Varroc Engineering Limited
Regd. & Corp. Office

L-4, MIDC, Industrial Area
Waluj, Aurangabad 431 136,
Maharashtra, India

Tel + 91 240 6653700
Fax + 91 240 2564540

email: varroc.info@varroc.com
www.varroc.com
CIN: L28920MH1988PLC047335

VARROC/SE/INT/2025-26/108 November 12, 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-400001.
BSE Security Code: 541578
[Debt: 975062]

Dear Sir/Madam,

Sub: Press Release - Financial Results Q2/FY 2025-26

Please find enclosed a copy of Press Release on the Un-audited Financial Results (Consolidated & Standalone) for the quarter and half year ended on September 30, 2025.

Kindly take the same on record and note the compliance.

For Varroc Engineering Limited

ANIL GHATIYA
Digitally signed by ANIL GHATIYA
Date: 2025.11.12 17:05:11 +05'30'

Anil Ghatiya
Company Secretary & Compliance Officer

Encl: A/a

Press Release

Varroc Engineering delivers highest ever Revenue in this quarter post divestment

- **Consolidated revenue from operations was ₹22,073 million in Q2 FY26 a growth of 6.1% YoY**
- **PBT before JV profit for Q2 FY26 came at ₹912 million as compared to ₹901 million reported in Q2 FY25**

Pune, November 12, 2025: Varroc Engineering Ltd. (Varroc), a global tier-I auto components group, today announced its results for the first quarter ended Sep 30, 2025. Mr. Tarang Jain, CMD commented,

"The Indian economy continues to perform well, experiencing robust growth and has become the world's fastest growing major economy. India's real GDP grew by 7.8% in the April-June 2025 quarter. The inflation in India continues to moderate. Globally, rising tariff barriers, supply chain restrictions, 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. In these uncertain times, it becomes very important for the Company to find ways to manage this uncertainty and grow simultaneously during this period. We are moving fast to make our organisation more agile, fundamentally strong, and customer-focused to succeed in this environment.

Over the last 3 years since the divestment exercise, we have been consistently improving on financial prudence, cost reduction and customer delight. As you all know, we focused on free cash flow generation and managed to reduce our debt significantly. As a result, the Net Debt/EBITDA, which was more than 2x in FY 23, is now below 0.3X . The interest burden which was close to 3% of revenue in Q2 of FY 23 has been reduced to below 1.5% in Q2 of FY26. We also improved our gross margins during this period by almost 1%. We also delayered the organization during Q4 of FY 25, which moderated our manpower costs. All these improvements reflected in improvement in PBT margin during this period from 1.1% to over 4% now. We are also continuously improving our speed of response, program management efficacy and delivering first time right. As indicated earlier, we had also established a strong R&D facility in China this FY to enhance our capabilities and to take advantage of skillset available there. We are also exploring opportunities to rationalize fixed manpower cost in plants through VRS schemes. In taking these decisions, we are giving more importance to long-term growth rather than short-term impact.

Over the last few years, we have been able to scale our EV products portfolio and this has resulted in our revenue growth in this segment helping the overall growth of the Company. Today, more than 11% of Revenue comes from supplying to EV customers. We are also experimenting with AI in areas like quality inspection and corporate functions to improve productivity and cut down inefficiencies. We are also working on various other initiatives to reduce working capital and improve throughput. We will be sharing more updates on the same in our future discussions with you.

Our growth plan is built mainly on 3 pillars. The first opportunity for growth comes from the disruption which CASE (Connected, Autonomous, Shared, and Electric) is bringing in the automotive sector. As an organisation, we are focusing significantly on E-mobility, connectivity and ADAS. The second pillar of growth comes from business portfolio management. In this year only, taking advantage of the arbitration verdict, we took the call not to have manufacturing footprint in China. Instead, we have set up a location in Thailand which is a well-established auto manufacturing hub and offers several export opportunities. The third pillar of growth is looking through adjacencies, and the company is looking to further grow its business in aftermarket, exports, non-auto both organically and through M&A.

These strategic calls along with strong financial prudence enabled us to generate good amount of free cash flow and improve the return ratio's. In Q2 FY26, the ROCE of the Company was 23.6% as compared to 12% seen in FY23.

Coming to the performance in this quarter, let's first understand the industry performance in India.

In terms of Automotive production in India, during Q2 of FY26, all the segments registered growth on YoY basis as well as QoQ basis due to buoyant economy as well as early festive season:

Om YoY basis, 2W grew by 10.6%, 3W grew by 18.3%, PV grew by 4.2% & CV grew by 11.8%.

On QoQ basis, 2W grew by 17.4%, 3W grew by 39.3%, PV grew by 6.5%, and only CV grew by 2.9%

Coming to the operational performance, during Q2 FY26, the Company registered consolidated revenue of Rs.22.7 bn with a growth of 6.1% YoY, with India operations growing at 7.0%. The Indian revenue was impacted by industry wide rare-earth issue. This resulted in loss of INR ~ 750 million of Revenue in Q2 FY26 or else the growth in the Indian operation would have been 11.8%. As stated earlier, for future growth perspective, we had established an R&D centre in overseas location to support 4W lighting and electronics businesses. This has resulted in higher employee cost starting from Q1 FY26. Thus, our EBITDA for the quarter was around 9.1% as compared to 9.7% on YoY basis. Our PBT before JV profit was 4.1% of revenue in Q2 FY26 as against 4.3% in Q2 FY25.

However, I would like to bring to your attention to the point that the India EBITDA and PBT were strong at 11.5% and 7%+ respectively and grew both on year-on-year basis as well as sequentially. As explained earlier, the overseas electronics, lighting and forging businesses continue to face challenges due to customer concentration and macro environment. However, we are winning significant orders for the overseas electronics and lighting businesses already and the turnaround is expected to be visible from H2 of FY 27.

We continue to strengthen our balance sheet. The net debt of the company in H1 FY26 was reduced by INR 3,680 million and as a result, the net debt to equity is reduced to below 0.22x. The absolute net debt figure was at INR 3,800 million. With significant growth-enabling investments planned in H2, the net debt may see only modest improvement in H2 of this year.

In H1 FY26, we achieved net new business wins with annualized peak revenues of Rs. 8,928 million. Notable, business win among these are 4W lighting business for passenger vehicle and also business win from existing EV customer for their increased volume in near future. We also remain confident to

Press Release

win High Voltage Electronics for a range of high-performance e-powertrain components for our Romanian business before the end of this CY.

As emphasized earlier for the transformation to continue in this volatile new-normal environment, we continue to align ourselves and focus on managing the uncertainties while also aiming for growth simultaneously.”

Financials numbers **₹ In million**

Particulars	Q2 FY26	Q2 FY25	YoY	Q1 FY26	QoQ
Total Revenue	22,073	20,808	6.1%	20,276	8.9%
EBITDA	2,018	2,010		1,919	
EBITDA %	9.1%	9.7%	(60) bps	9.5%	(40) bps
PBT before JV and exceptional items	912	901		822	
PBT before JV and exceptional items %	4.1%	4.3%	(20) bps	4.0%	10 bps
PBT (incl. JV profits) after exceptional items*	920	908		1,439	
PBT %	4.2%	4.4%	(20) bps	7.1%	(290) Bps
PAT	633	578		1074	

Note:-Q1 FY26 – Exceptional items of FCTR released to P&L on disposal of China JV investment ~Rs. 612 million.

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

Bikash Dugar Head Investor Relations & Finance Controller Business-II bikash.dugar@varroc.com +91-8104233847	**Anuja Raorane** Marcom anuja.raorane1@varroc.com +91-77158 12369

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.