

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2024-25/147

February 10, 2025

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-400 001.
BSE Security Code: 541578
[Debt: 975062]

Sub: Investor Presentation - Financial Results Q3 and Nine Months FY 2024-25

Dear Sir/Madam,

Please find enclosed a copy of Investor Presentation on the Un-audited Financial Results (Consolidated & Standalone) for the quarter and Nine Months ended December 31, 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 - Q3 FY25

10th February 2025



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



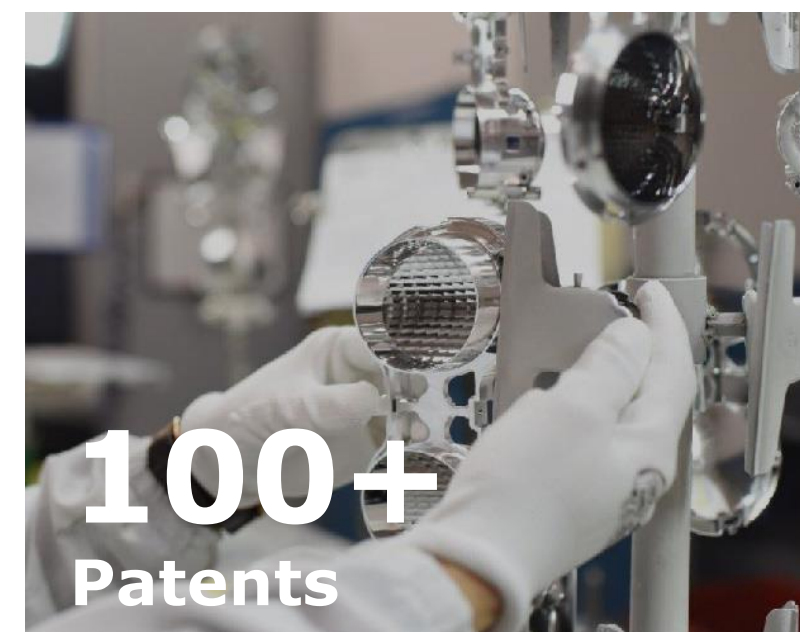
REVENUE USD 910 MILLION

BUSINESS CONTRIBUTION BY REGION

INDIA 87%

GLOBAL 13%

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





Update on Q3 FY 25 Performance

10th February 2025

Highlights for Q3 FY25



1. Revenue for Q3 FY25 at 20,753 mn with a growth of 10.1% YoY

2. Profitability of continued operations for Q3 FY25

Q3 FY25 PBT* at 3.2% vs. 2.4% in Q3FY 24
Q3 FY25 EBITDA at 9.2% vs. 9.2% in Q3 FY 24

Net debt reduced by Rs.1,967 million in 9M FY25 and is Rs. 7,860 million.

3. Lifetime business won in 9m FY25

Net New lifetime orders in 9M FY25 of Rs.59.74 billion with annual peak revenue of Rs.10.85 billion
Approx 55% business win is from supplying to EV vehicles . Big order win in our Overseas operation (SOP 2027).
Revenue from supplying to EV customers in Q3 FY25 was around 10.5% of revenue and for 9M FY25 it is around 9.6%

4. The arbitration verdict also came last quarter which states that we need to sell the stake to the JV partner in lieu of RMB 310.5 million. An exceptional cost of Rs.796.5 Mn is recognised since the net realisation will be lower than the carrying value of the Investment.

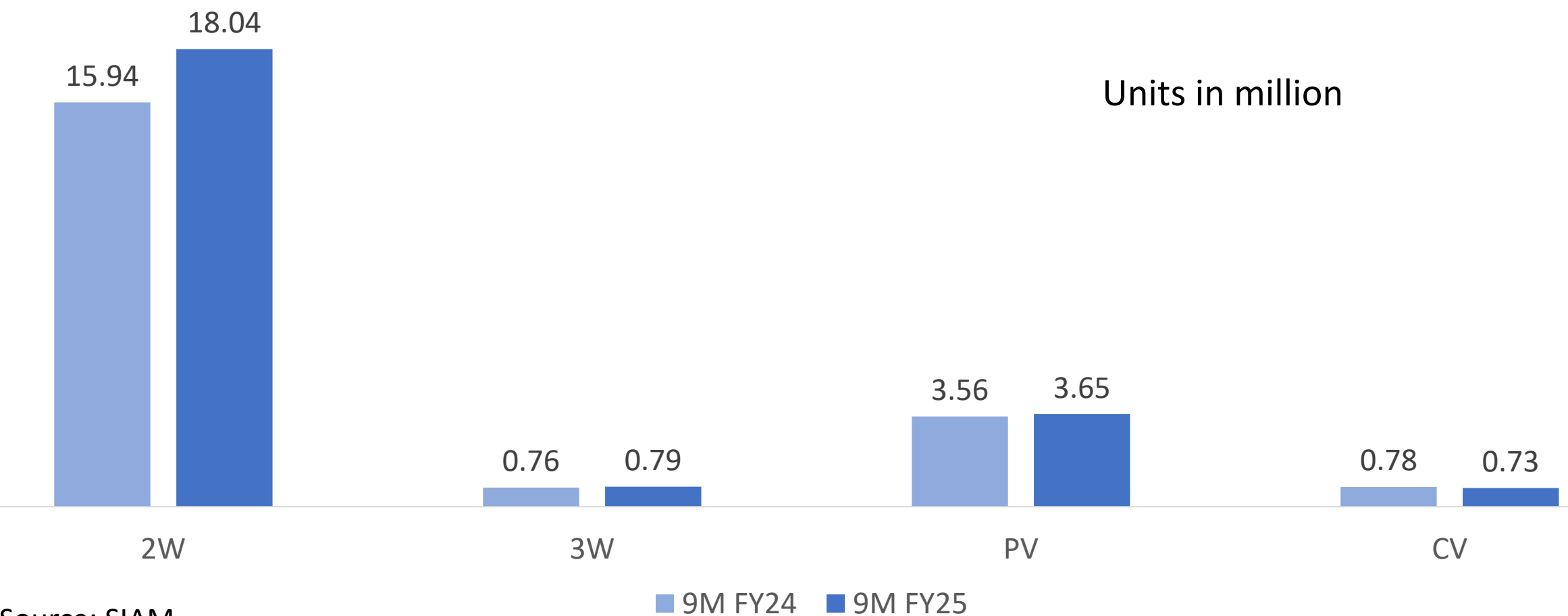
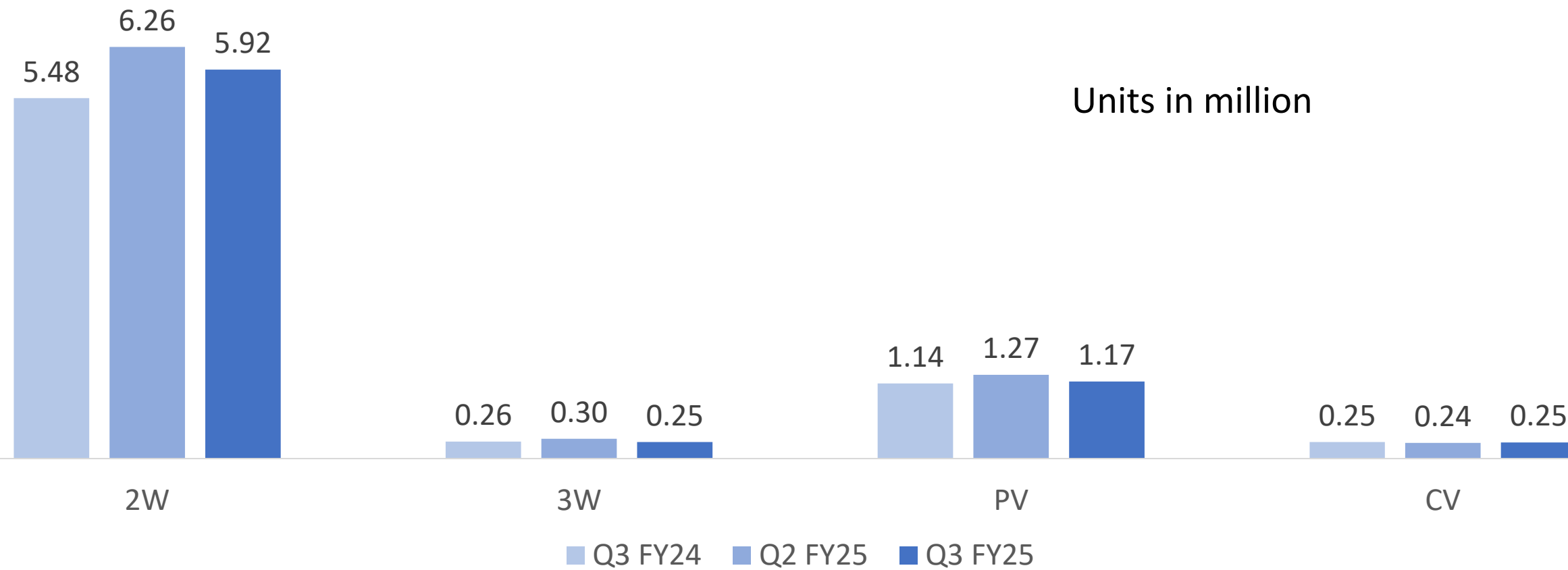
5. Received NCLT approval for amalgamation Varroc Polymer Ltd. with Varroc Engineering Ltd. effective 1st April 2024. The effects of amalgamation are considered in the standalone financial statements. An exceptional cost of Rs. 112.70 mn is recognised towards estimated costs directly attributable to this merger.

