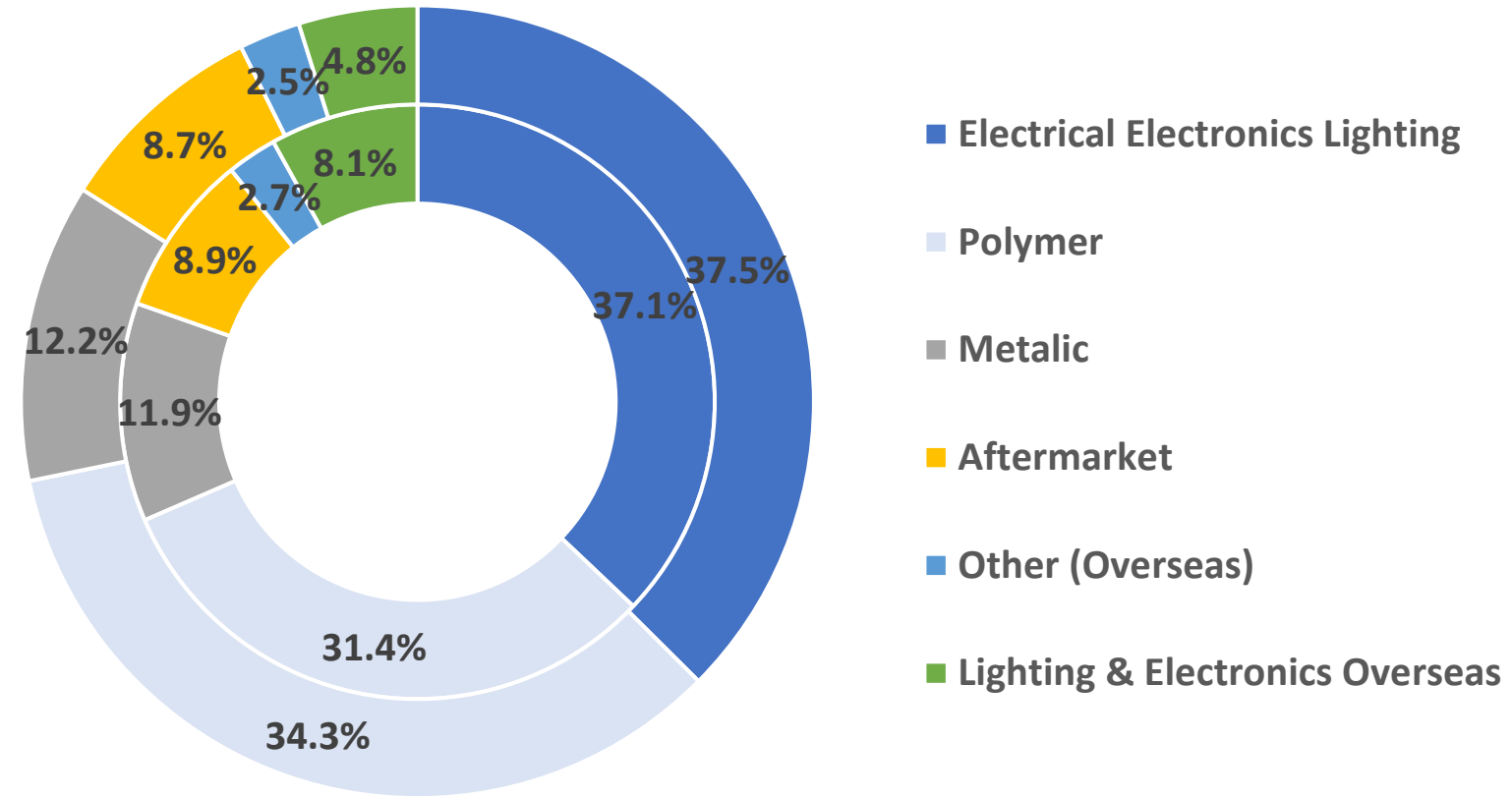


Rs. in Million	30 th September 2024	30 th June 2024	31 st March 2024
Net Debt	8,273	9,160	9,828
Equity	16,400	15,518	15,262
Annualised Adjusted EBITDA	7,467	6,896	7,590
Net Debt/Equity	0.50	0.59	0.64
Net Debt/EBITDA	1.11	1.33	1.29
ROCE (Annualized)	19.0%	16.3%	20.3%

