

# Varroc Engineering Ltd.

Regd. & Corp. Office

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Waluj, Aurangabad 431 136  
Maharashtra, India

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**www.varroc.com**  
**CIN : L28920MH1988PLC047335**



VARROC/SE/INT/2019-20/70

January 8, 2020

To,

(1) 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.

(2) The Manager - Listing  
The Corporate Relation Department,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001.

NSE Symbol: VARROC

BSE Security Code: 541578  
Security ID: VARROC

Dear Sir/ Madam,

**Sub.: Intimation of Non-Deal Investors Roadshow in Aurangabad**

**Ref.: Disclosure under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Pursuant to Regulation 30 (6) of the Listing Regulations, this is to inform you that, the Company is organising Non-Deal Investor Roadshow with various investors at Registered Office of the Company located at L-4, MIDC Waluj, Aurangabad – 431 136 on 09<sup>th</sup> and 10<sup>th</sup> January, 2020\*.

The presentation for the same is attached with this communication.

Kindly take note of the above.

Yours faithfully,

**For Varroc Engineering Limited**

**Ajay Kumar Sharma**  
**Sr. Vice President (Legal & Secretarial)**

\*Meeting Schedule is subject to change.

# Investor Presentation

October 2019



# Varroc is a leading Indian auto component group with a global footprint



- **Founded in 1988** in Aurangabad, India by the Jain family
- Successful listing on the Indian Stock Exchanges in July 2018

## Two primary business lines:

1. **Varroc Lighting Systems (“VLS”)**: global supplier of exterior lighting systems to passenger car OEMs
2. **Varroc India Business**: manufacturer and supplier of diverse range of Polymer, Electrical and Metallic auto components to 2W, 3W and 4W OEMs.

- **Strong, long-lasting, growing customer relationships** with marquee auto OEMs globally and in India
- **Well-diversified global auto component business** across geographies, products and customers

- **Low cost, strategically located global** manufacturing footprint
- **41 Operating plus 2 Upcoming Manufacturing Facilities and 16 R&D Centres across 5 continents** <sup>(4)</sup>

- **In-house R&D capabilities** in India, Czech Republic, China<sup>(3)</sup>, USA, Mexico, Germany, Italy, Romania and Poland
- **~1,400 R&D engineers**<sup>(4)</sup>; **185 patents granted globally**<sup>(4)</sup>

- **Experienced management team supported by reputed Board**
- **~13,800 employees** across the globe<sup>(4)</sup>

## Leading

Tier-1 manufacturer and supplier to the Indian 2W and 3W OEMs<sup>(4)</sup>

**6<sup>th</sup>**

**Largest<sup>(1)</sup>, fastest growing among top six global exterior auto lighting suppliers**

**INR 125bn/ USD 1.8bn  
FY19 revenue**<sup>(2)</sup>



# Business Overview

## ELECTRICAL - ELECTRONICS



- 2W lighting for Indian
- Digital clusters
- Motors, Magnetos
- Regulator & Rectifiers
- Body switches, CDI,
- Catalytic Converters

**7 Facilities – India<sup>#</sup>**

- Comprehensive solutions in electrical-electronics components, assemblies for automotive applications.
- 1350+ employees

**2W, 3W, PV & CV**

## POLYMER



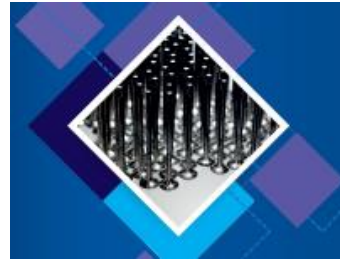
- Air Filter Assembly
- Seating Assembly
- Interiors (Instrument panel, Door panel etc.)
- Painted plastic exterior products
- Mirror assembly

**14 Facilities – India<sup>#</sup>**

- One of the largest polymer solution providers to all major auto OEMs with a pan-India presence
- 1940+ employees

**2W, 3W, PV & CV**

## METALLIC (Forging and Valves)



- Engine valves
- Transmission gears
- Crank pins, Links
- Connecting Rods
- Crankshafts

**5 Facilities – India<sup>#</sup>**

- Offers precision forged & machined parts for engines and transmissions
- Supplies engines valves in domestic and international markets
- 1650+ employees

**2W, 3W, PV, CV & OHV**

## GLOBAL LIGHTING



- Head Lamps
- Rear Lamps
- CHMSL
- Fog Lamps

**Global PV lighting -10 Facilities**  
Czech(2), China (2), Turkey (2), Mexico, India, Brazil, Morocco  
**Global 2W Lighting 3 -Facilities**  
Italy, Romania, Vietnam

- Leading global supplier of exterior automotive lighting systems for PV
- High end lighting systems for the global 2W industry
- 2 more upcoming facilities
- 7870+ employees

**PV & 2W**

## IMES (International Forging)



- Undercarriage Links
- Drill bit cones & heads
- Undercarriage Segments

**2 Facilities - Italy**

- Manufactures hot steel forged parts for the construction and oil & gas industries
- 135+ employees

**Earth-moving & Oil-drilling**

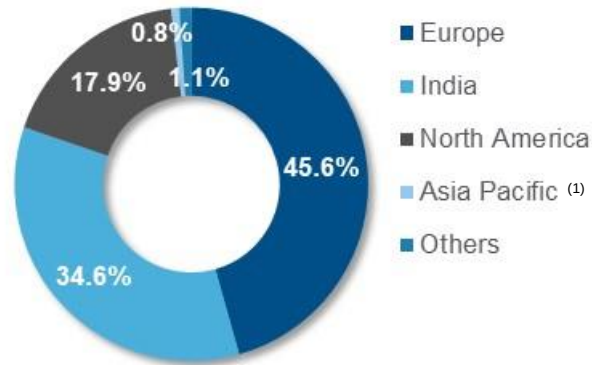


# Well Diversified Business Across Geographies, Product Groups, Customers and Segments

FY19 Consolidated Revenue: INR 120 bn <sup>(1)</sup>  
100% China JV FY18 Revenue: INR 10 bn