6. New products to drive future growth in overseas operations which include:

I. Interior Ambient Lighting

II. Front drive & Rear drive inverter electronics for EV Vehicles

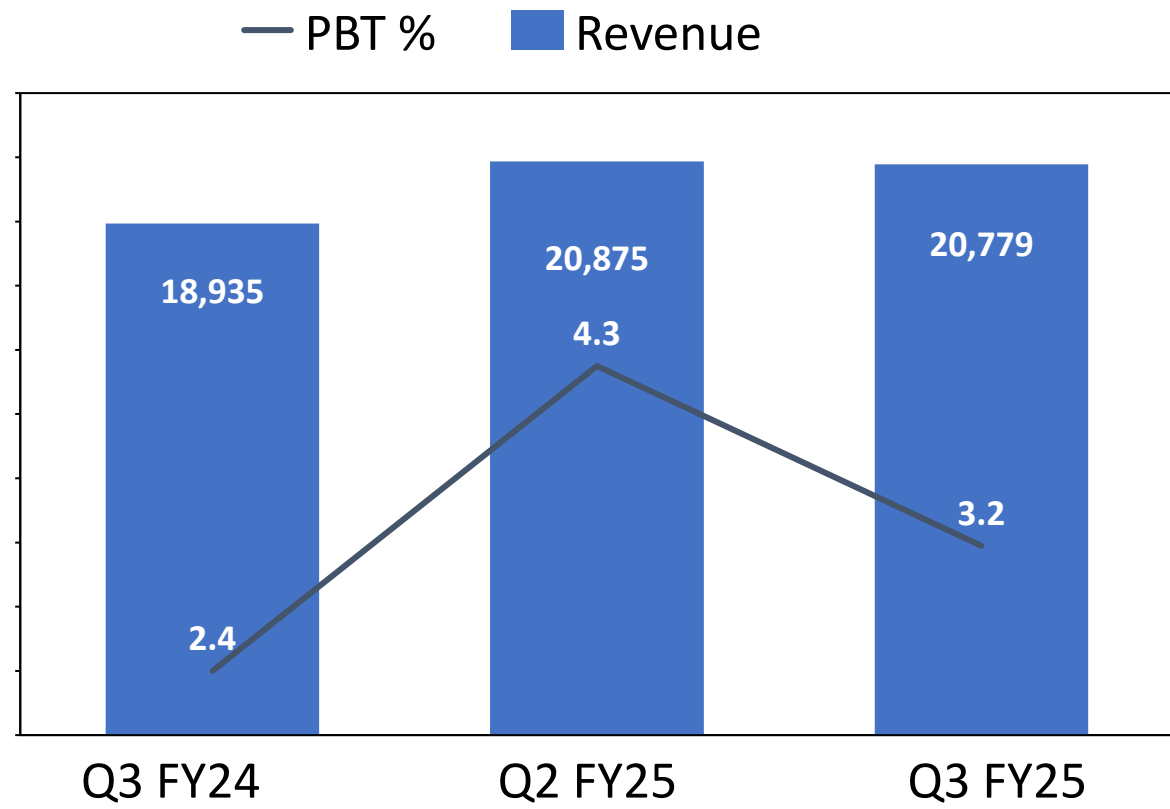
Automotive Production in India



Source: SIAM

- As compared to last year GDP growth, this year growth has slowed down but still remain strong as compared to modest global growth. This year growth is being supported by rural consumption as reflected in 2W numbers also on YoY basis
 - 2W grew by 8.0%
 - 3W de-grew by 2.6%
 - PV grew by 2.8%
 - CV de-grew by 1.8%
- On QoQ basis, we saw de-growth in almost all segment due to early festive season and postponement of purchase due to year end :
 - 2W de-grew by 5.5%
 - 3W de-grew by 16.2%
 - PV de-grew by 7.8%
 - CV grew by 4.0%
- EV 2W volume on QoQ basis de-grew by 6.8%
- For 9MFY25 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 13.1%
 - 3W grew by 4.1%
 - PV grew by 2.5%
 - CV de-grew by -5.6%

Consolidated Financials of Q3 FY25

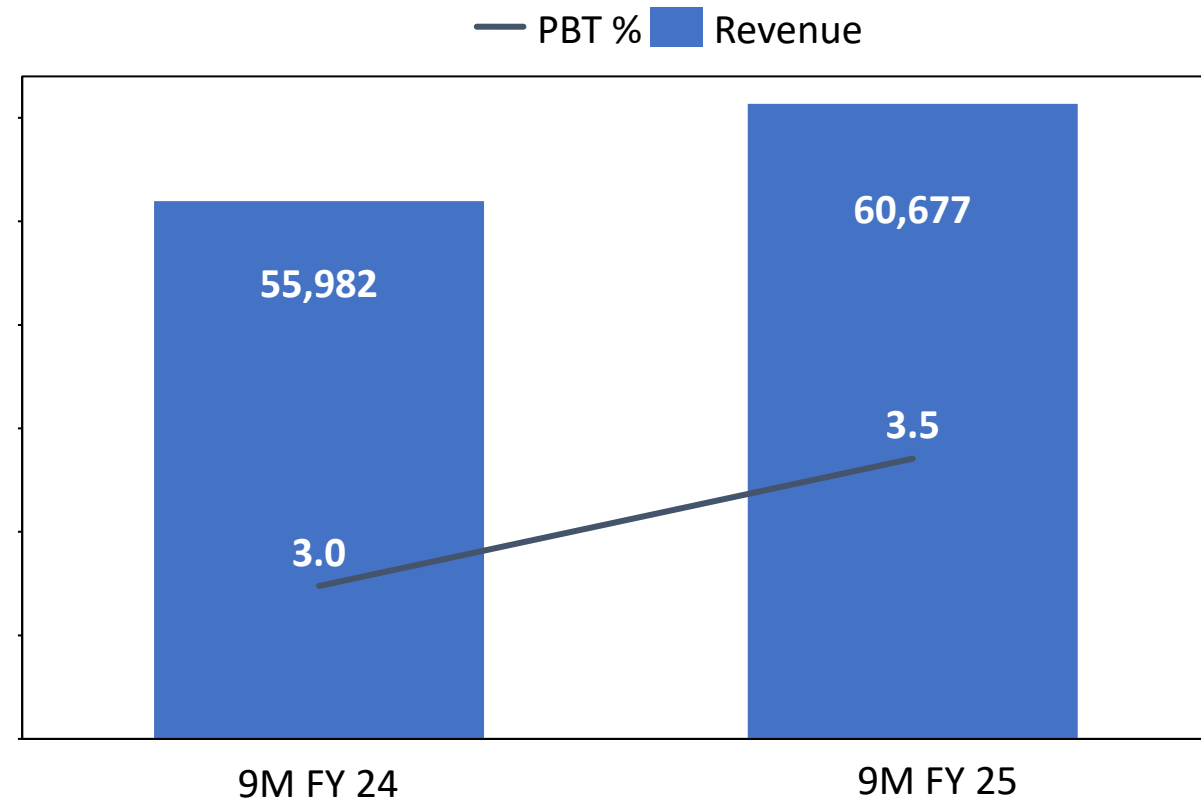


| Particulars | Q3 FY25 | Q3 FY24 | YoY | Q2 FY25 | QoQ |
|---------------------------------------|---------|---------|-----------|---------|-----------|
| Revenue | 20,779 | 18,935 | 9.7% | 20,875 | -0.5% |
| EBITDA | 1,900 | 1,731 | 9.8% | 2,010 | -5.4% |
| EBITDA % | 9.2% | 9.2% | (3) bps | 9.7% | (50) bps |
| PBT before JV and exceptional items | 661 | 457 | 44.7% | 901 | -26.6% |
| PBT before JV and exceptional items % | 3.2% | 2.4% | 77 bps | 4.3% | (113) bps |
| Exceptional items* | 909 | - | | - | |
| PBT before JV | (248) | 457 | -154.3% | 901 | -127.5% |
| Share of profit of JV | 0 | 251 | | 7 | |
| PBT | (248) | 708 | -135.0% | 908 | -127.3% |
| PBT % | -1.2% | 3.7% | (493) bps | 4.4% | (554) bps |

* Estimated expenses on account of merger (113 Mn) and China JV (796 Mn)

- India business grew by 9.5% despite weak growth in 2W, 3W and PVs.
- Lower depreciation and interest burden enabled growth in YoY profitability i.e. PBT (before JV profits and exceptional items).
- On QoQ, the profitability i.e. PBT (before JV profits and exceptional items) was lower by 113 bps mainly due to lower EBITDA (impacted by higher tooling sales, inventory corrections) and FX translation losses.