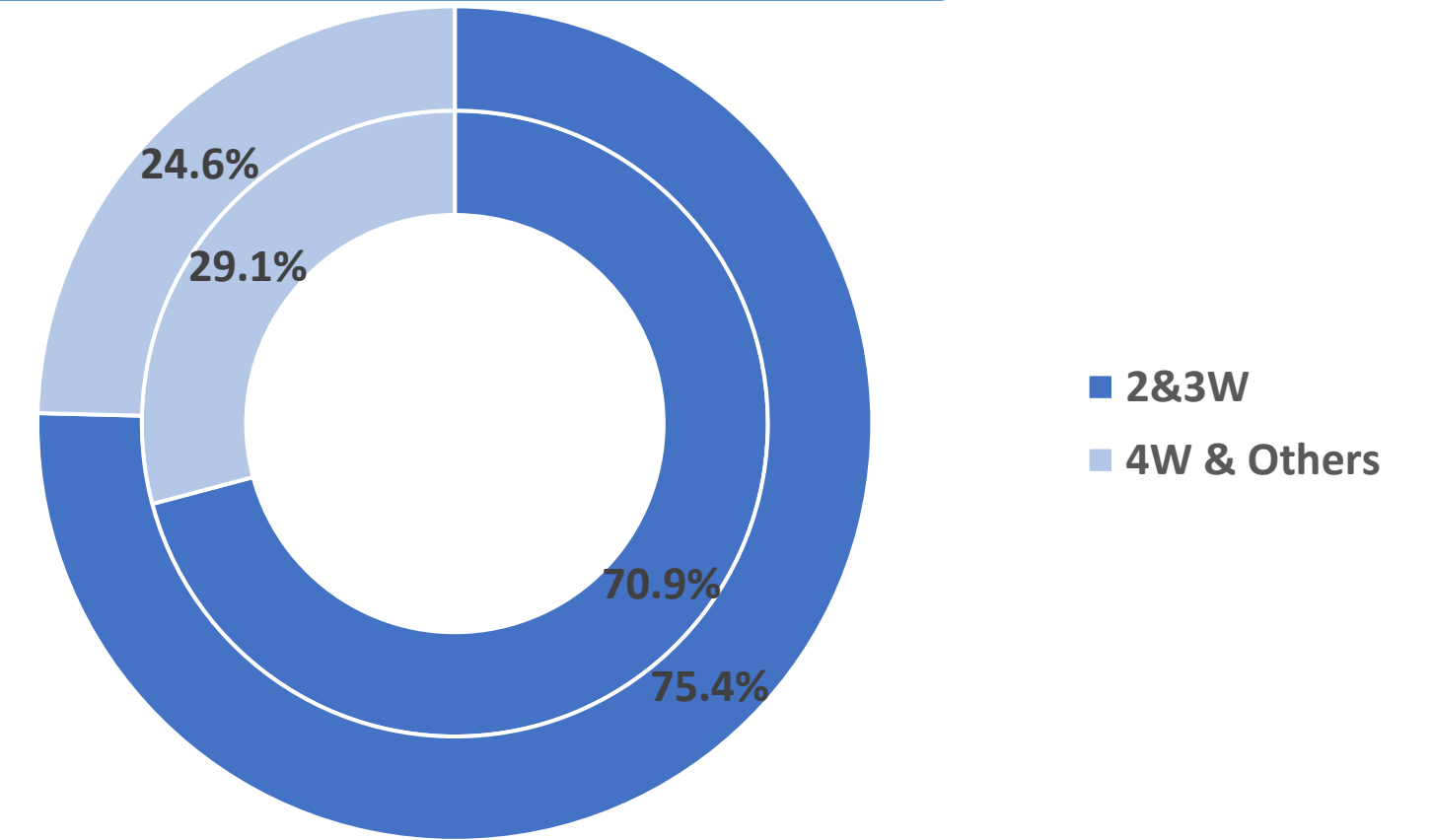
Revenue Breakdown for H1 FY25



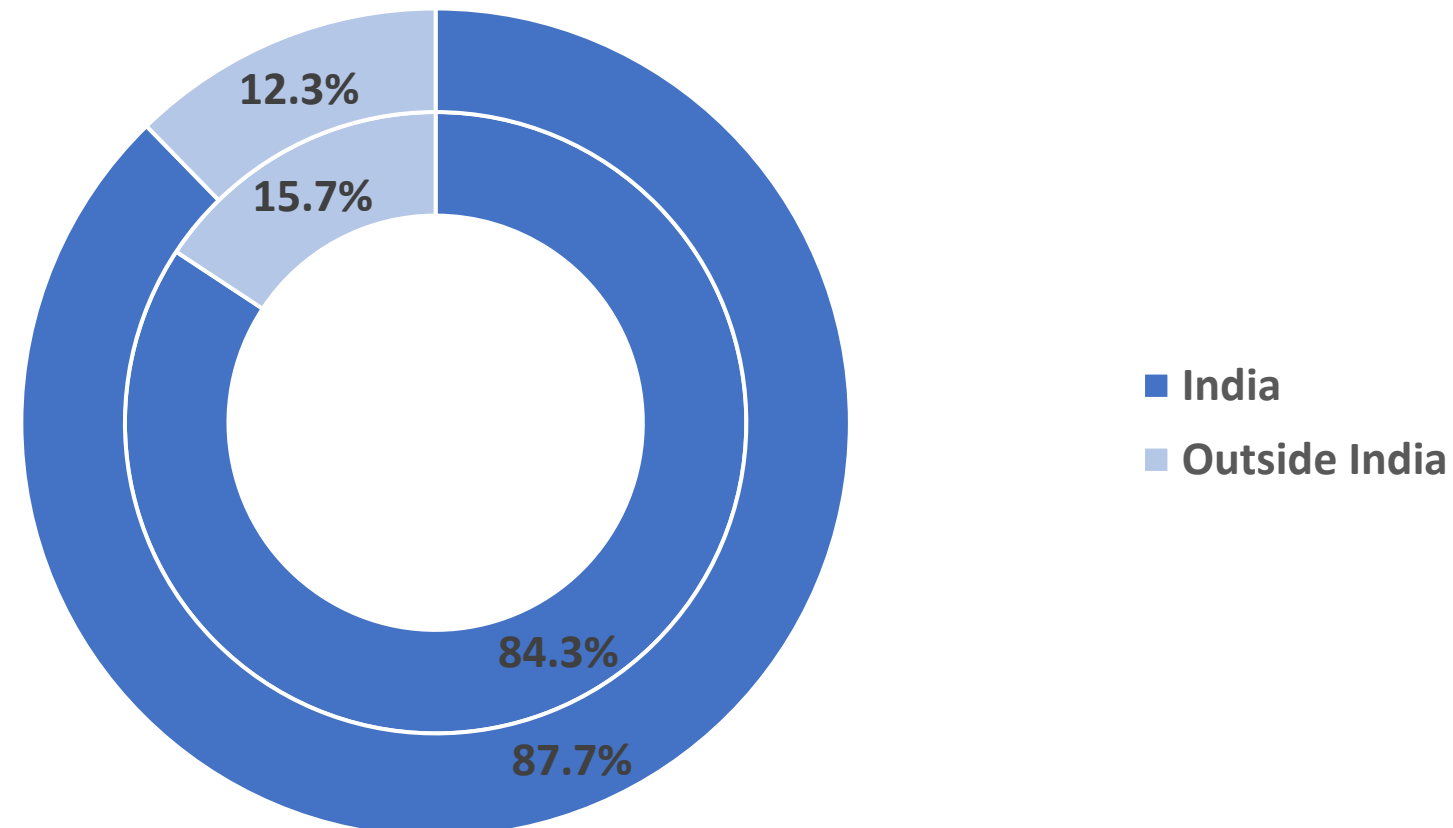
Business Unit



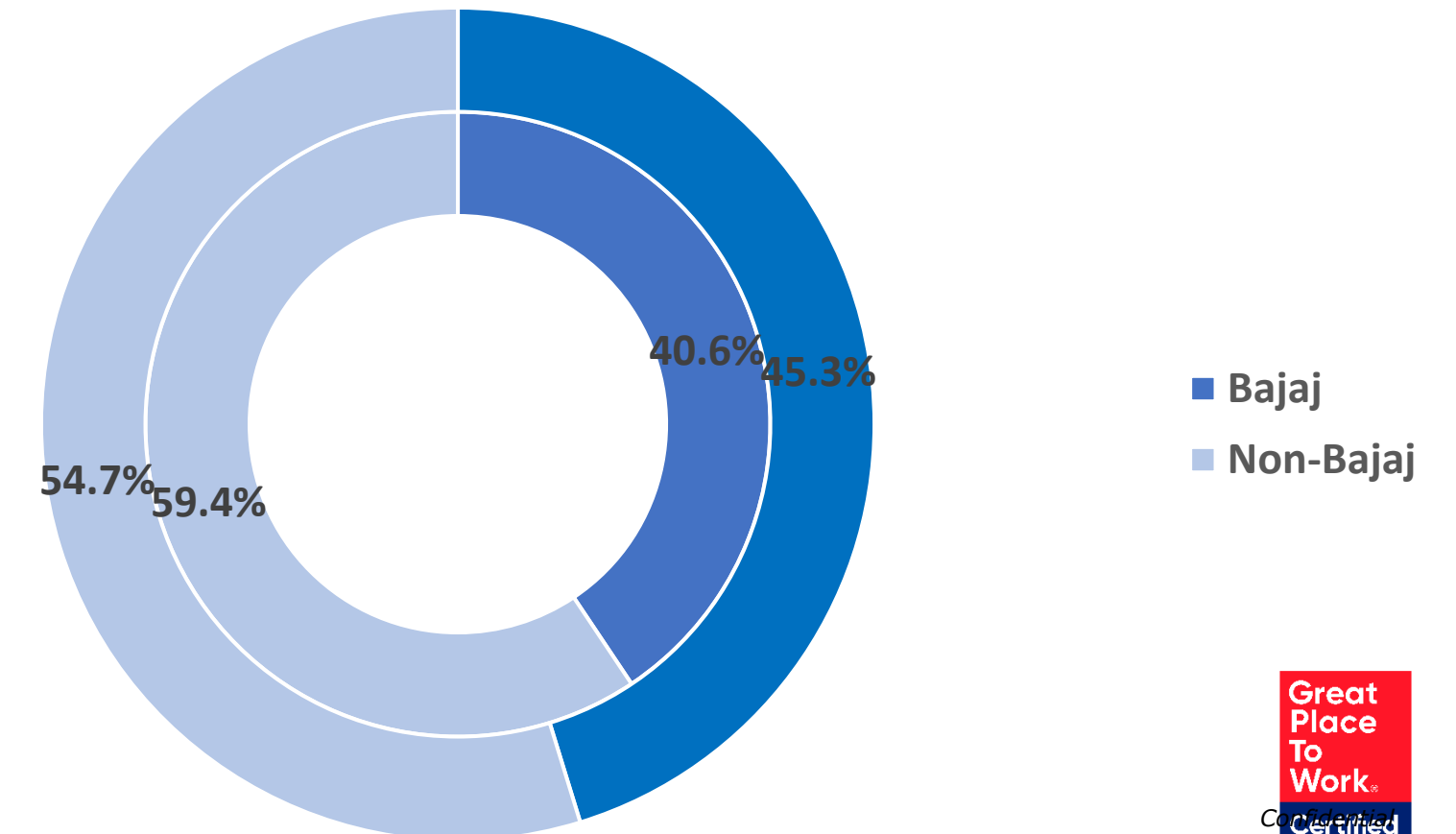
Segment



Geography



Customer

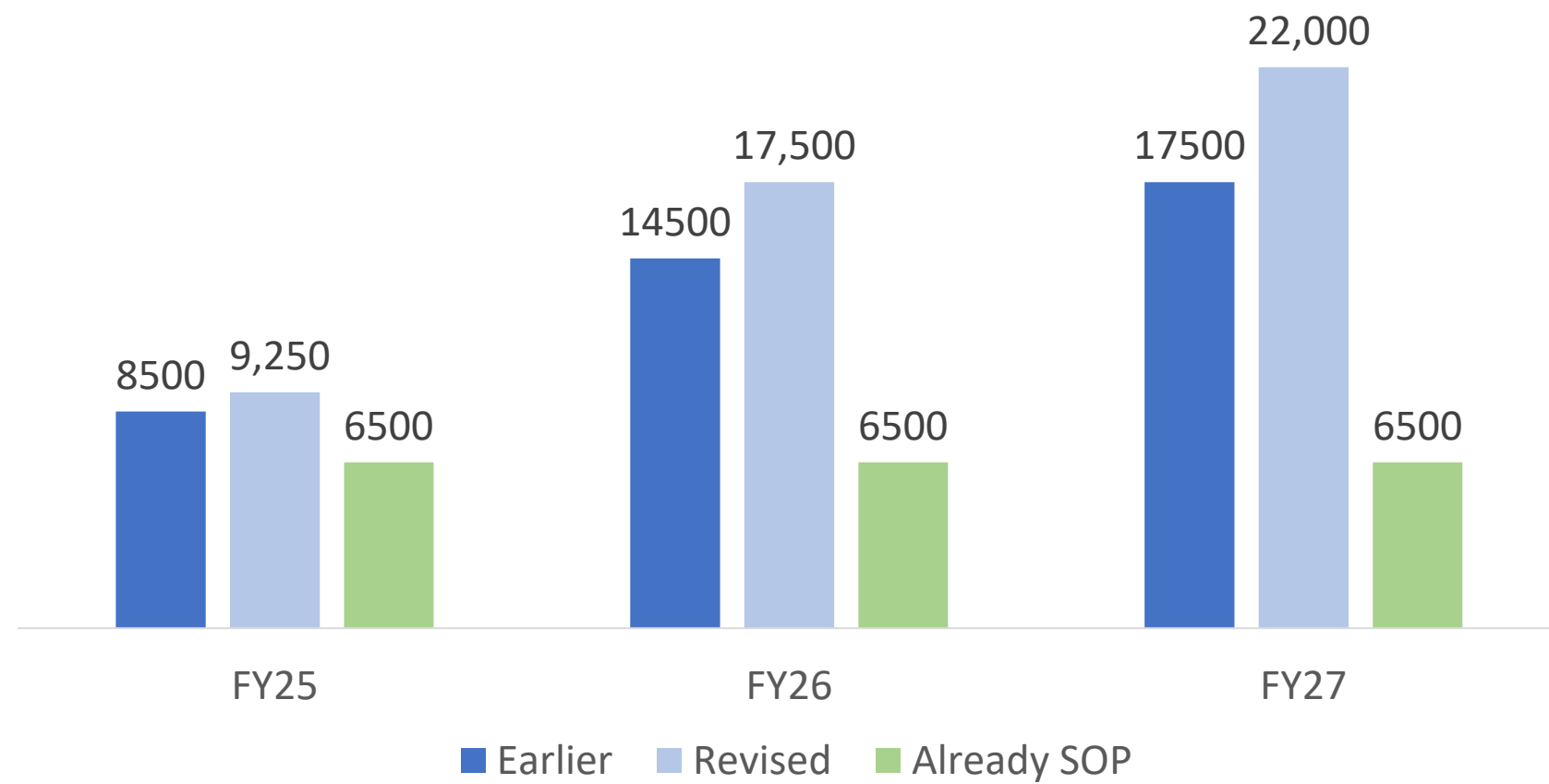