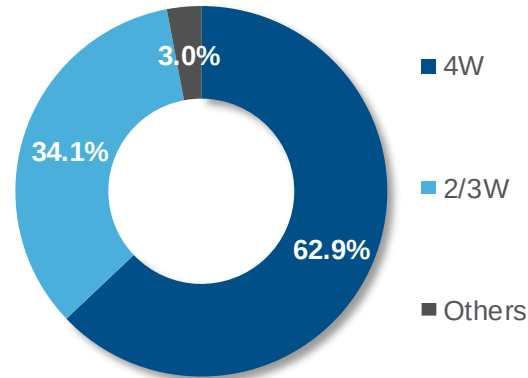
Revenue Split by Geography <sup>(1)</sup>

FY19, %



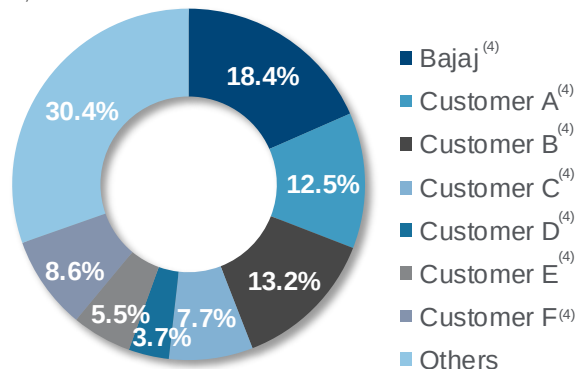
Revenue Split by Vehicle Type <sup>(2)</sup>

%



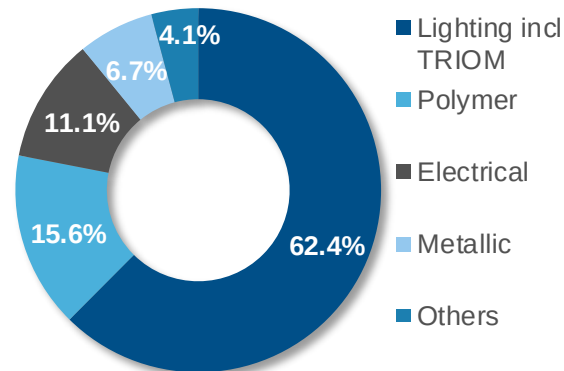
Consolidated Revenue Amount Split by Customer <sup>(3)</sup>