Consolidated Financials of 9M FY25



| Particulars | 9M FY25 | 9M FY24 | YoY |
|---------------------------------------|---------|---------|-----------|
| Revenue | 60,677 | 55,982 | 8.4% |
| EBITDA | 5,634 | 5,403 | 4.3% |
| EBITDA % | 9.3% | 9.7% | (37) bps |
| PBT before JV and exceptional items | 2,095 | 1,707 | 22.8% |
| PBT before JV and exceptional items % | 3.5% | 3.0% | 40 bps |
| Exceptional items* | 909 | - | |
| PBT before JV | 1186 | 1,707 | -30.5% |
| Share of profit of JV | 34 | 393 | |
| PBT | 1220 | 2099 | -41.9% |
| PBT % | 2.0% | 3.7% | (174) bps |

* Estimated expenses on account of merger (113 Mn) and China JV (796 Mn)

- India operation grew by 11%.
- YOY PBT (before JV profits and exceptional items) improved by 40bps, mainly being driven by lower interest cost and depreciation.
- YOY EBIDTA lower by 37bps impacted by sales mix & high content of tools sales.

Consolidated Balance Sheet & Return Ratio's

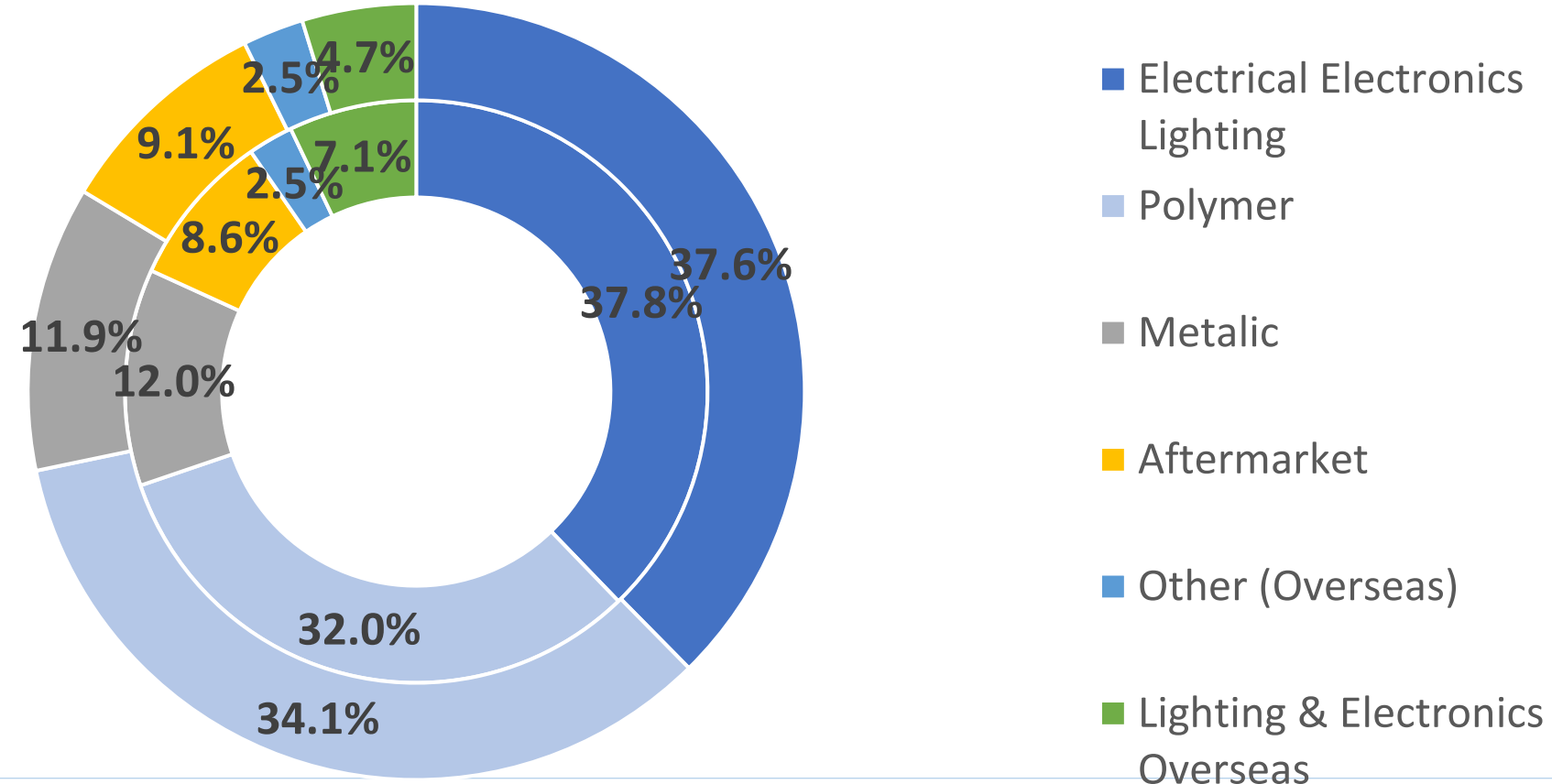


| Rs. in Million | 31 st December 2024 | 30 th September 2024 | 31 st March 2024 |
|----------------------------|--------------------------------|---------------------------------|-----------------------------|
| Net Debt | 7,860 | 8,273 | 9,828 |
| Equity | 15,806 | 16,400 | 15,262 |
| Annualised Adjusted EBITDA | 7,512 | 7,467 | 7,590 |
| Net Debt/Equity | 0.50 | 0.50 | 0.64 |
| Net Debt/EBITDA | 1.05 | 1.11 | 1.29 |
| ROCE (Annualized) | 19.3% | 19.0% | 20.3% |