New Lifetime Order Win in H1 FY25

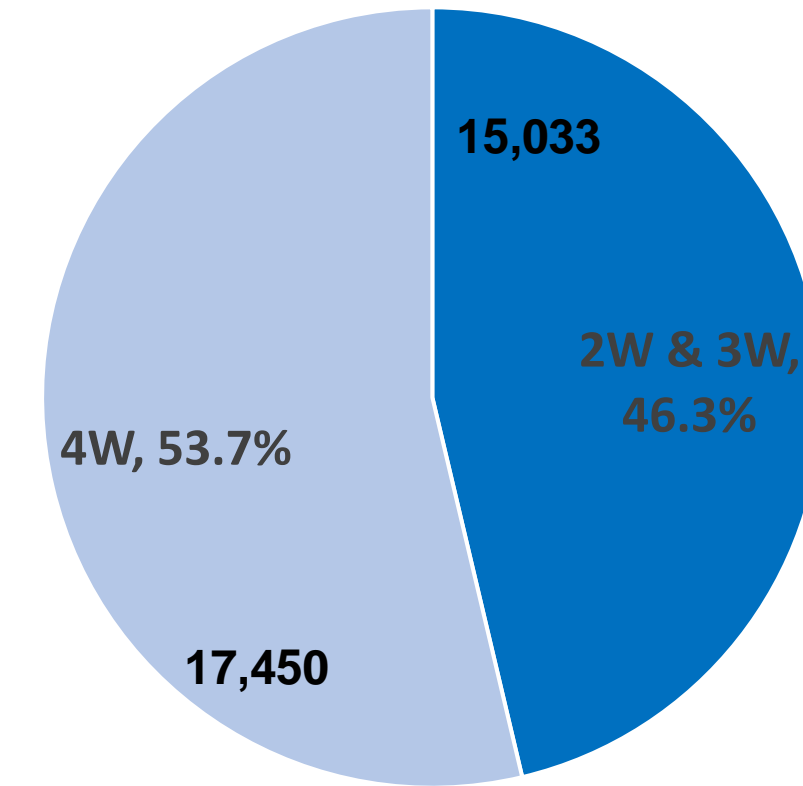
(Lifetime Value is 32,484 million and Annual Peak Revenue is Rs.6,046 million)



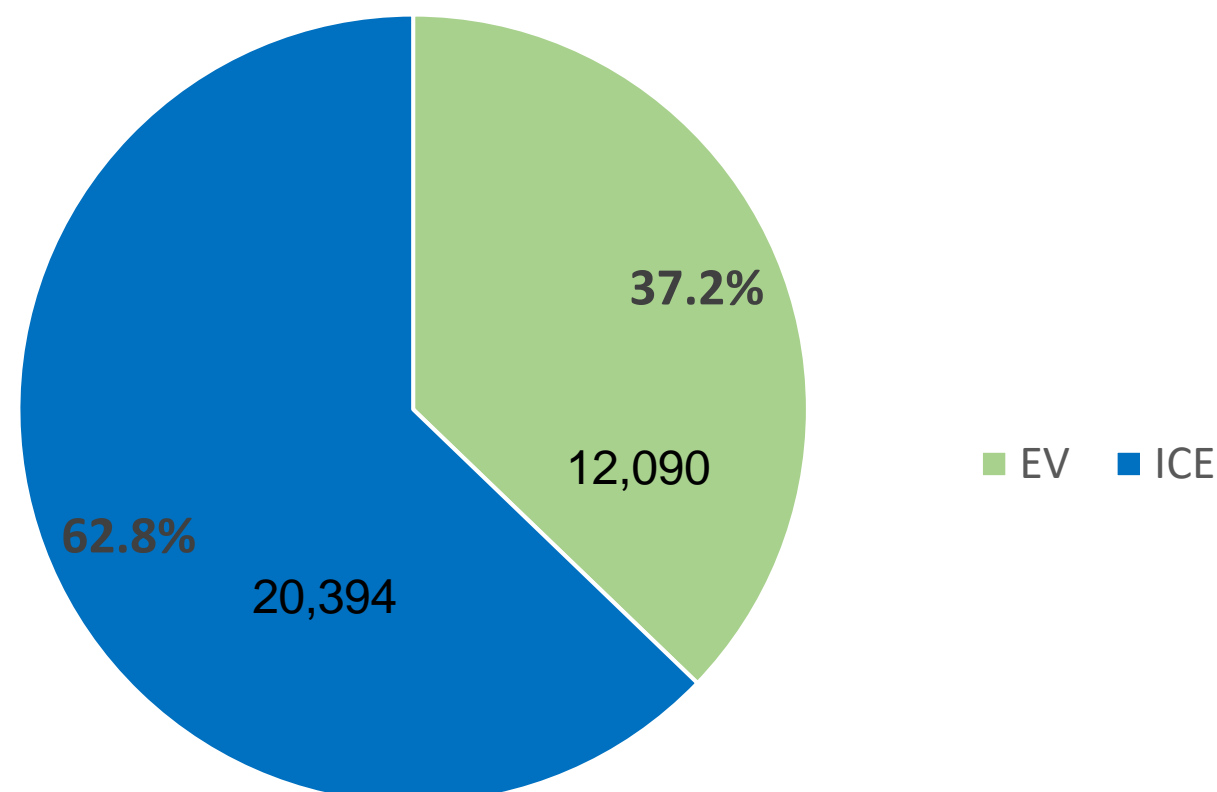
New business win adding to our revenue* in next 3 years