FY19, %



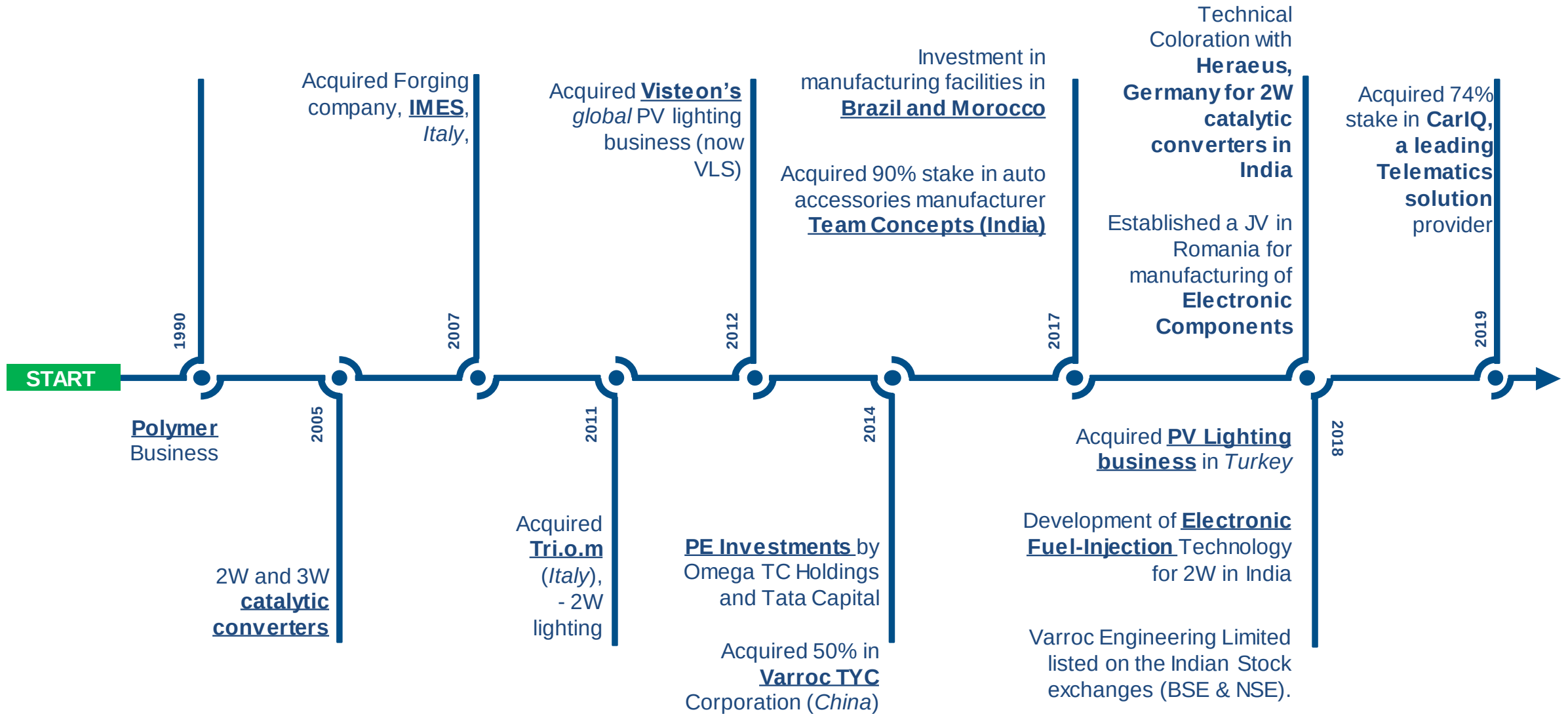
Revenue Split by Segment

FY19 %



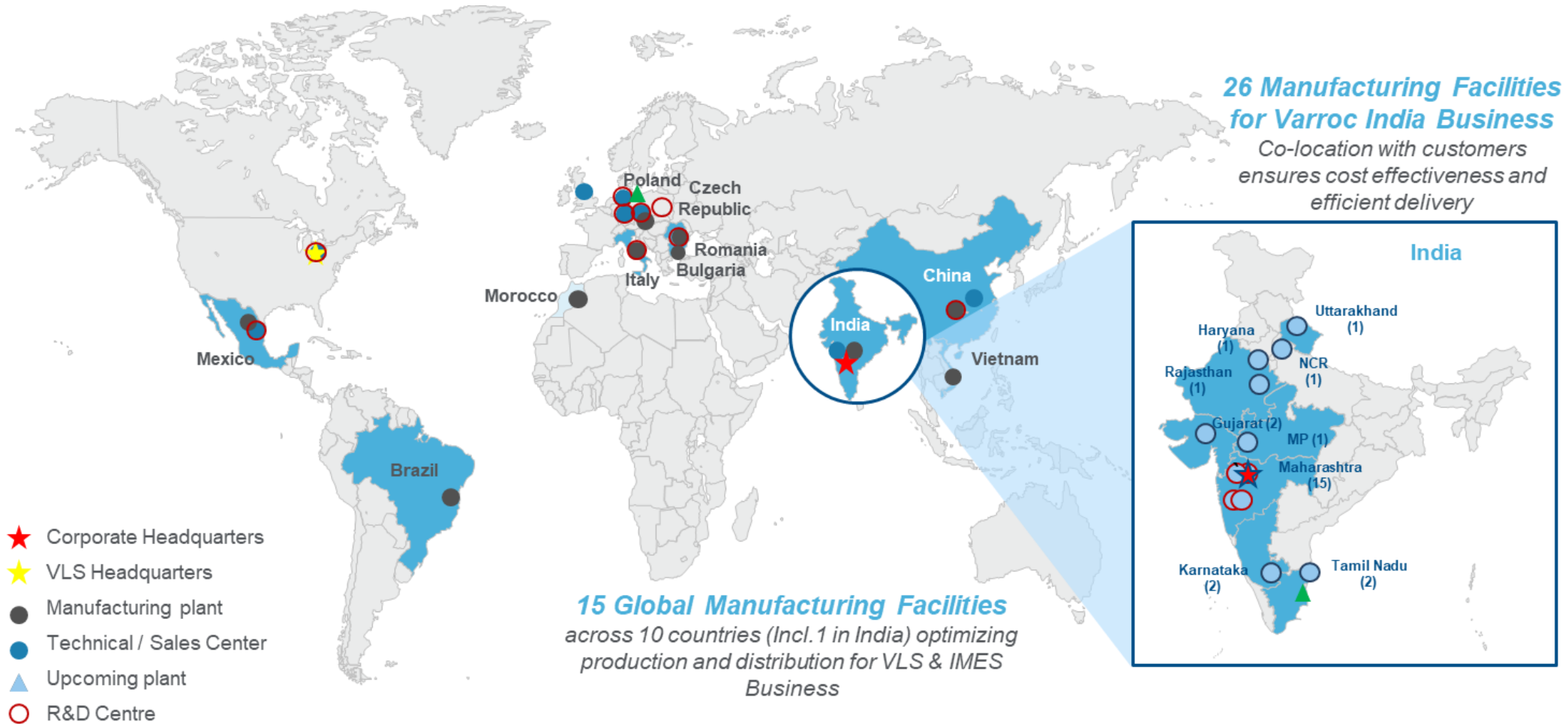
- Diversified business in developed and emerging markets with strong India presence
- Comprehensive range of engine agnostic products
- Diversified customer relationships; no customer has >20% share
- Presence in fast growing India 2W and Global PV lighting segments

# Varroc – The Transformation into a Global Auto Component Group



# Low Cost, Strategically Located Global Manufacturing Footprint

41 Operating plus 2 Upcoming Manufacturing Facilities and 16 R&D Centers Across Asia, Europe, Africa, North and South America