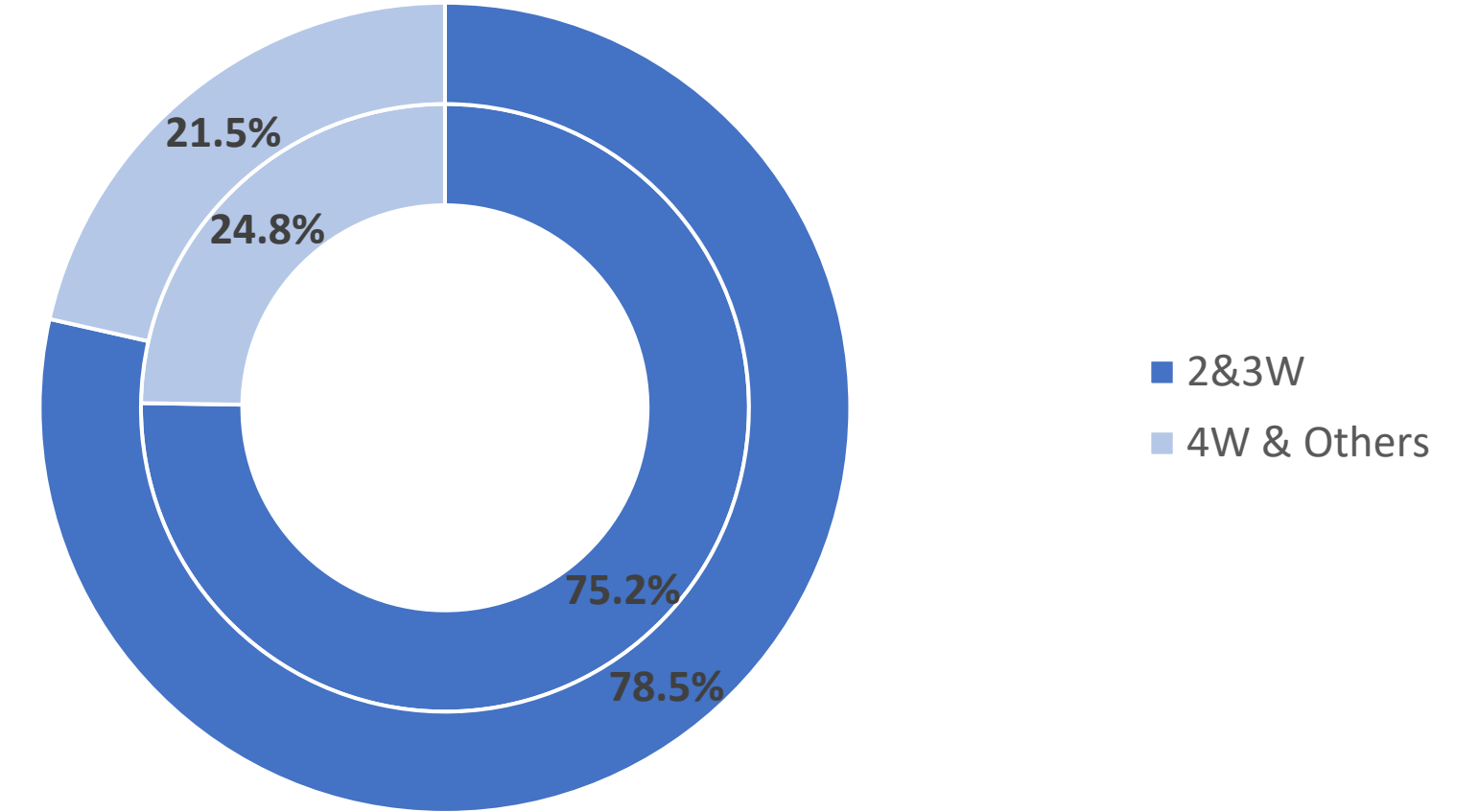
Revenue Breakdown for 9M FY25



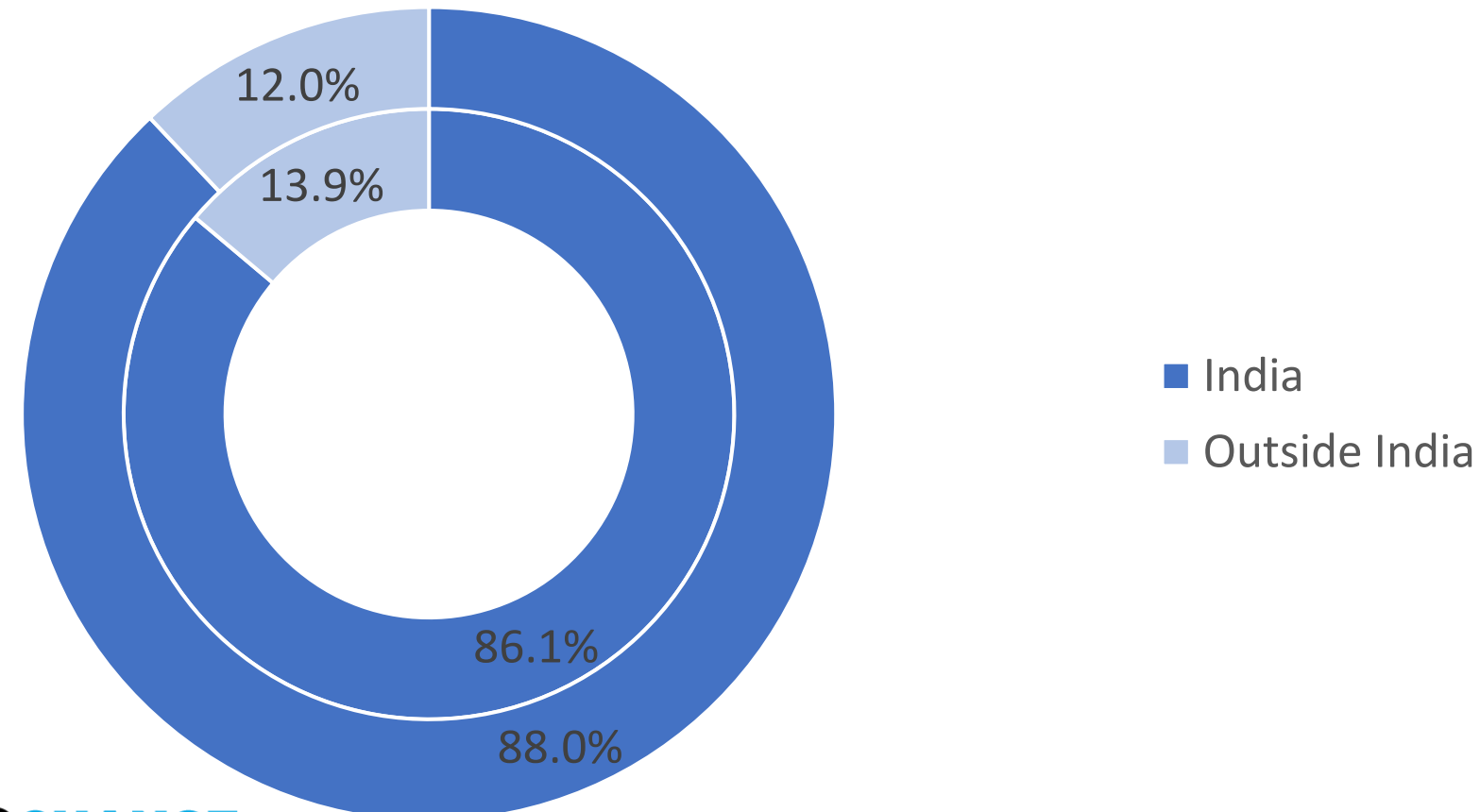
Business Unit



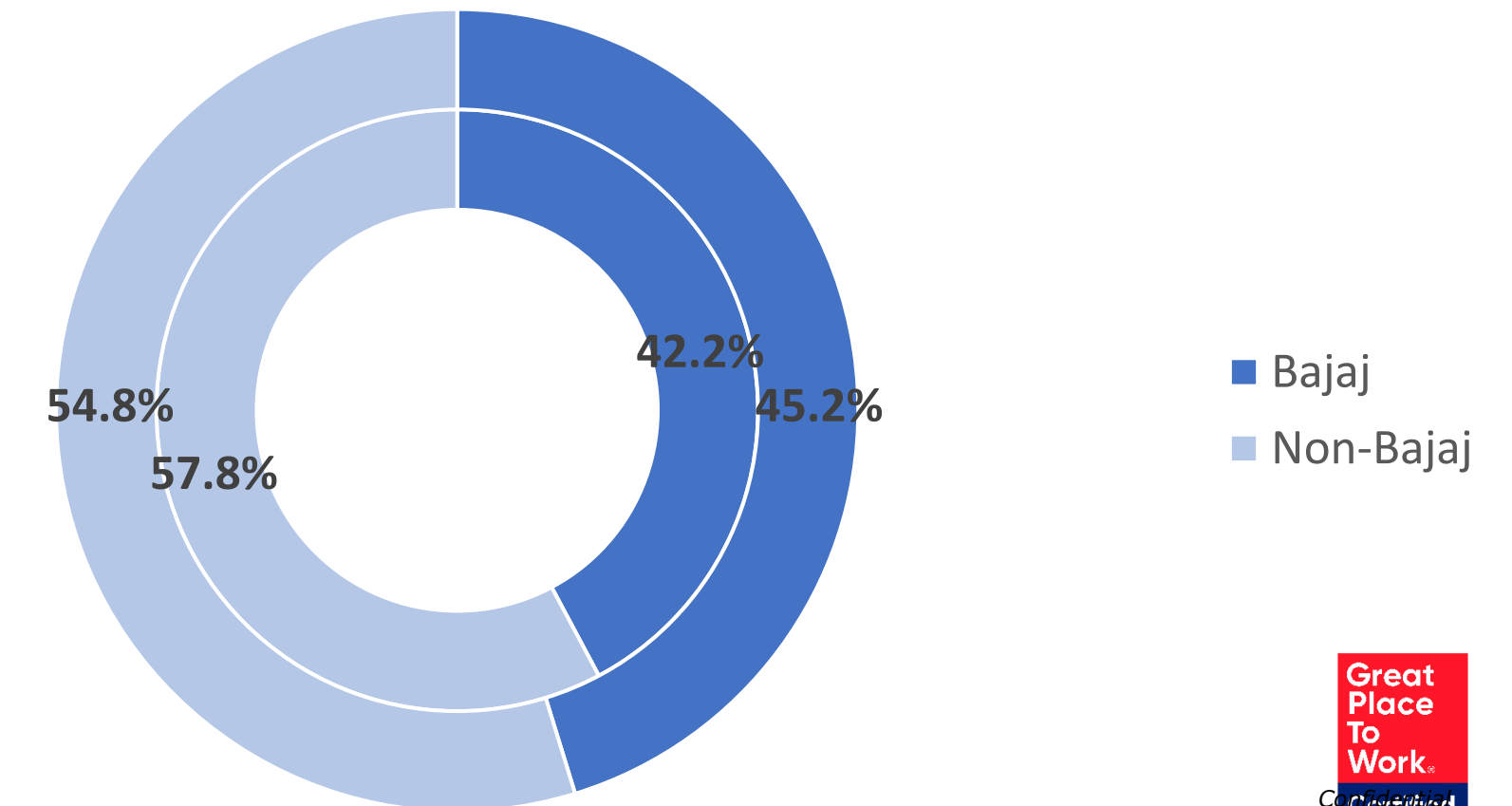
Segment



Geography



Customer

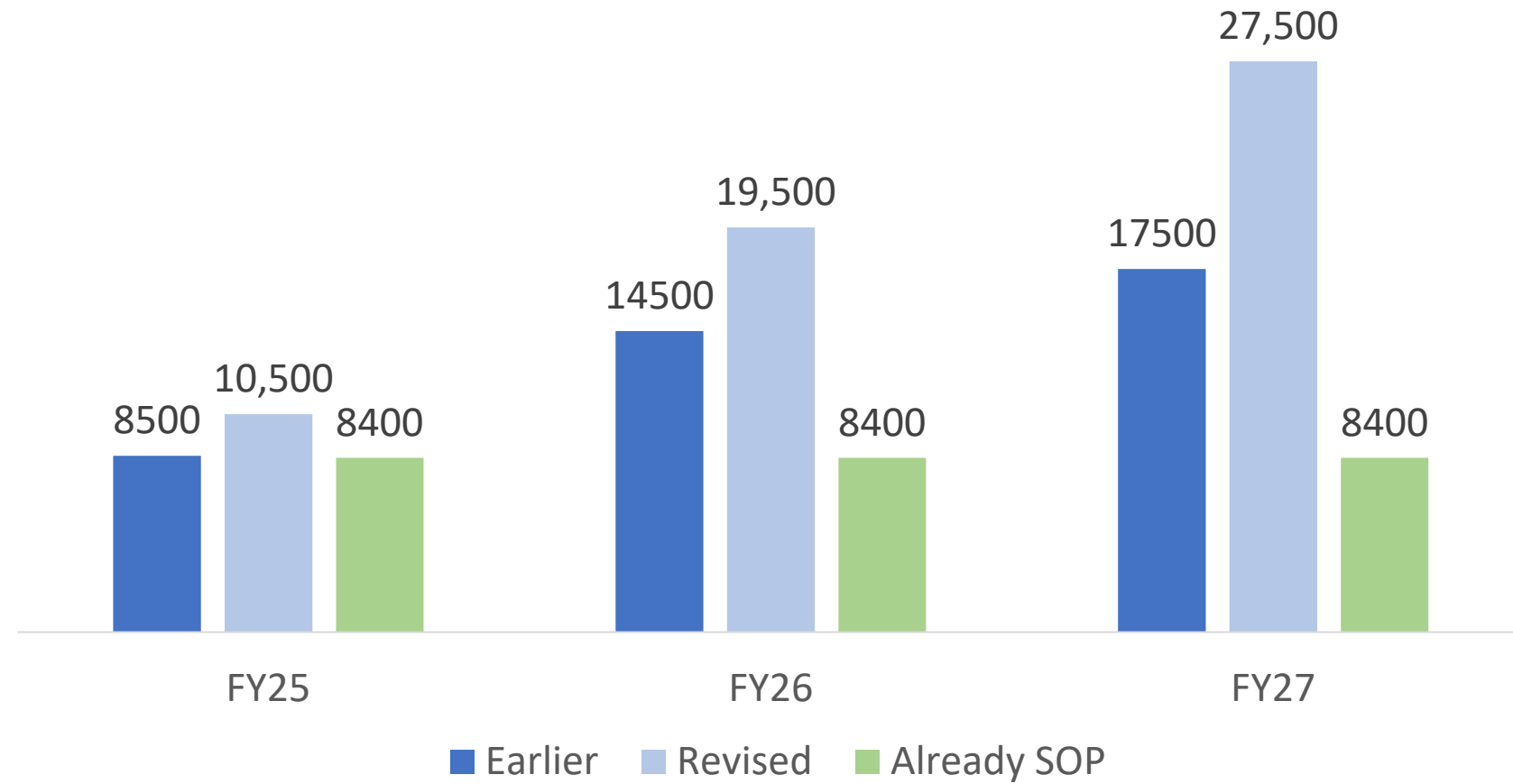


New Lifetime Order Win in 9M FY25