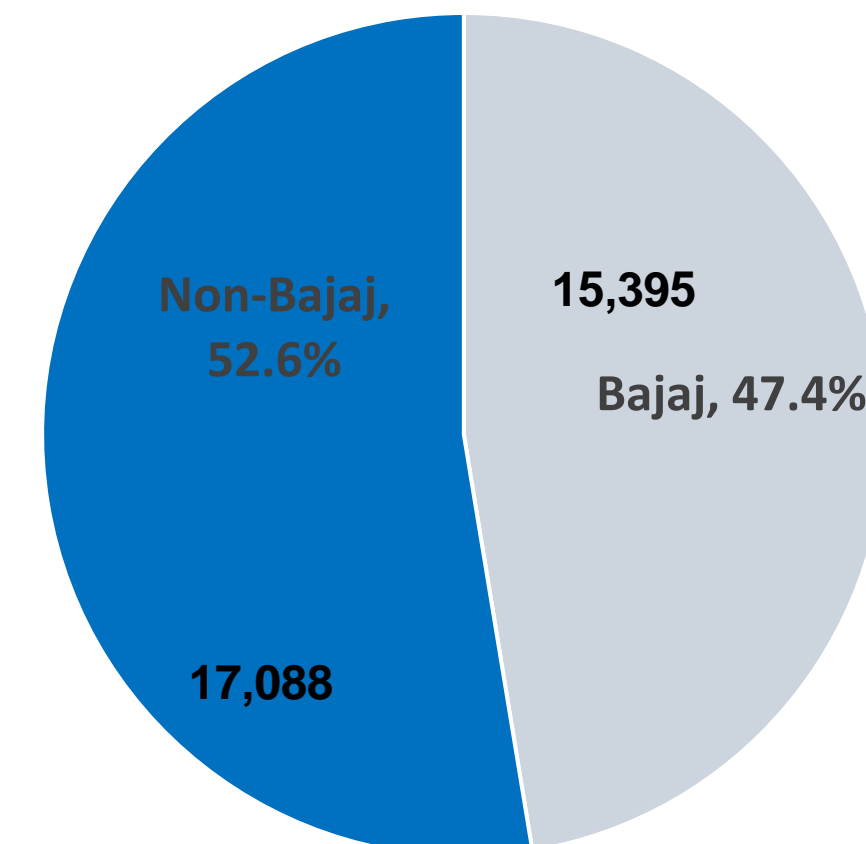
Lifetime Revenue win from 2&3W and 4W Players



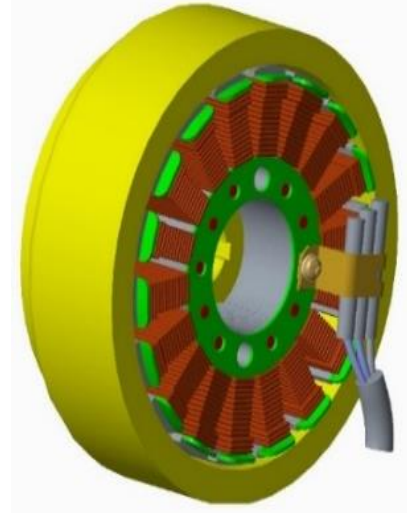
Lifetime Revenue win from ICE & EV Players



Lifetime Revenue win from Customers



Technological new age products SOP in H1 FY25



Integrated Starter Generator (ISG)

ISG System (Motor Generator + Controller) combines engine cranking, electrical generation and rectification functionality. It replaces following components

- Starter motor
- ACG (Magneto)
- Gear pinion arrangement with chain
- One-way clutch
- Regulator Rectifier

ISG Advantage :

- Smooth Start and lower noise
- Increase Mileage
- Frequently Start Stop
- Higher Reliability

SOP



Two Stage Soft Covering Process with Hot Press Lamination

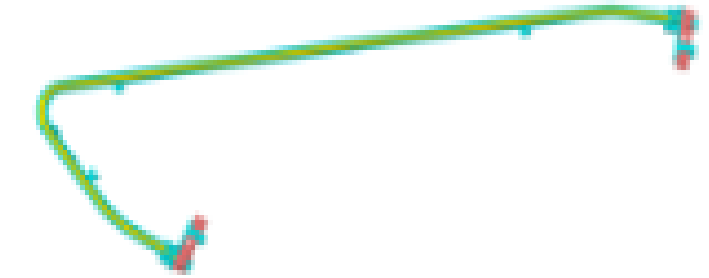
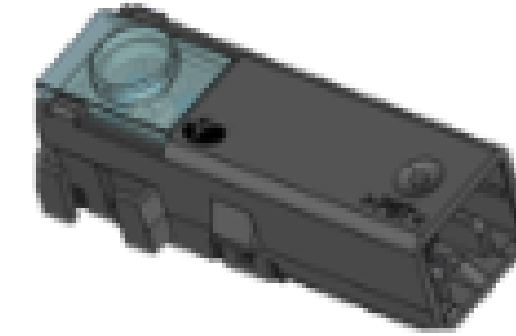
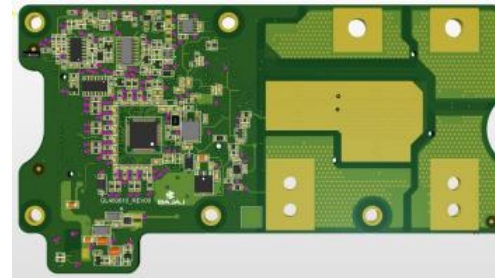
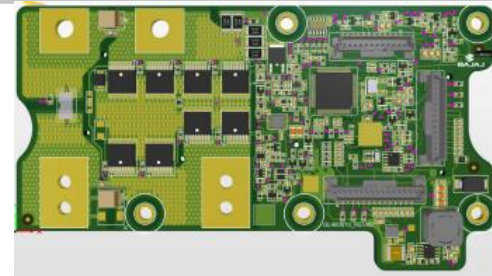
This covering process required high skilled manpower as Soft wrapping is man dependent. **Two Stage covering process made up of following parts.**

- Plastic Substrate
- Muller Mesh foam
- Leather wrapped skin
- Thread
- PU Foam
- Glue

Advantages.

- Premium look
- Better Fit & Finish
- Soft touch & feel

Technological new age products win in H1 FY25



Battery Management System (BMS)

BMS ensure battery cells are free from imbalance also collects data and communicates with charger and vehicle about state of battery pack and makes decision based on predefined necessary conditions.

Main components are,

- Over current protection
- CAN based communication
- Temperature sensor
- Pressure sensor
- Battery cell charge monitoring

BMS Advantages:

- Prevents overcharging
- Limits excess discharging
- Overload current protection
- Over heat protection during charging

Interior Ambient Lighting

Interior ambient lighting products delivers an emotional atmosphere within the vehicle and also take over functional tasks like warning functions.