- Manufacturing and R&D footprint spread across low cost countries

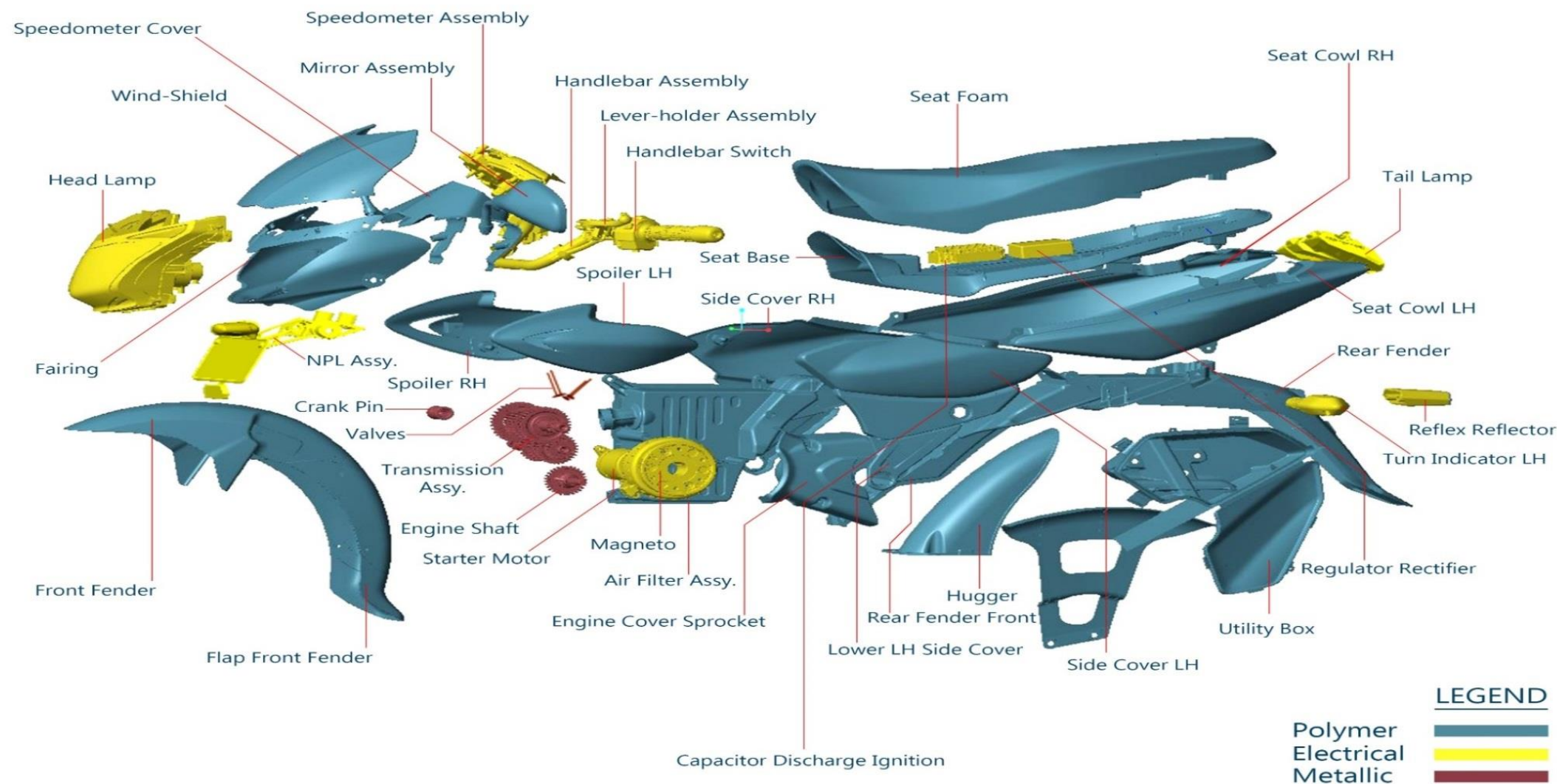
- Proximity to OEMs leading to cost effectiveness and quicker turn-around times

- Pan-India presence enabling proximity to customers across key automotive hubs



# India Business: Comprehensive Solution Provider to 2W OEMs in India

## Diversified Portfolio Catering to 2W and 3W Segments



Wide range of products across Polymer, Electrical and Metallic segments; One-Stop Shop for customers enabling cross-selling



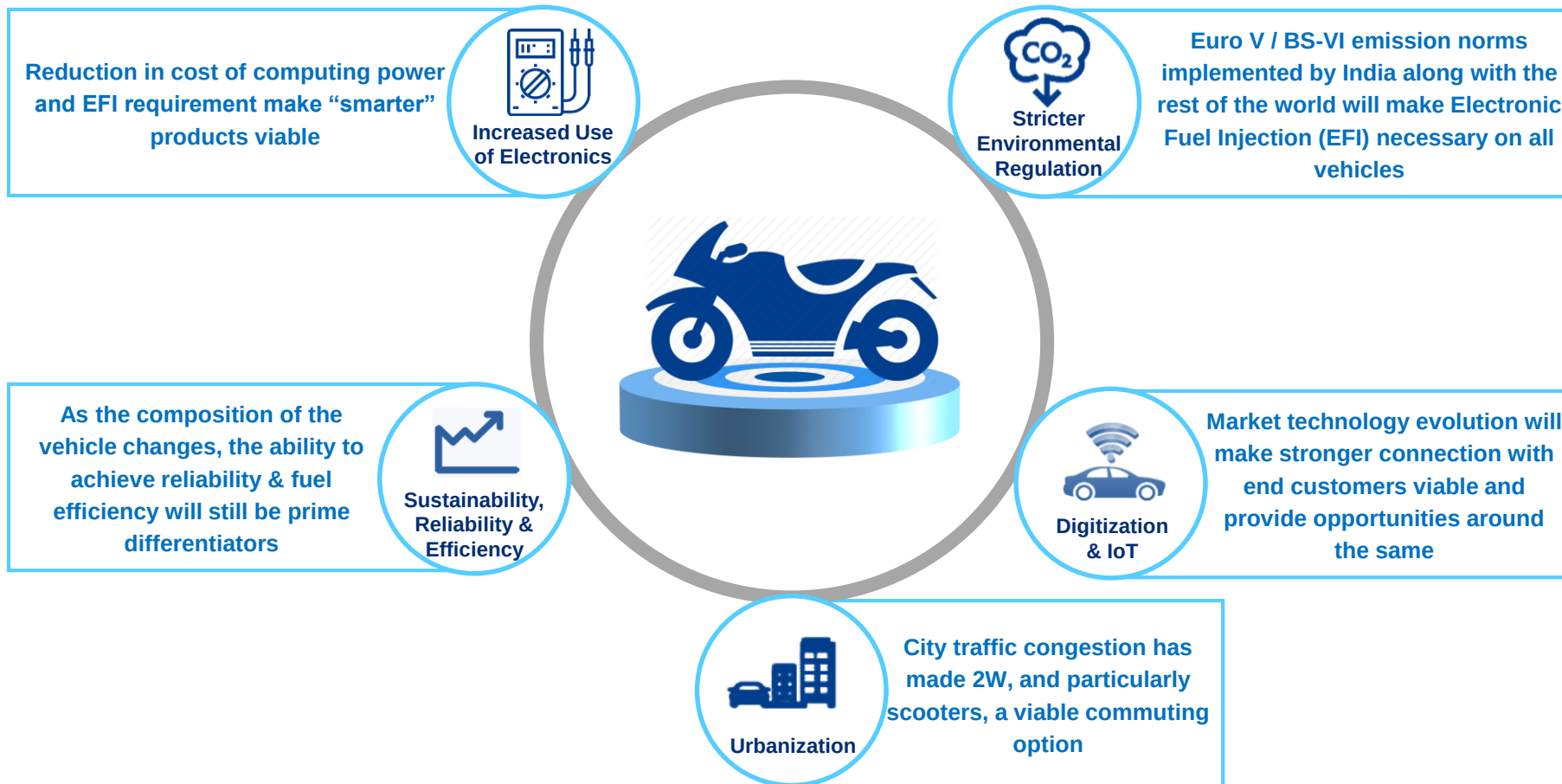
# VLS: Wide Range of Lighting Product and Technology Offerings