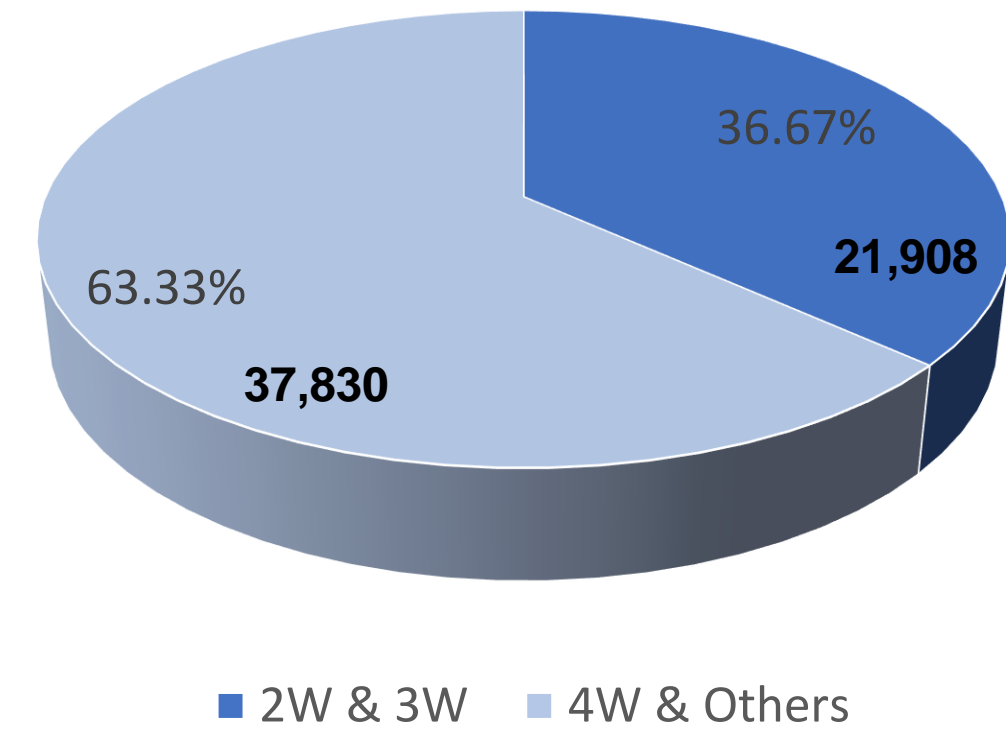
(Lifetime Value is 59,738 million and Annual Peak Revenue is Rs.10,847 million)



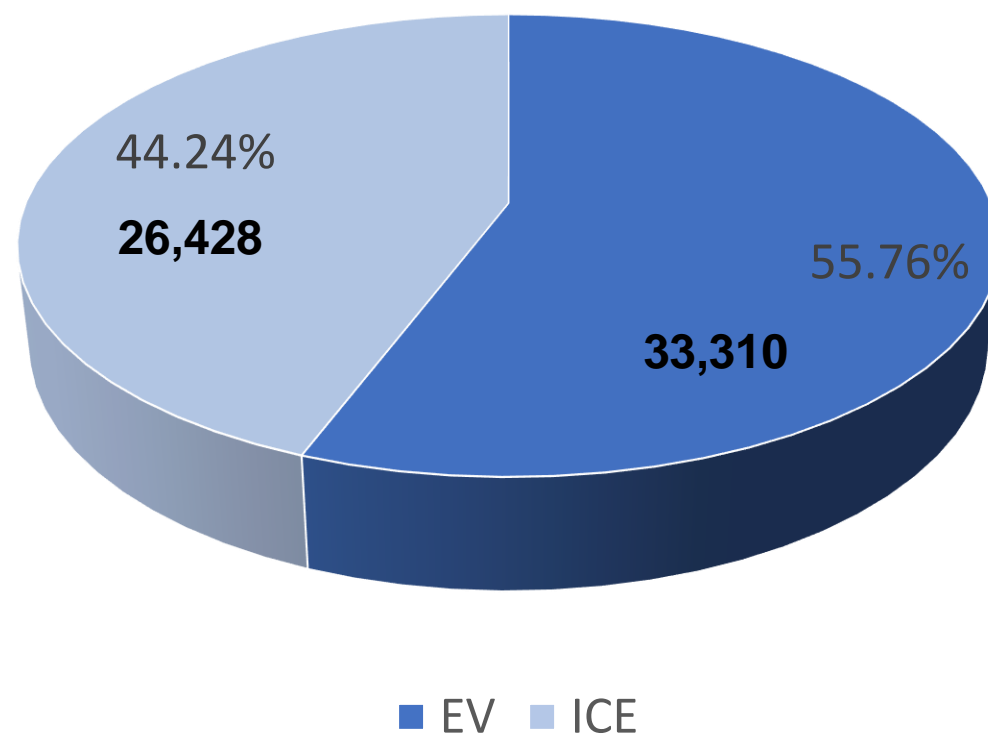
New business win adding to our revenue* in next 3 years



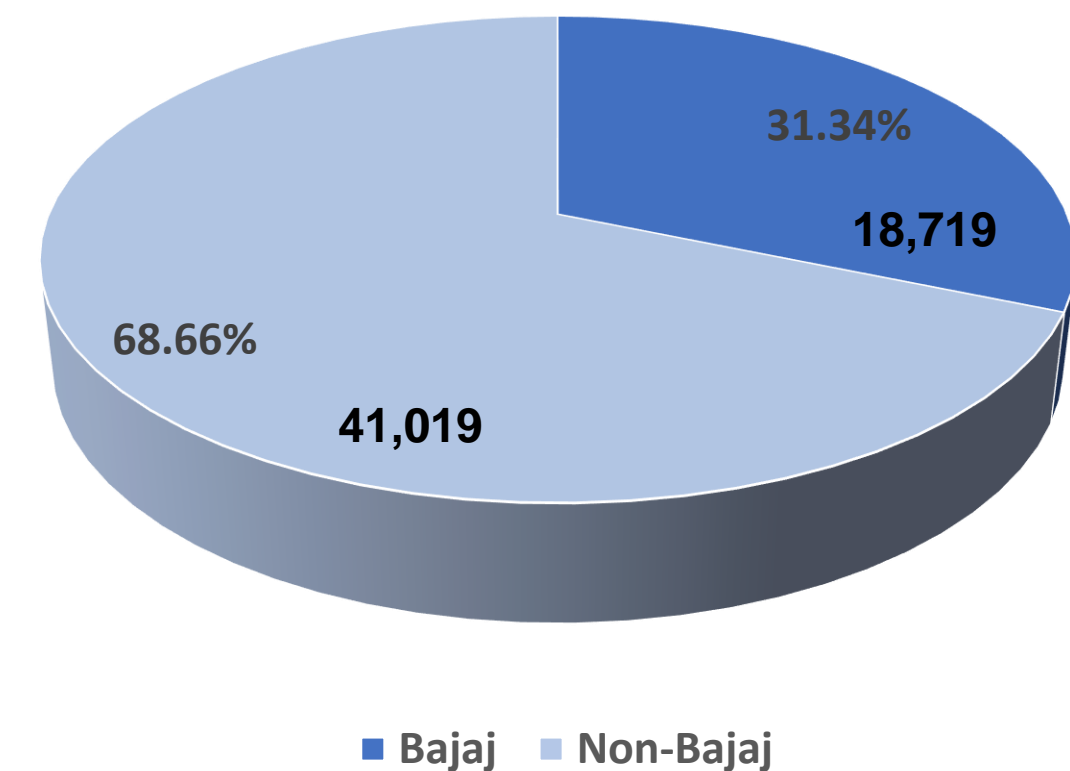
Lifetime Revenue win from 2&3W and 4W Players