They are used for

- Steering wheels
- Doors
- Roof Lamps
- Glove boxes
- Footwell

Varroc Interior Ambient Lighting Advantages:

- Standardization of light engines
- Flexibility of using it for different applications
- Competitive cost approach

CAPEX spent for focus products growth



Expanding our SMT lines from 10 to 15 to cater to our electronics need

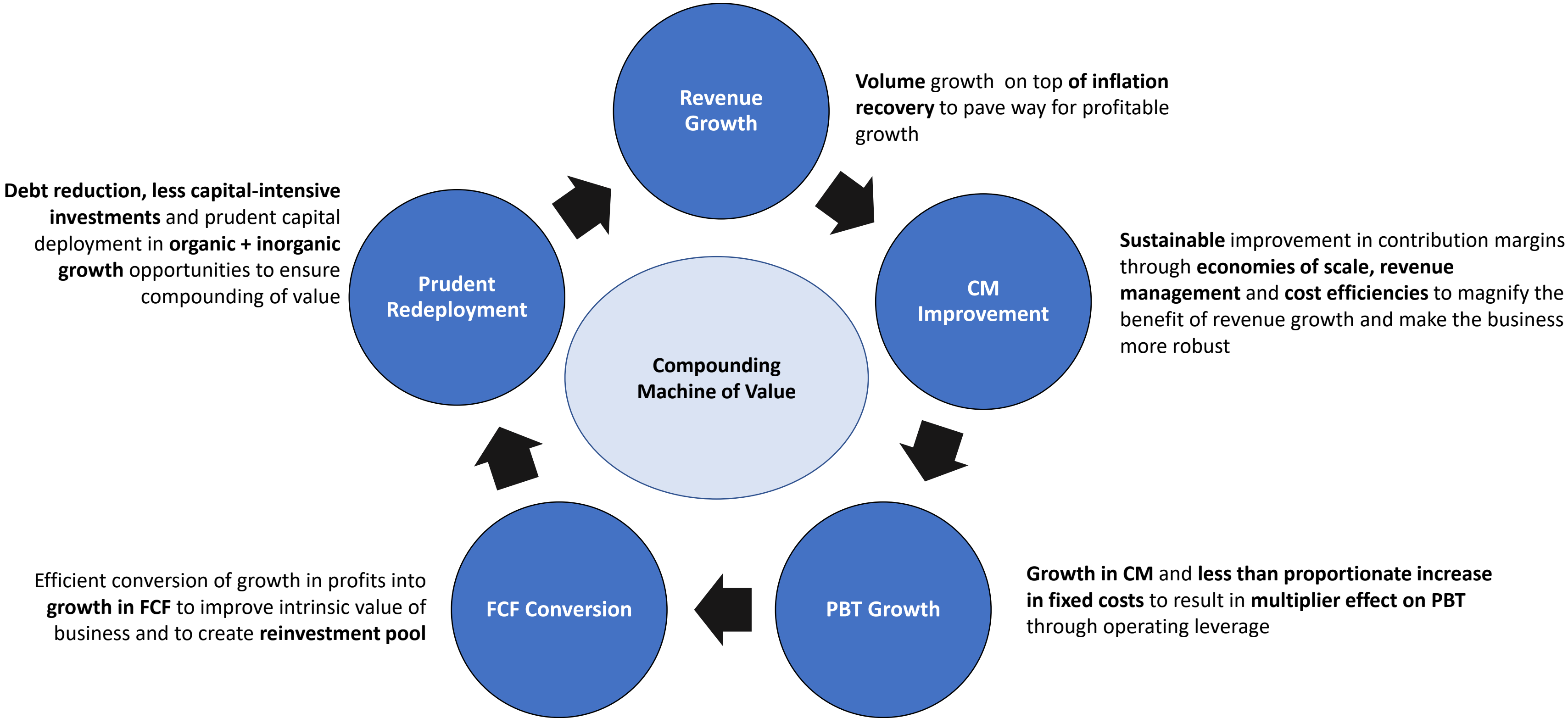


Extension of existing plant to cater to EV OEM



Acquired land in South & West India to further strengthen relationship with OEM's

Focus areas for Varroc







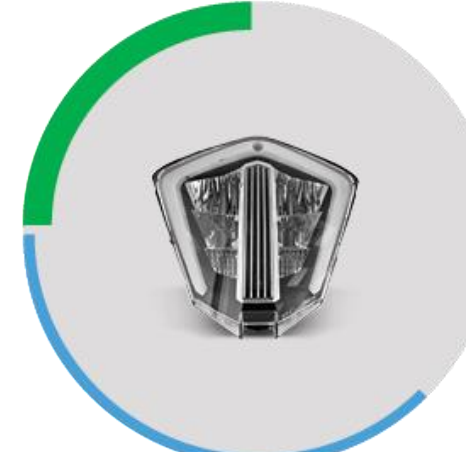
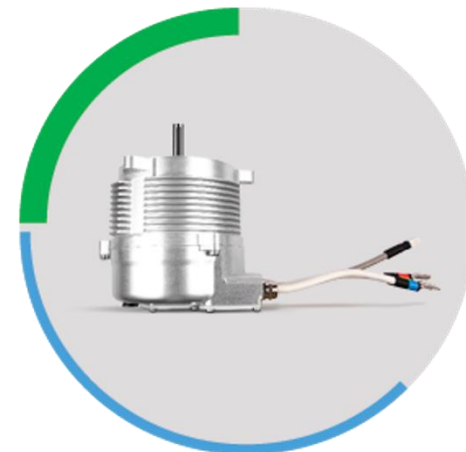
Our Businesses

13th November 2024

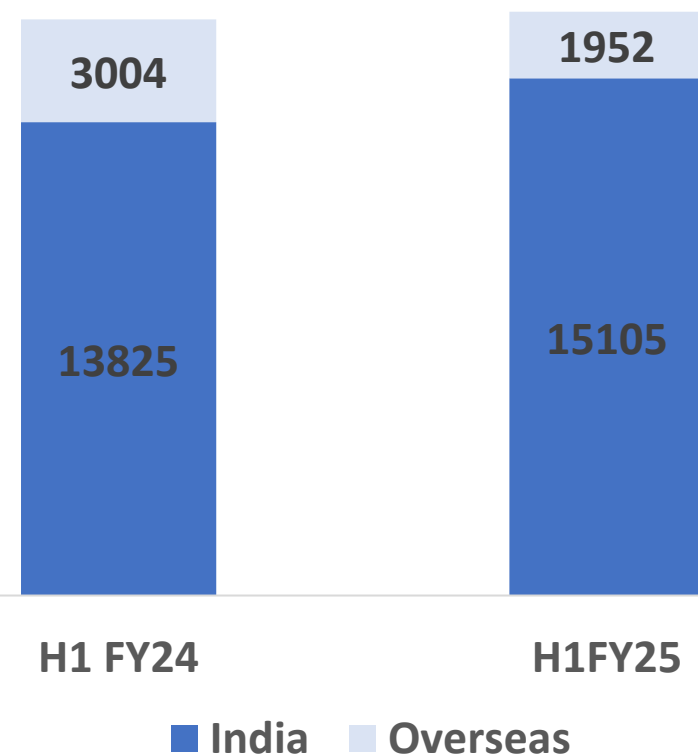
Meet The Future Of Mobility: **Electrical Electronics & Lighting**



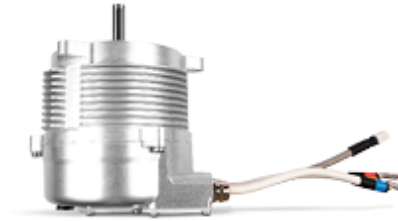
 10 facilities - India
 05 facilities - Overseas



Electrical Electronics & Lighting

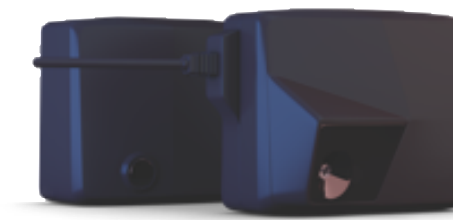


Amping Up The Future With **Electrical Technology**



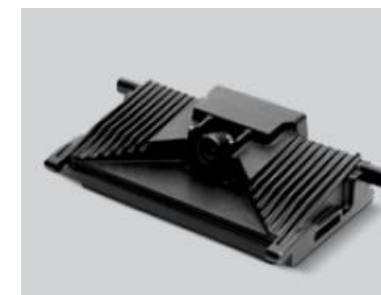
EV Products

Our customizable traction motor, traction motor controller, DC-DC converter, BMS and charger for EV form a crucial part of sustainable product portfolio.