## Broad Portfolio of Lighting Technologies for PV OEMs Globally



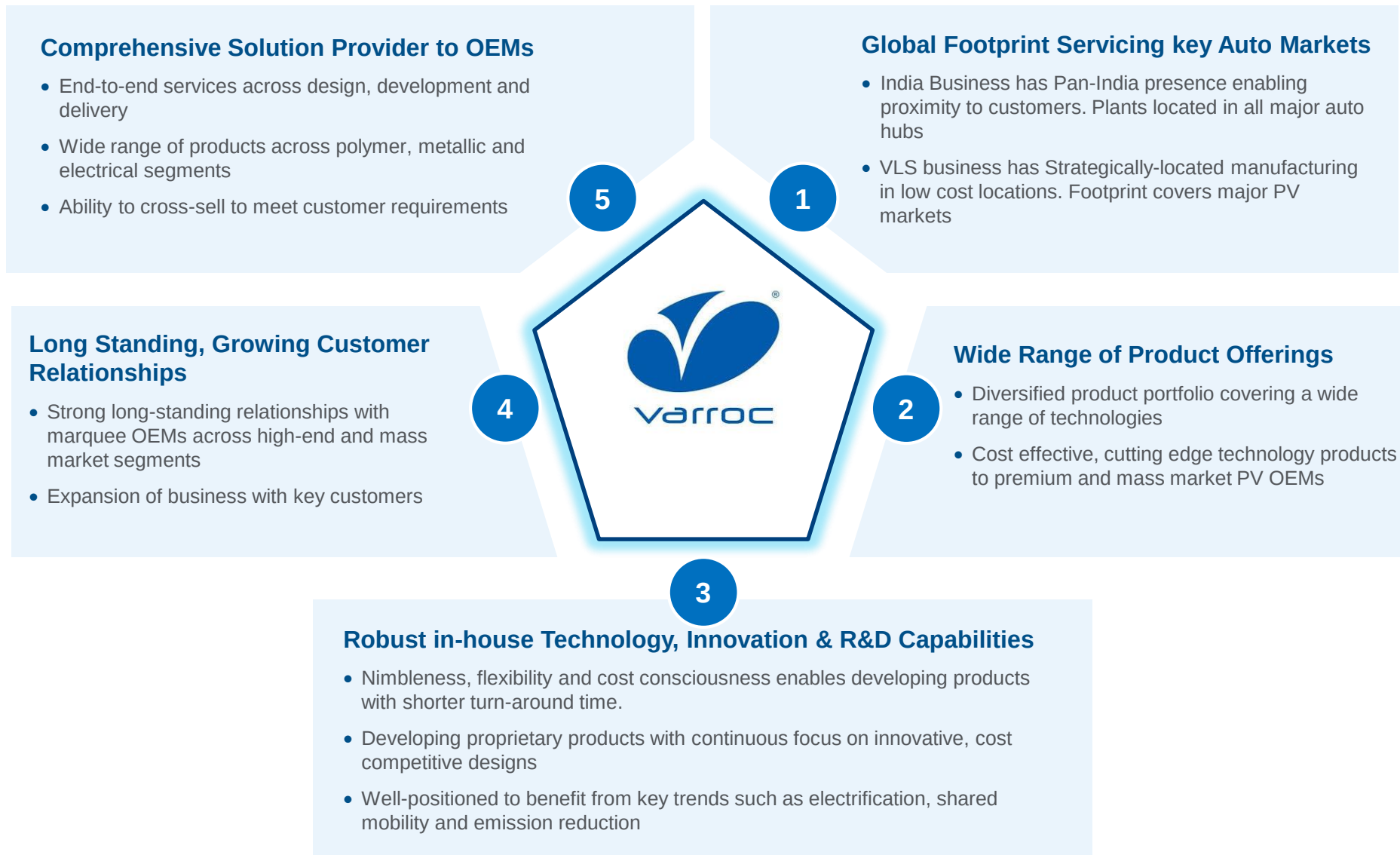
- Full portfolio of head lamp and rear lamp providing a wide range of products
- Established presence in key emerging technologies such as LED, OLED Laser, Matrix
- Quick adoption of new technology to grow product portfolio
- Customized products for OEMs with long standing relationships
- Providing cost effective, cutting edge technology products

# R&D Efforts Seek to Capitalize on Emerging Trends



**Regulation change creates potential for suppliers with robust operational systems to cross sell product lines; core auto themes like light-weighting and affordability will continue to guide OEM decision making**

# Varroc — Key Strengths



# Varroc Leadership

## Founder & MD



**Tarang Jain\*^**  
*Managing Director*

- Co-founded Varroc in 1988
- Nearly 30 years experience in the automotive industry

- Experienced management team
- Independent directors with experience across industries & practices
- Strong governance: Big-4 statutory and internal auditors; independent board committees

## Board of Directors



**Naresh Chandra\***  
*Chairman and Non-Executive Director*

- Total Experience: 35+ years in the automobile industry
- Previously associated with Kaycee Industries



**Marc Szulewicz**  
*Independent Director*

- Ex-General Manager, Foreign equipment division, Plastic Omnium Management



**Gautam Khandelwal**  
*Independent Director*

- Executive Chairman, Nagpur Power and Industries Ltd



**Vinish Kathuria**  
*Independent Director*

- Co-Founder and President of Rank software Inc.