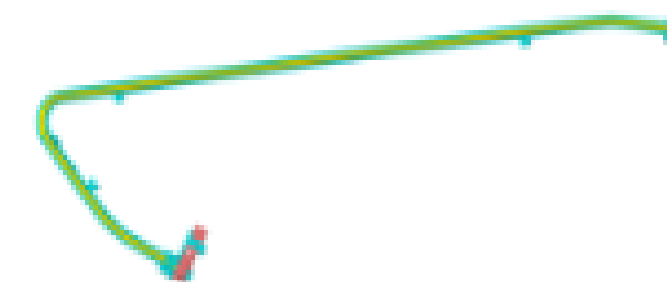
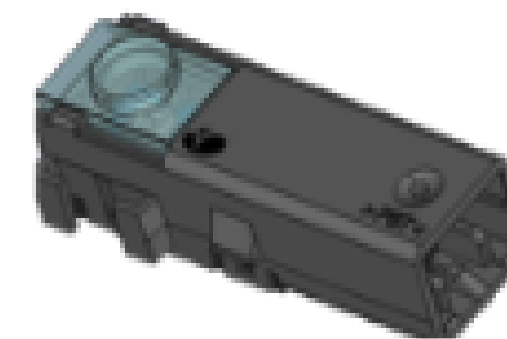
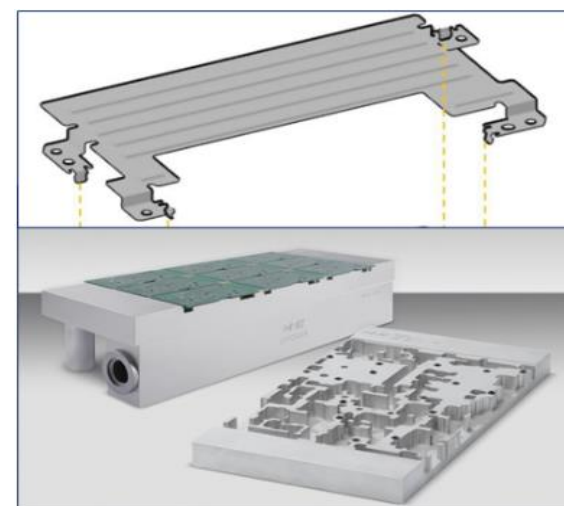
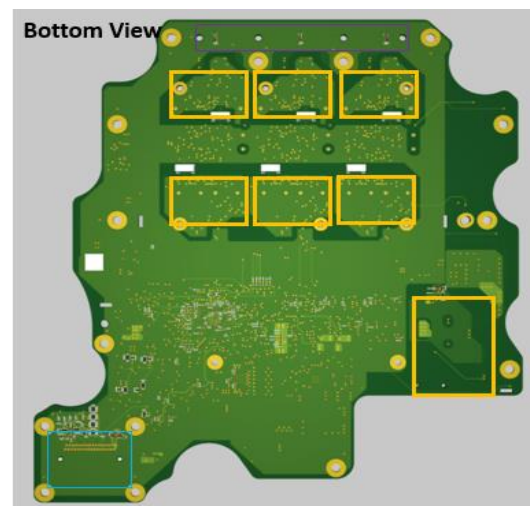
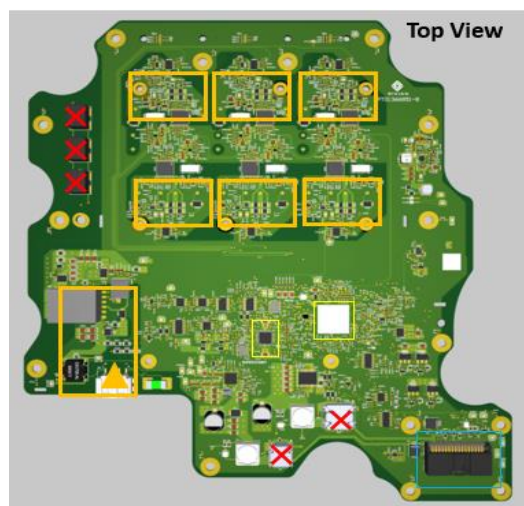
Lifetime Revenue win from ICE & EV Players



Lifetime Revenue win from Customers



Technological new age products win in Overseas



Front Drive & Rear Drive Inverter Electronics for Electric PV

Inverter in an electric vehicle converts direct current (DC) from the battery to alternating current (AC) for the electric motor. Inverter Electronics is meticulously crafted, designed with precision and engineered to perfection, this inverter stands as a testament to our dedication to excellence and showcase our advanced electronics manufacturing capabilities. This needs to withstand Environmental Requirements, EMC Standards, Product handling etc.

Enviourmental

- Heat cycles - Humidity cycles - Thermal cycles (hot/cold)
- Xenon tests - Odor tests

EMC

- ESD tests - Pulse interference on supply & sensor lines
- Conducted emissions tests - Bulk current injections tests

Handling

- Chemical resistance - Vibration resistance
- Cleanability - Serviceability

Interior Ambient Lighting

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

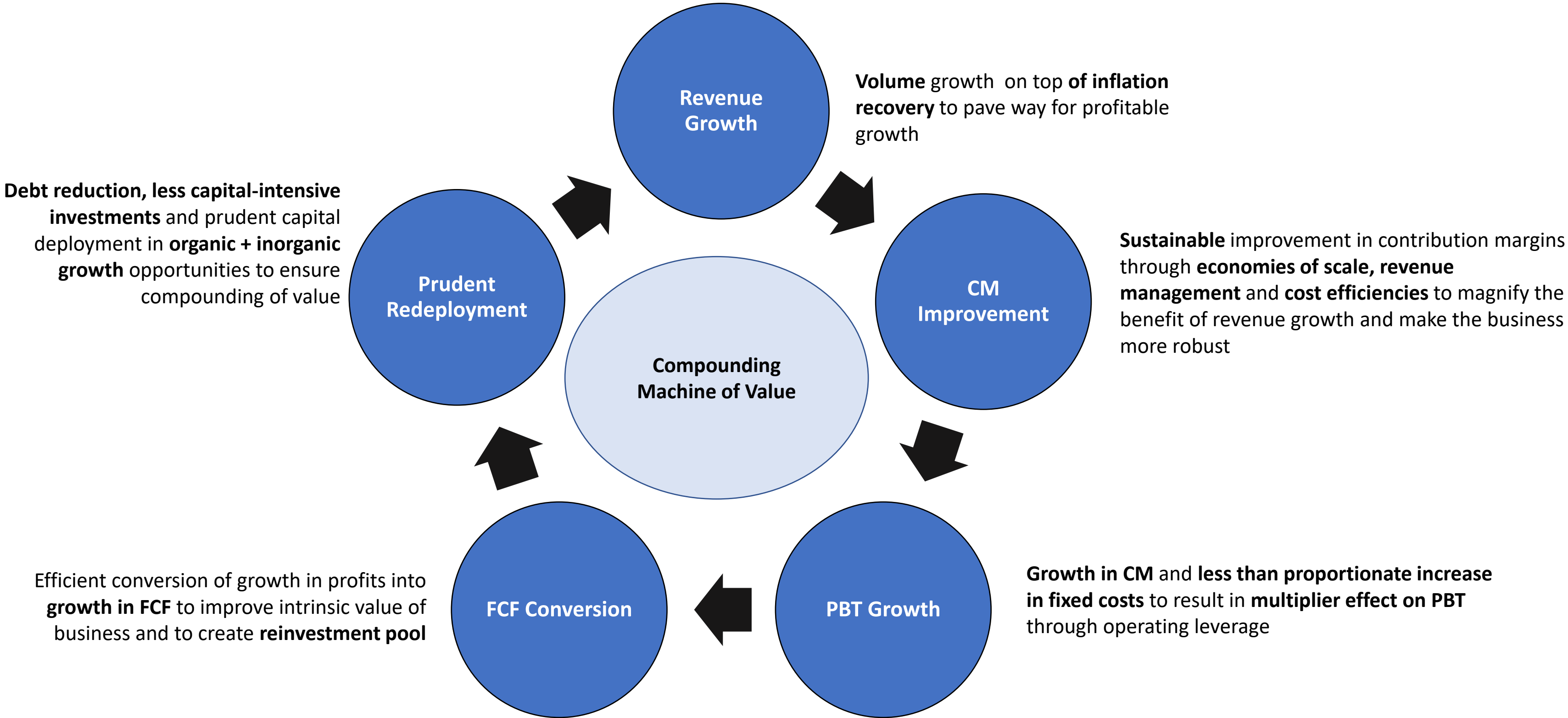
They are used for

- 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**

Focus areas for Varroc





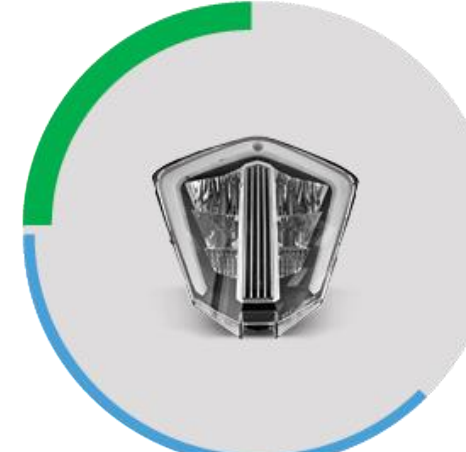
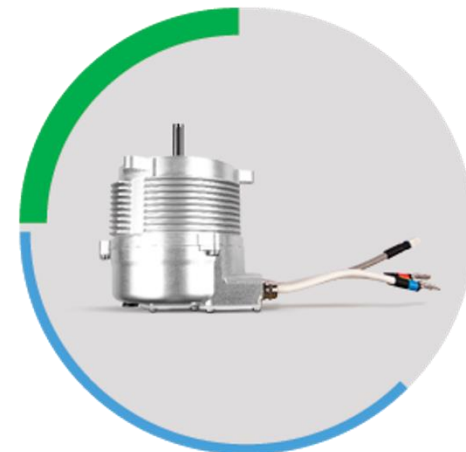
Our Businesses