Varroc Connect & Smart mobility solution

We offer hassle-free, over-the-air updates of FOTA and COTA. Telematics solutions that delivers unrestricted access to real-time status updates, vehicle data, location, and advanced analytics whenever you need them.



Advance Driver Assistance System (ADAS)

Automatic braking, adaptive cruise control, enabling L0 up to L2 vehicle autonomy. Alert drivers about potential dangers, including Forward Collision Warnings and Lane Departure Warnings.



Lighting Solution

Our Headlamp, tail lamps and signal lamps for 2w, 3w and PV offer stunning aesthetics, enhanced safety, compact design.



Smarter Electronics

Our smart electronics range comprises of reliable, customizable and compact products like EFI-ECU, switches, sensors, clusters, motors and regulator rectifiers.



Intelligent Cockpit

A high-resolution, vibrant touchscreen. With built-in support for Android Auto and Apple CarPlay, navigation with google map and driving monitoring system for optimal safety

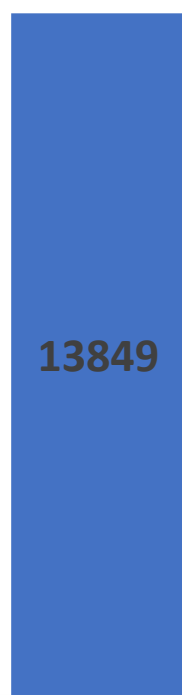
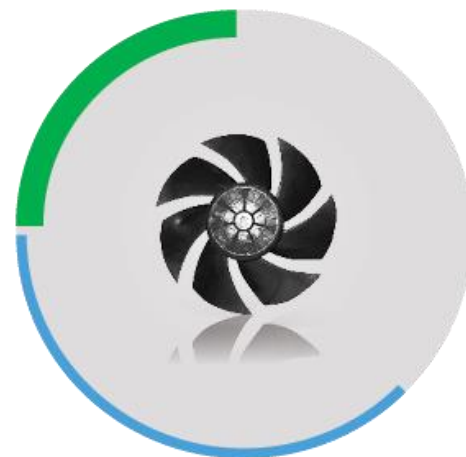
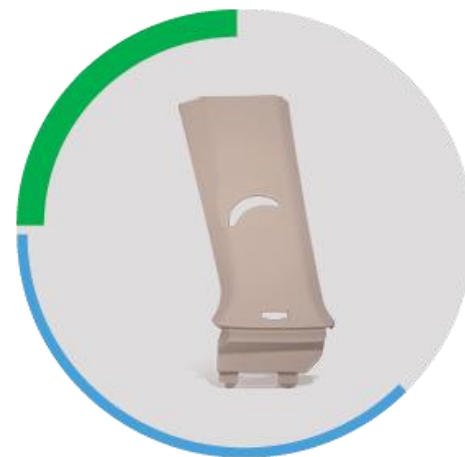
Meet The Future Of Mobility: Polymer



13 FACILITIES - INDIA



Polymer



H1 FY24

H1FY25

Elevating Your Ride. Reducing Your Load.



Mirror Assemblies

Through our portfolio of 30+ mirror assembly variants we offer premium aesthetics, lightweighting, optimum field of vision.



2K Technology-Based Products

Our products boast the latest 2K technology, providing high-gloss and visually appealing aesthetics while maintaining superior functionality.



Consoles And Instrument Panels

With a focus on superior aesthetics and enhanced driver experience our construction ensures that our products can withstand the rigors of daily use.



Seat

Our 60+ range of seats offer durability, superior styling and rider comfort.

Meet The Future Of Mobility: **Metallic**



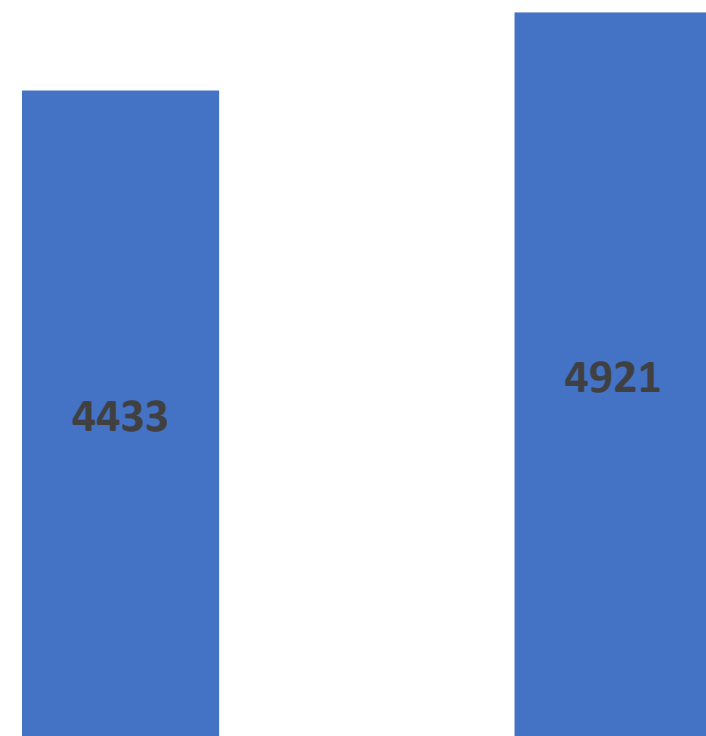
2 FACILITIES - ITALY



5 FACILITIES - INDIA

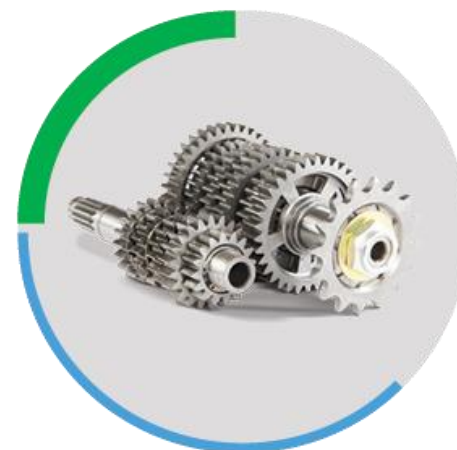
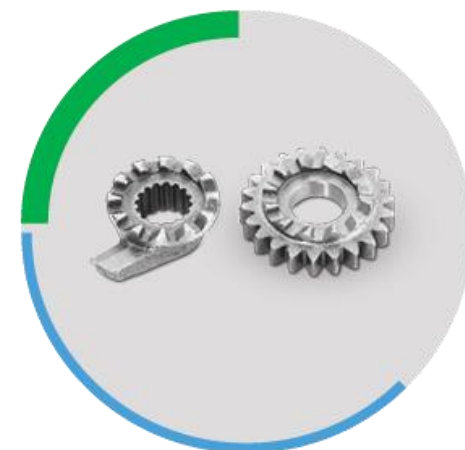
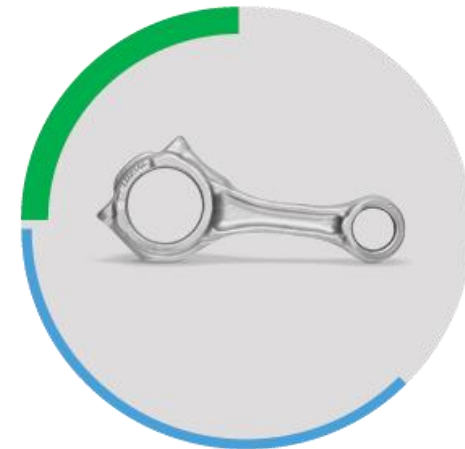


Metallic



H1 FY24

H1FY25



From iron to icon. Our **Journey in Metallics.**



Valves

Our category of valves (sodium, titanium, intake, and exhaust valves) are made to deliver superior engine performance even in high temperatures.