**Vijaya Sampath**  
*Independent Director*

- Lawyer, ex-Group General Counsel for Bharti Airtel Ltd

## Senior Management



**Ashwani Maheshwari^**  
*Chief Executive Officer and Whole-time Director*

- Previously worked as President at Birla Tyres at Kesoram Industries Limited, Senior Vice President – India Business division in ITC Infotech India Ltd



**Stephane Védie**  
*President and CEO – VLS*

- Total Experience: 13 years in Automotive Lighting
- Previously associated with Magnetti Marelli



**Arjun Jain\*^**  
*Business Head – Electrical & Electronics Division and Whole-time Director*

- Previously associated with Bain & Co India Pvt. Ltd.



**Sethumadavan D.**  
*Business Head - Polymer*

- Total Experience: ~22 years
- Previously associated with Assa Abloy, Stanley Black & Decker, Schneider Electric, General Electric and Lucas TVS



**T. R. Srinivasan**  
*Group Chief Financial Officer*

- Total Experience: ~29 years
- Previously associated with Hindustan Lever Ltd, ATC Tires Private Ltd



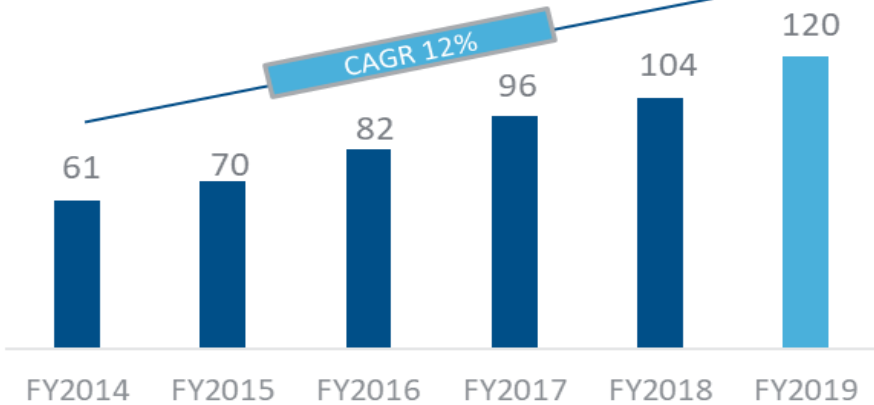
## Financials & Share Details



# Financial Summary : Key Performance Indicators

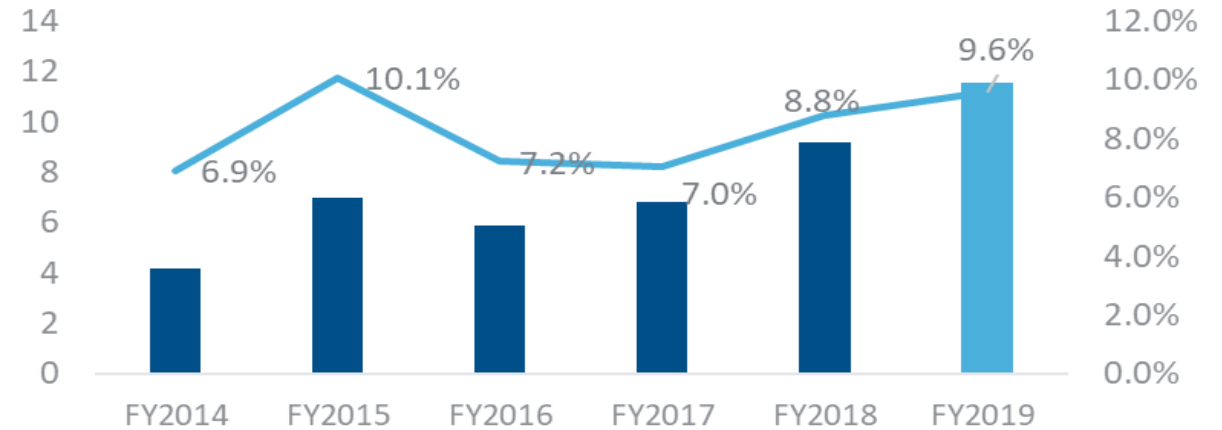
## Revenue Trend last 6 years

INR Billion



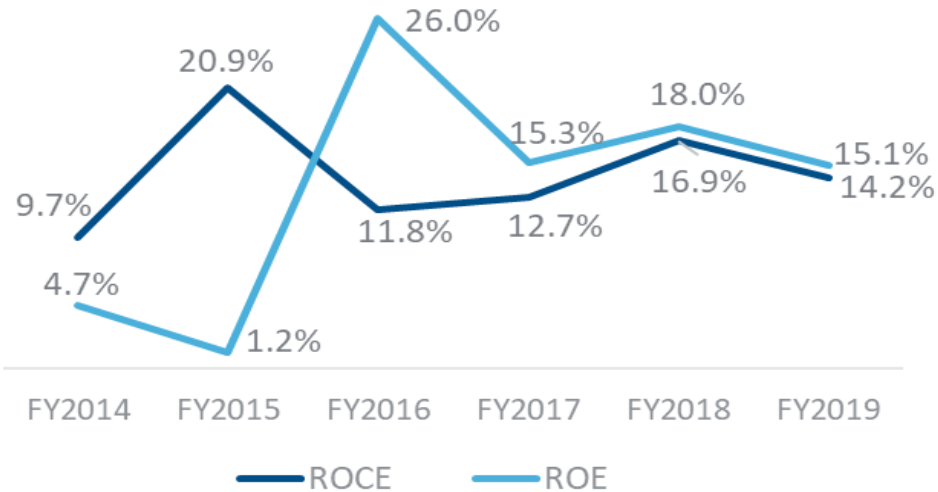
## EBITDA and EBITDA margin #

INR Billion, %



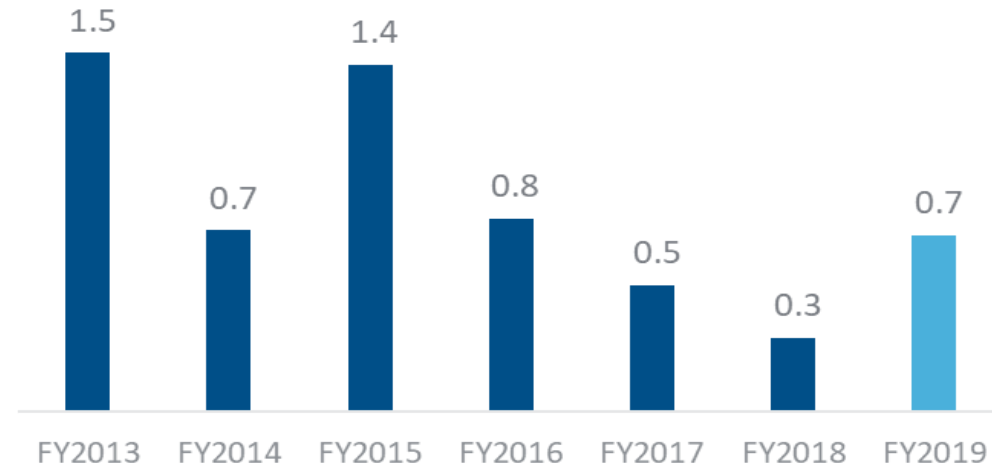
## ROCE & ROE trend\*

%



## Debt to Equity

Multiple (x)



# Financial Summary: Income Statement Q4 & FY19

(INR million)

|                                                 | Q4 FY 19     | Q4 FY18      | % Change     | FY 19        | FY18         | % Change     |
|-------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue from Operations - Reported              | 31534        | 29846        | 5.7%         | 1,20,365     | 1,03,785     | 16.0%        |
| Revenue from Operations : like-for-like         | 31387        | 29,772       | 5.4%         | 1,19,533     | 1,00,637     | 18.8%        |
| Other Income - Operating                        | 226          | 164          |              | 650          | 371          |              |
| Other Income - non-Operating                    | 60           | 7            |              | 258          | 15           |              |
|                                                 |              |              |              |              |              |              |
| EBITDA : Reported                               | 3157         | 2639         | 19.6%        | 11,539       | 9,179        | 25.7%        |
| EBITDA : like-for-like                          | 2625         | 2,633        | -0.3%        | 10,260       | 8,715        | 17.7%        |
| <i>EBITDA like-for -like%</i>                   | <i>8.4%</i>  | <i>8.8%</i>  |              | <i>8.6%</i>  | <i>8.7%</i>  |              |
|                                                 |              |              |              |              |              |              |