10th February 2025

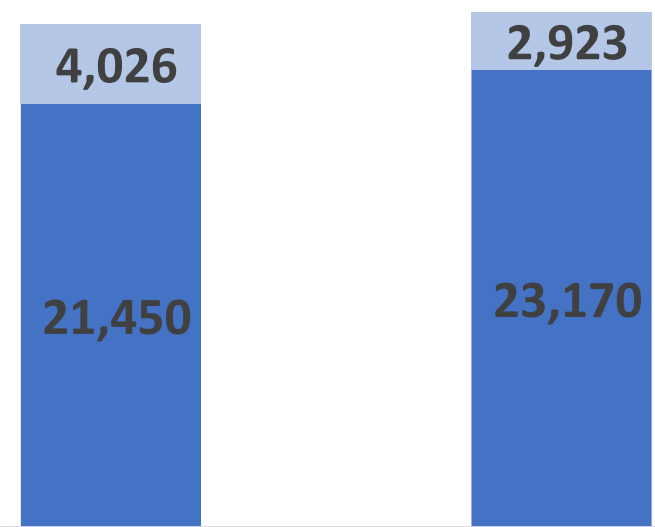
Meet The Future Of Mobility: Electrical Electronics & Lighting



10 facilities - India
05 facilities - Overseas



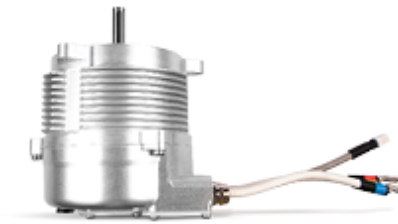
Electrical Electronics & Lighting



9M FY24 9M FY25

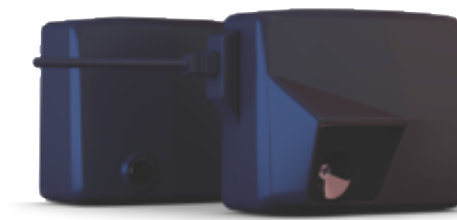
■ India ■ Overseas

Amping Up The Future With Electrical Technology



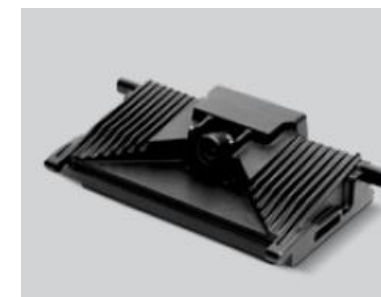
EV Products

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

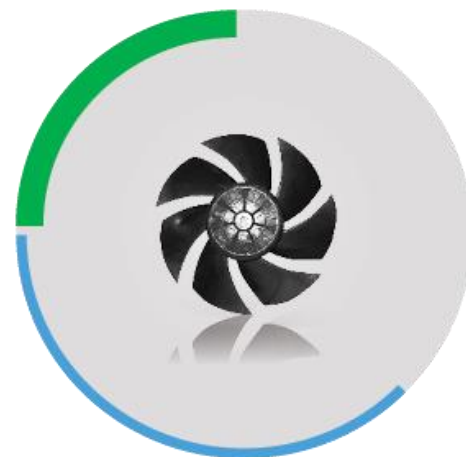
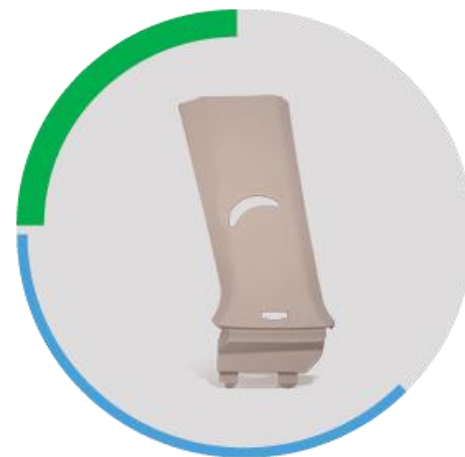
Meet The Future Of Mobility: Polymer



13 FACILITIES - INDIA



Polymer



9M FY24



9M FY25

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**



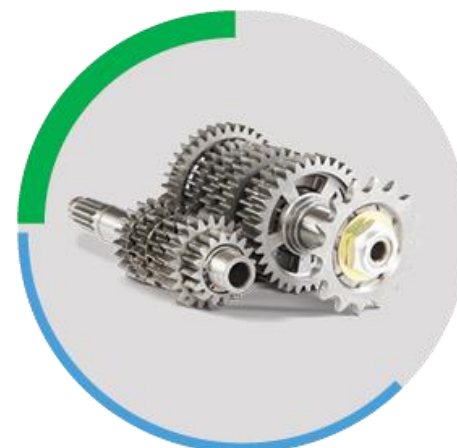
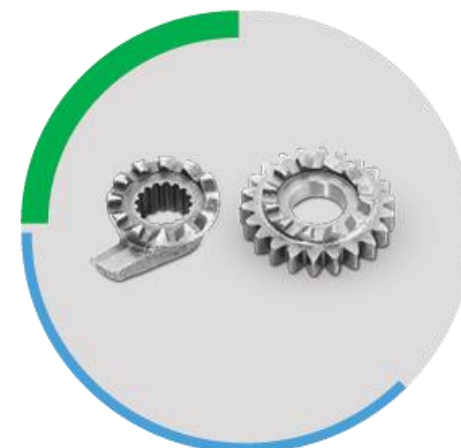
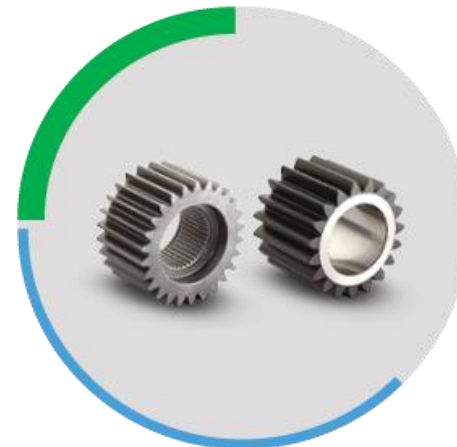
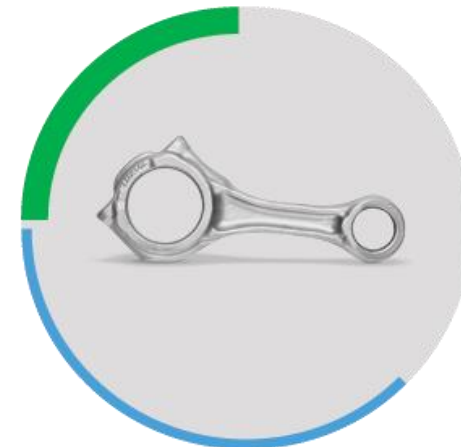
2 FACILITIES - ITALY



5 FACILITIES - INDIA



Metallic



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.



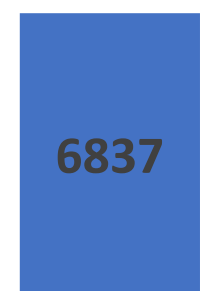
Gears

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.

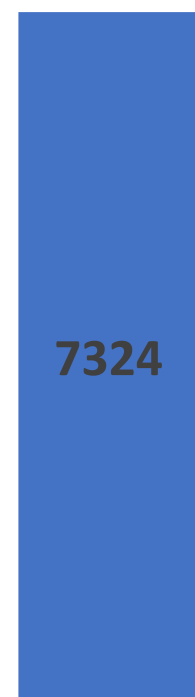


Forged components

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.



