

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2025-26/61

August 7, 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-400 051.
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]

Dear Sir/Madam,

Sub: Press Release - Financial Results Q1/FY 2025-26

Please find enclosed the Press Release on the Un-audited Financial Results (Consolidated & Standalone) for the quarter ended June 30, 2025.

Kindly take the same on record and note the compliance.

Thanking you,

Yours faithfully,
For Varroc Engineering Limited

Anil Ghatiya
Company Secretary
Membership No. A-16620
Encl: a/a

Press Release

Varroc Engineering Profit Before Tax before exceptional & JV profit increases by 54%

- Consolidated revenue from operations was ₹20,276 million in Q1 FY26 a growth of 6.8% YoY
- PBT for continued operations before exceptional and JV profit for Q1 FY26 came at ₹822 million i.e. 4.1% of Revenue as compare to 2.8% reported in Q1 FY25

Pune, August 07, 2025: Varroc Engineering Ltd. (Varroc), a global tier-I auto components group, today announced its results for the first quarter ended June 31, 2025. Mr. Tarang Jain, CMD commented,

“The Indian economy is showing resilience and momentum. The real GDP growth reached 7.4% in Q4 FY25 up from 6.4% in Q3 and the full year GDP growth was 6.5% for FY25. The inflation in India is moderating and in May’25 the CPI dropped to 75 month low of 2.8%. Considering this, the central bank reduced repo rate by 50 basis point to 5.5% in June’25. Globally, rising tariff barriers, strategic competition, and geopolitical tensions are increasing uncertainty for businesses. Supply chain resilience and regionalization are becoming key corporate strategies amid this uncertainty. The automotive industry is also preparing to deal with these challenges. Despite these uncertainties, we remain confident about the medium-to-the-long-term growth prospects of the automotive industry.

In terms of Automotive production in India, during Q1 of FY26, all the segments registered moderate growth on YoY basis :

2W grew by 0.7%, PV grew by 3.4%, CV grew by 2.6% & 3W grew by 9.8%. In terms of domestic sales the 2w industry registered a degrowth of 6% yoy.

On QoQ basis, due to seasonal impact we saw de-growth in almost all segments other than 2W.

2W grew by 0.9%, 3W de-grew by 1.5%, PV de-grew by 11.9%, and only CV de-grew by 13.7%

Coming to the operational performance, during Q1 FY26, the Company registered consolidated revenue of Rs.20.3 bn with a growth of 6.8% YoY, with India operations growing at 7.2%. Our EBITDA for the quarter was around 9.5% as compared to 9.1% on YoY basis. Our PBT before exceptional items and JV profit was 4.1% of revenue in Q1 FY26 as against 2.8% in Q1 FY25. We have also established dedicated R&D set up in overseas location to support 4W lighting and Electronics business which impacted our employee cost in the quarter.

We continue to strengthen our balance sheet. The net debt of the company in Q1 FY26 was reduced by ₹ 3,002 million and as a result, the net debt to equity is reduced to below 0.3x. The absolute net debt figure was at 4,478 million.

In Q1 FY26, we also achieved net new business wins with annualized peak revenues of ₹ 2,905 million. Our focus will continue to on timely execution of the new business wins adhering to the best QCDD norms.

Press Release

The near-term outlook in India especially for Electric Vehicles is challenged due to supply of rare-earth magnets. However, at Varroc, we are leveraging our supplier relationships, global footprint and have developed alternative solutions with the help of our strong R&D capability to help the Industry and our customers to overcome these challenges at the earliest. We continue to adopt a positive mindset to find opportunities during this period of uncertainty.

As emphasized earlier we continue to remain focused on revenue growth, improvement in gross margin, control on fixed cost and optimization of capex and working capital. All of this will enable us to generate healthy free cash flows in future also, further strengthening the balance sheet and improving the return ratio's."

Financials numbers

₹ In million

Particulars	Q1 FY26	Q1 FY25	YoY	Q4 FY25	QoQ
Revenue from operations	20,276	18,989	6.8%	20,992	-3.4%
EBITDA	1,919	1,724		2,134	
EBITDA%	9.5%	9.1%	40 bps	10.2%	(70 bps)
PBT before JV and exceptional items	822	533		1,034	
PBT before JV and exceptional items %	4.1%	2.8%	130 bps	4.9%	(80 bps)
Exceptional Items *	(612)	-		564	
Share of profit of JV	5	27		3	
PBT	1,439	560		473	
PBT%	7.1%	2.9%	420 bps	2.2%	490 bps

* includes

- Q1 FY26 – Exceptional items of Foreign Currency Translation Reserve released to P&L on disposal of JV~Rs. 612 million.

- Q4 FY25 - merger expenses of VEL & VPL, costs related to exit from China JV & provision for bad debt against KTM receivables adding up to Rs. 560 million in Q4 of FY 25.

Press Release

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 E-mobility solutions, Body systems solutions, Lighting solutions, HMI solutions, ICE powertrain and Advanced electronics 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 ₹ 81,718 million from continued operations in FY25. The group employs more than 6,100 employees (750 + R&D Engineers), has 37 global operating manufacturing facilities supported by 7 R&D Centres, and has filed more than 120 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

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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.