| Depreciation                                    | 1530         | 1072         | 42.7%        | 5,656        | 3,865        | 46.4%        |
| Interest                                        | 259          | 247          | 4.8%         | 968          | 862          | 12.4%        |
| Share of net profits of JVs under equity method | 51           | 158          | -67.9%       | 315          | 690          | -54.4%       |
| <b>PBT - Reported</b>                           | <b>1,480</b> | <b>1,486</b> | <b>-0.4%</b> | <b>5,487</b> | <b>5,158</b> | <b>6.4%</b>  |
| Tax                                             | -21          | 58           |              | 989          | 651          | 52.0%        |
| <i>Tax rate</i>                                 | <i>-1%</i>   | <i>4%</i>    |              | <i>19%</i>   | <i>15%</i>   |              |
| <b>PAT - Reported</b>                           | <b>1,500</b> | <b>1,428</b> | <b>5.1%</b>  | <b>4,498</b> | <b>4,508</b> | <b>-0.2%</b> |



# Financial Summary : Segmental Break-up

| Fiscal year ending March 31,* |        |       |        |       |          |       |                      |       |
|-------------------------------|--------|-------|--------|-------|----------|-------|----------------------|-------|
| (INR million)                 | FY16   |       | FY17   |       | FY18     |       | FY19 (like-for-like) |       |
| Revenue                       |        | %     |        | %     |          | %     |                      | %     |
| Global Lighting Business      | 48,198 | 58.6% | 61,242 | 63.7% | 63,211   | 60.9% | 72,668               | 60.4% |
| India Business                | 30,807 | 37.5% | 31,681 | 33.0% | 36,508   | 35.2% | 42,744               | 35.5% |
| Other Businesses              | 3,185  | 3.9%  | 3,163  | 3.3%  | 4,278    | 4.1%  | 5,485                | 4.6%  |
| Eliminations                  |        |       |        |       | (212)    |       | (533)                |       |
| Total                         | 82,189 |       | 96,085 |       | 1,03,785 |       | 1,20,365             |       |
| China JV – 100%               | 12,235 |       | 15,339 |       | 12,287   |       | 9,470                |       |
| EBITDA Margin                 |        |       |        |       |          |       |                      |       |
| Global Lighting Business      | 6.5%   |       | 6.2%   |       | 7.3%     |       | 7.1%                 |       |
| India Business                | 8.8%   |       | 8.8%   |       | 10.9%    |       | 10.8%                |       |
| Other Businesses              | 1.5%   |       | 5.5%   |       | 9.3%     |       | 11.0%                |       |
| Total                         | 7.2%   |       | 7.0%   |       | 8.6%     |       | 8.6%                 |       |
| China JV                      | 13.4%  |       | 15.3%  |       | 15.6%    |       | 11.4%                |       |