9M FY24



9M FY25

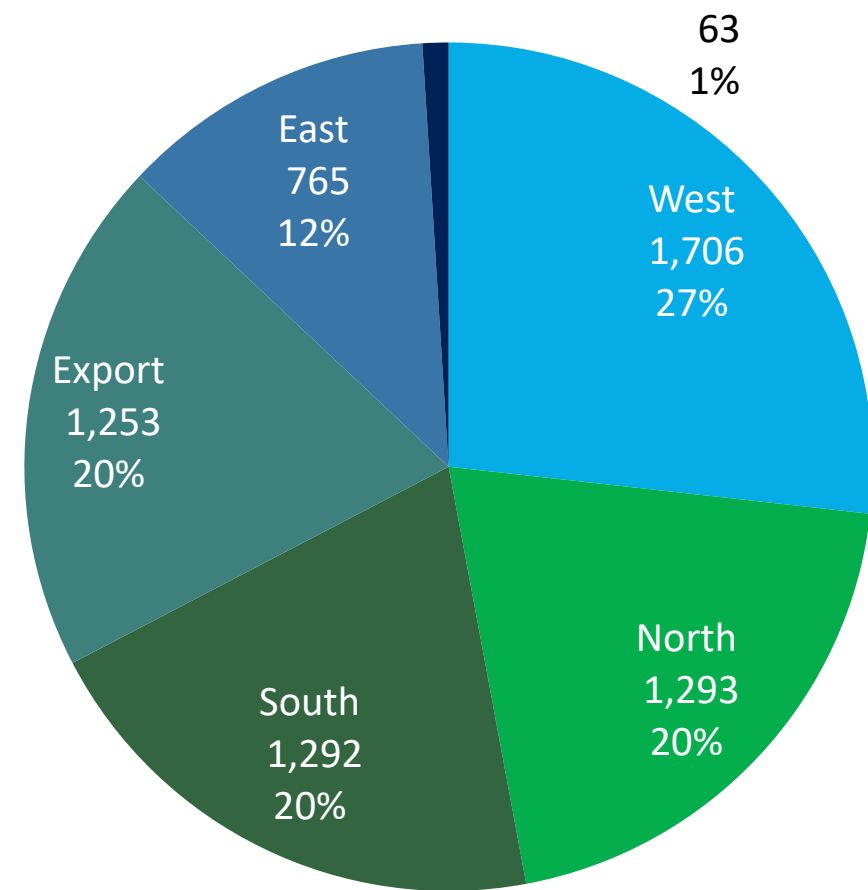
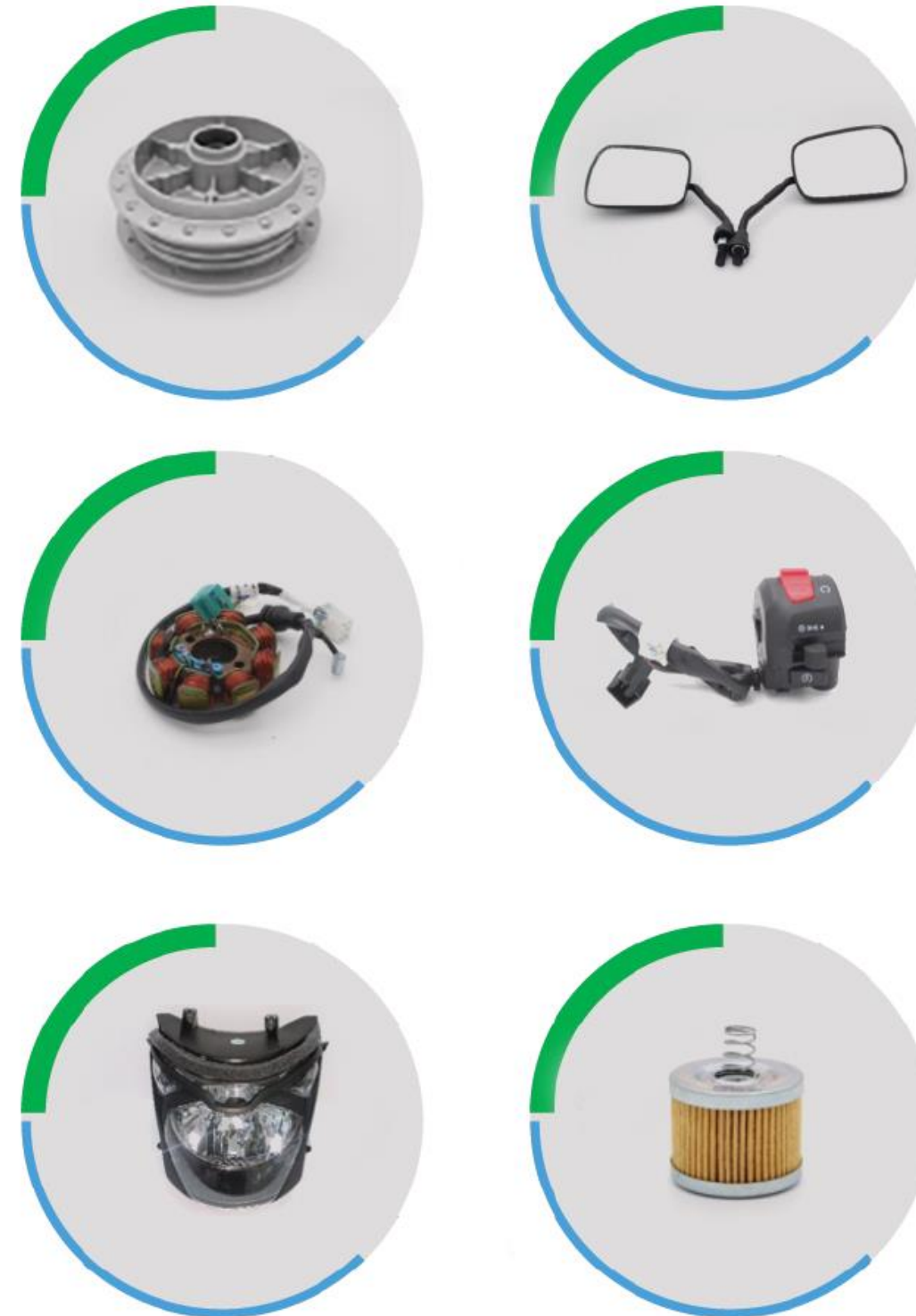
Meet The Future Of Mobility: Aftermarket



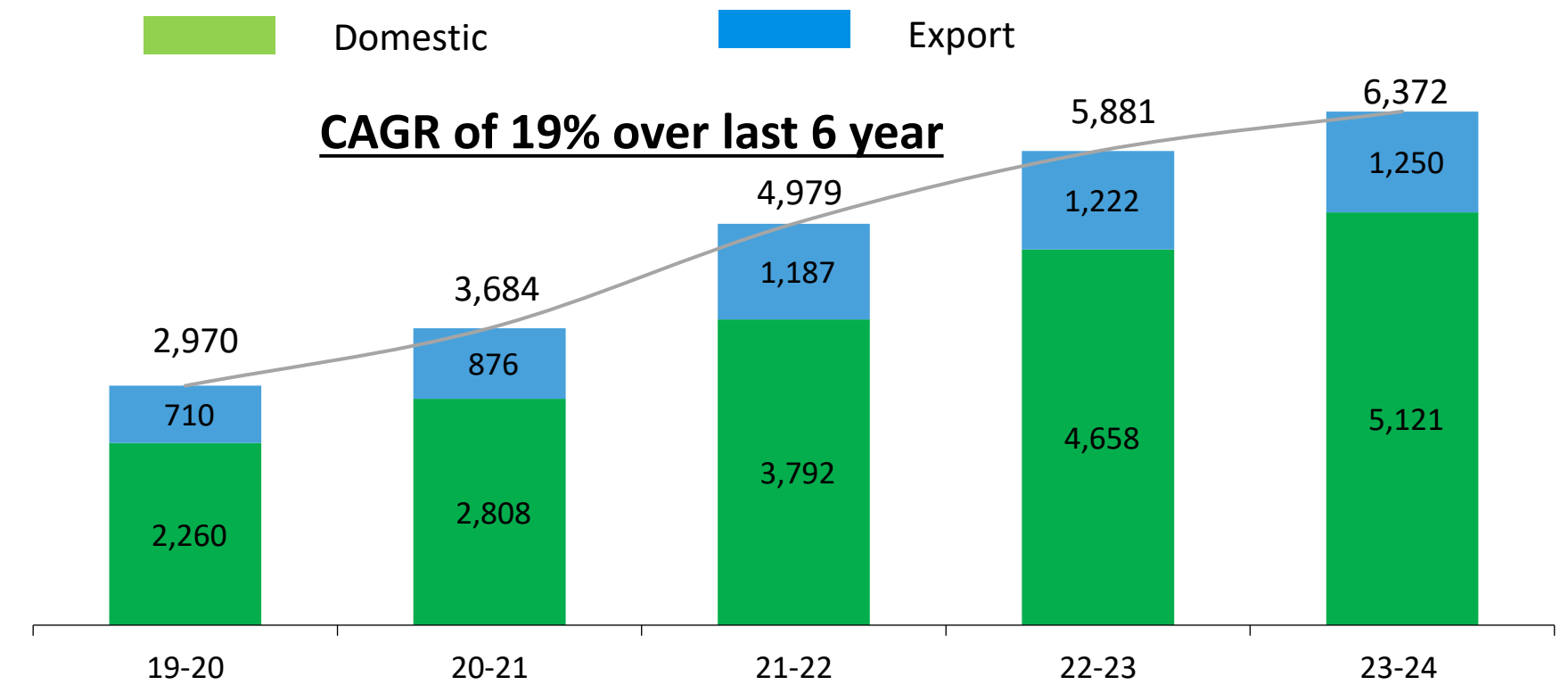
EXPORTS TO
30+ COUNTRIES



PAN INDIA DISTRIBUTOR
+310 Cities
+720 Distributors



■ West ■ North ■ South ■ Export ■ East ■ Other



- 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.'

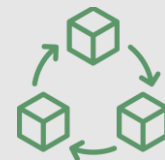
1. SUSTAINABLE PRODUCTS

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.



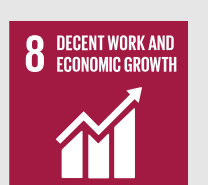
5. COMMUNITY DEVELOPMENT

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 in FY24. 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