Metallic solutions for EVs

Our EV portfolio designed to focus on compact design and light weighting of precision products such as single and double speed gearbox, differential assembly with crown gear, planetary carrier and traction motor shafts for 2W/3W.



Gears

Our category of gears comprising of park lock gear, sun and planetary gear, pump gear are tough, durable, and precise which helps increasing the lifespan of engine.



Forged components

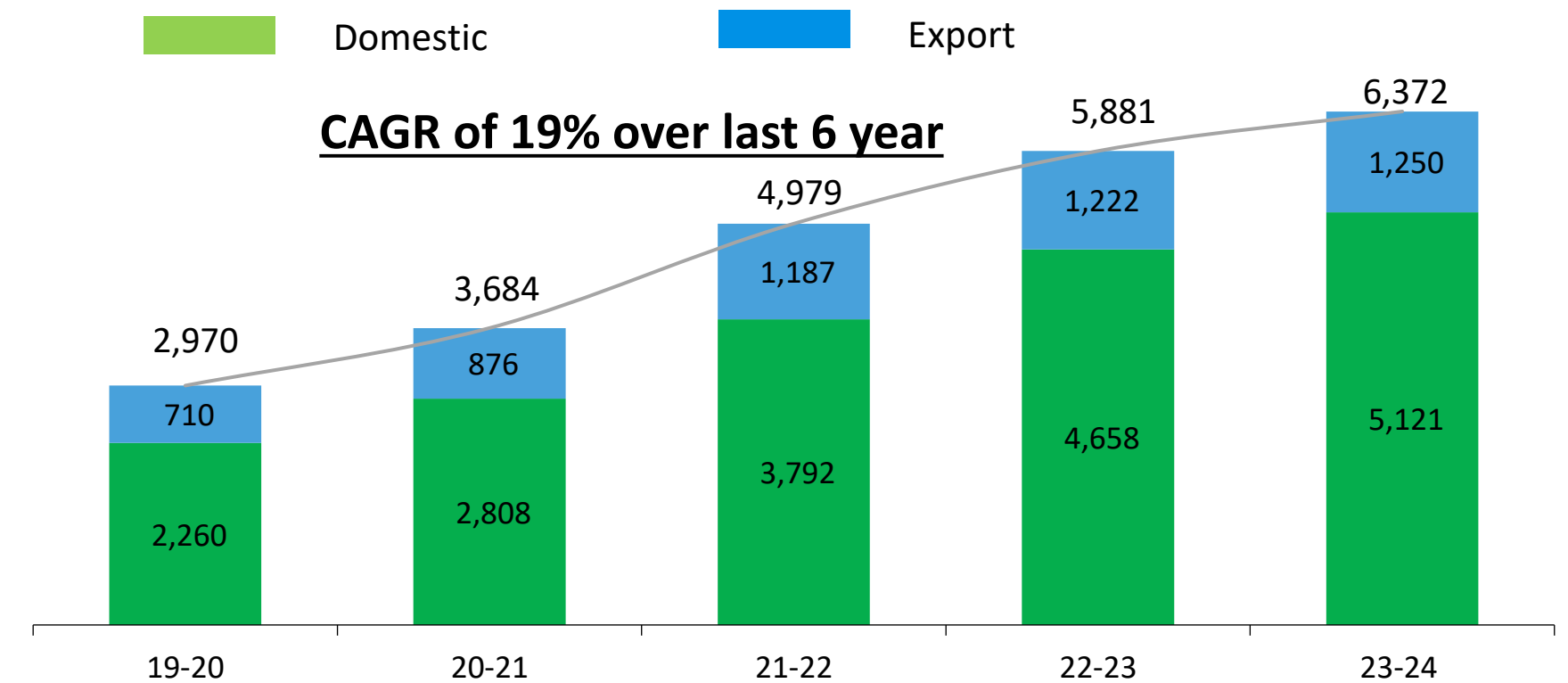
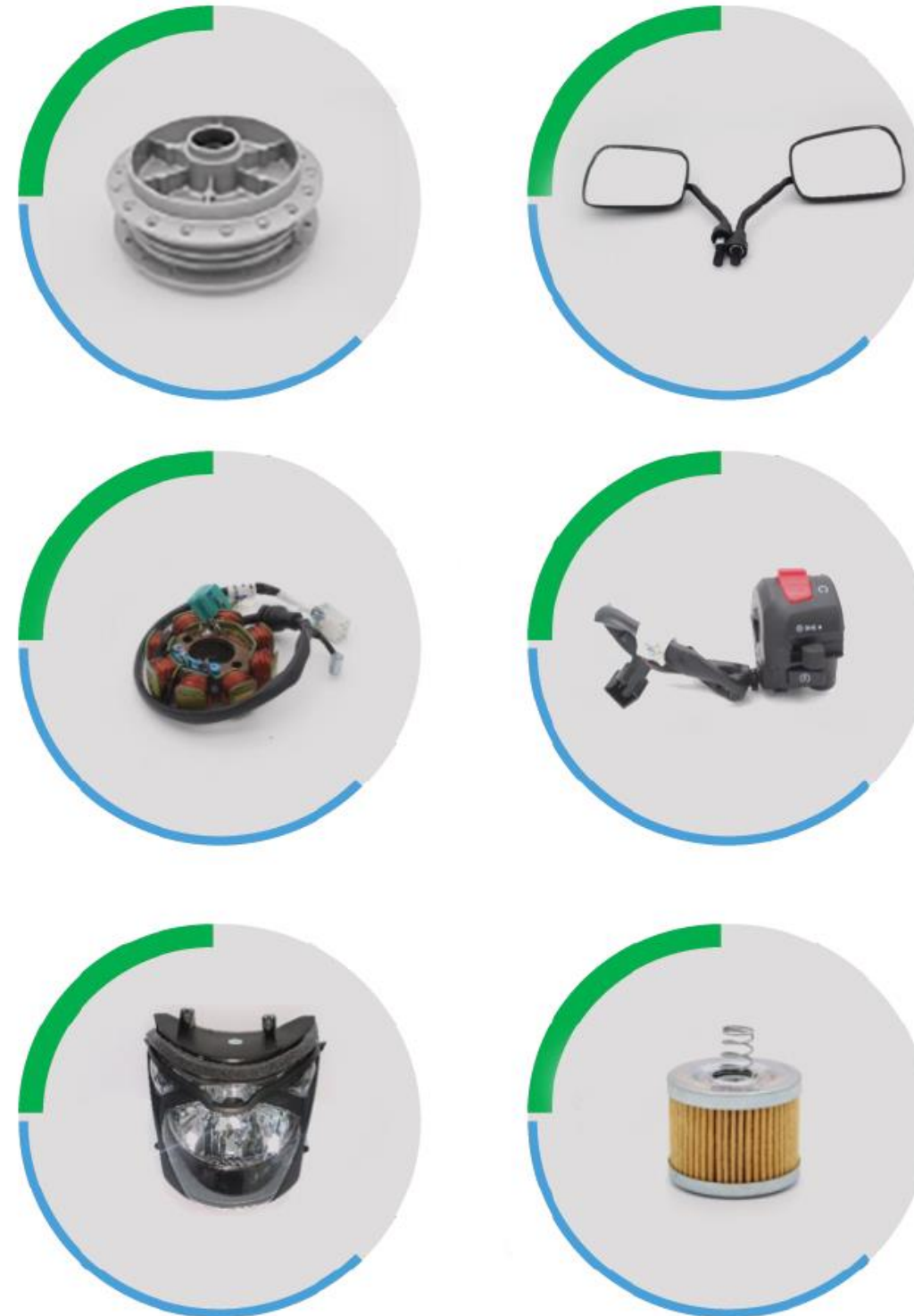
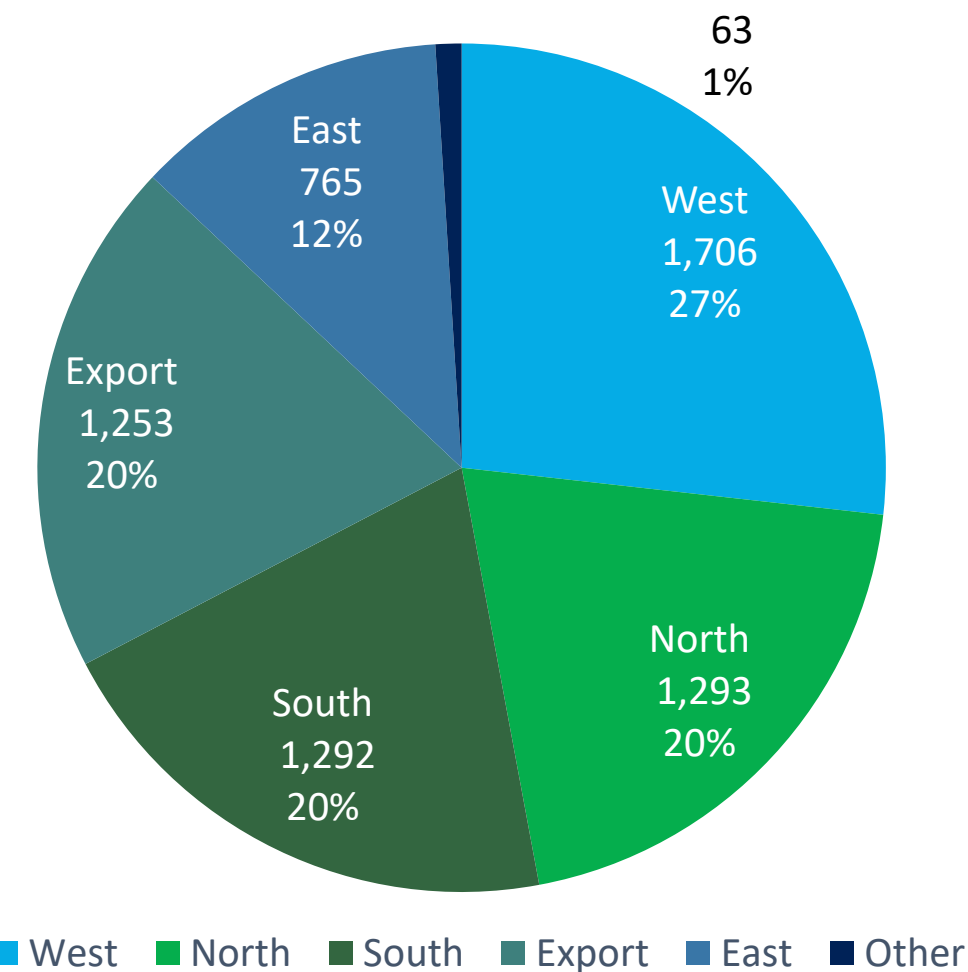
Our forging division operating in Europe and India, with forging capabilities ranging from 300T to 8000T presses for a category of crankshafts, knuckles, connecting rods and ring gears weighing up to 250 kg.