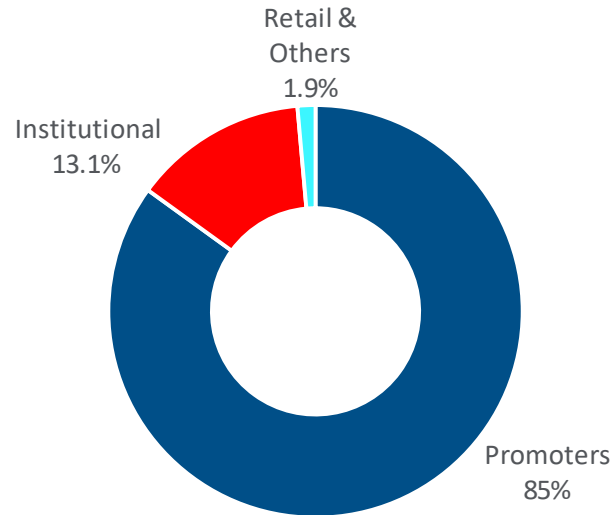
# Financial Summary : Balance Sheet

| (INR mn)                             | Fiscal Year Ending March 31, |               |               |               |
|--------------------------------------|------------------------------|---------------|---------------|---------------|
|                                      | 2016                         | 2017          | FY18          | FY19          |
| <b>Assets</b>                        |                              |               |               |               |
| <b>Non-current Assets</b>            |                              |               |               |               |
| Fixed Assets                         | 24,263                       | 26,881        | 31,480        | 45,593        |
| Others - Non-current Assets          | 4,508                        | 4,538         | 6,439         | 8,266         |
| <b>Total Non-current Assets</b>      | <b>28,771</b>                | <b>31,419</b> | <b>37,920</b> | <b>53,859</b> |
| <b>Current Assets</b>                |                              |               |               |               |
| Current Investments                  | 119                          | 0             | 30            | 186           |
| Cash and Bank Balances               | 1,772                        | 3,541         | 3,289         | 1,608         |
| Others - Current Assets              | 21,697                       | 23,644        | 27,285        | 31,877        |
| <b>Total Current Assets</b>          | <b>23,587</b>                | <b>27,185</b> | <b>30,604</b> | <b>33,671</b> |
| <b>Total Assets</b>                  | <b>52,459</b>                | <b>58,604</b> | <b>68,524</b> | <b>87,530</b> |
| <b>Equity and Liabilities</b>        |                              |               |               |               |
| <b>Shareholder's Funds</b>           |                              |               |               |               |
| Share Capital                        | 262                          | 135           | 135           | 135           |
| Reserves and Surplus                 | 17,366                       | 21,719        | 28,145        | 30,736        |
| Minority Interest                    | 203                          | 202           | 208           | 241           |
| <b>Total Shareholder's Funds</b>     | <b>17,832</b>                | <b>22,055</b> | <b>28,488</b> | <b>31,112</b> |
| <b>Non-current Liabilities</b>       |                              |               |               |               |
| CCPS                                 | 2,060                        | -             | -             | -             |
| Long-term Borrowings                 | 5,573                        | 7,553         | 6,361         | 5,806         |
| Others - Non-current Liabilities     | 1,392                        | 1,044         | 1,944         | 2,347         |
| <b>Total Non-current Liabilities</b> | <b>9,026</b>                 | <b>8,597</b>  | <b>8,306</b>  | <b>8,152</b>  |
| <b>Current Liabilities</b>           |                              |               |               |               |
| Short-term Borrowings                | 6,419                        | 7,578         | 5,629         | 12,015        |
| Others - Current Liabilities         | 19,182                       | 20,374        | 26,102        | 36,251        |
| <b>Total Current Liabilities</b>     | <b>25,601</b>                | <b>27,951</b> | <b>31,730</b> | <b>48,266</b> |
| <b>Total Equity and Liabilities</b>  | <b>52,459</b>                | <b>58,604</b> | <b>68,524</b> | <b>87,530</b> |



# Shareholding Details

## Shareholding Pattern



## Equity Share Information

|                                                  |                                 |
|--------------------------------------------------|---------------------------------|
| • Share Price (As on 04 <sup>th</sup> Oct 2019)* | INR 442.45                      |
| • Market Capitalization                          | INR 60.0 Bn                     |
| • Financial Year                                 | April to March                  |
| • Listing Details Indian Stock Exchange          | NSE (VARROC.NS)<br>BSE (541578) |
| • Bloomberg Code                                 | VARROC:IN                       |

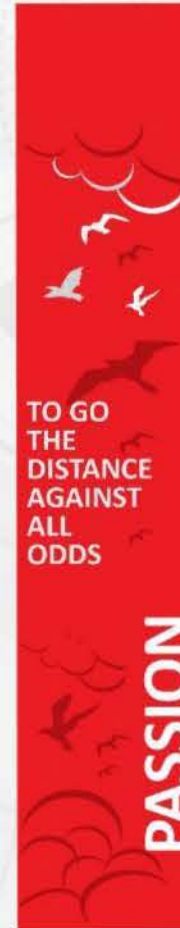
## Top Institutional Shareholders \*

|                                    |              |
|------------------------------------|--------------|
| DSP                                | 2.3%         |
| Nomura                             | 2.1%         |
| T Rowe Price                       | 1.6%         |
| L&T MF                             | 1.3%         |
| Axis MF                            | 1.3%         |
| IIFL                               | 1.0%         |
| ICICI Pru MF                       | 1.0%         |
| Capital World                      | 0.7%         |
| Abu Dhabi Investment Authority     | 0.6%         |
| Kotak MF                           | 0.3%         |
| Bajaj Allianz Life                 | 0.1%         |
| Others                             | 0.7%         |
| <b>Total Institutional holders</b> | <b>13.3%</b> |

\* As on 04<sup>th</sup> October, 2019 for top 250 portfolios only. Shareholding under multiple portfolios/ plans clubbed together. Stake rounded off to nearest decimal



# THANK YOU



Our Core Values