Meet The Future Of Mobility: **Aftermarket**



EXPORTS TO
30+ COUNTRIES

PAN INDIA DISTRIBUTOR
+310 Cities
+720 Distributors



- 6 Year CAGR growth of over 19% in Revenue
- EBITDA CAGR growth is higher than revenue CAGR
- 40 Product Categories across 2W, 3W, 4W segment with over 9000 SKUs
- Product Categories include
 - Electrical & Lighting products
 - Electronic products
 - Metallic products
 - Polymer & Rubber products
 - Lubricants & accessories

Our Key Strengths



Strong Competitive Position in a Growing Market Segment

- Leading technology supplier to 2W market across powertrains
- Emerging system supplier in telematics and interior systems for 4W market, ADAS.



Long Standing, Growing Customer Relationships

- Strong long-standing relationships with marquee OEMs across high-end and mass market segments
- Ability to invest to meet growing customer needs



Comprehensive Solution Provider

- End-to-end services across design, development and delivery
- Wide range of products across Powertrain, Electrical and Body parts
- Ability to cross-sell to meet customer requirements



Low-Cost Manufacturing Footprint

- Pan-India presence enabling proximity to customers
- Strategically located with global footprint (Manufacturing plants in India, China, Vietnam, Romania, & Italy)



Continuous Focus on R&D Capabilities Enhancing Portfolio

- Developing innovative, cost-competitive proprietary products continuously
- Well-positioned to benefit from key trends like safety digitalization, electrification, and increased electronics use.
- With our experts in automotive technology and the latest global advancements, we develop world class solutions with highest-standards



Sustainability



At Varroc, our ESG & Sustainability vision is to co-create a sustainable value for our stakeholders through **innovative research**, engineering, & manufacturing of environmentally **sustainable products** for mobility sector through **environment friendly operations** aligning with our corporate vision to 'Create safe, smart, and sustainable future mobility solutions for everyone.'

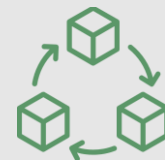
1. SUSTAINABLE PRODUCTS

Enabling positive impact on environment via eco-friendly designs and manufacturing materials, following the design for environment approach.



2. SUSTAINABLE OPERATIONS

Eco-friendly manufacturing, adhering to environmental norms, increasing renewable energy use, and enhancing waste recycling.



3. EMPLOYEE GROWTH & DIVERSITY

Nurturing employee skills, diversity, inclusion and human rights adherence.



4. SUSTAINABLE SUPPLY CHAIN

Building a sustainable network of suppliers meeting environmental and social standards.



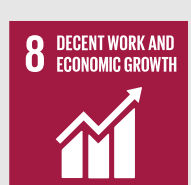
5. COMMUNITY DEVELOPMENT

Harnessing our expertise and employee efforts for community betterment.



6. ETHICAL GOVERNANCE

Implementing ethical practices for sustained company growth.



Commitment to Environment



RENEWABLE ENERGY

- **13%** Renewable energy contributions. Commitment to increase to **50%** in coming years.
- We generated **2.4 Million units** of renewable energy last year which is equivalent to avoiding **1,900 tonnes of CO2e emissions** in the atmosphere.



GHG EMISSIONS

- **110** Energy efficiency and Energy conservation projects/Kaizens implemented in FY23.
- Approx. 5 Lakhs Electricity units savings achieved in FY23 which is equivalent to approx. **400 tCO2e**.



WASTE MANAGEMENT

- **>90% Waste** generated across our plants is **Recycled**.
- **Zero Liquid Discharge** with Water Evaporation Technology.
- **>90% Wastewater is recycled & reused** in process or utilized for non-potable purpose such as tree plantation, landscape etc.



EHS

- Implementation of Occupational Health & Safety Management System across all the manufacturing Plants **ISO 14001 & ISO 45001**.



Commitment to Society



Creating meaningful differences to the society through environmental and social welfare projects



Kham River Restoration

- Kham River Eco Restoration Project was introduced with the objective of giving back to the city in which we started our operations
- Under this project, we focused on cleaning the Kham river, pitching riverbanks, greening areas around Kham river, effectively managing solid waste in the city, creating bio-diversity parks and engaging citizens about the benefits of clean river



Nurturing Future Sports Talent

- Varroc Vengsarkar Cricket Academy (VVCA)
- Partnered with Abhinav Bindra Foundation for competing Olympic games athlete program
- Supporting Varroc Inter school and industrial cricket tournaments
- Young Talent sponsorship program



Social Impact Programs

- Learn and Earn Program at Varroc Academy
- Women's Empowerment through association with MKSS Cummins college and Engineering For Women Creating meaningful differences to the society and environment



THANK YOU