**Varroc Engineering Ltd.**
**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/2020-21/38

September 22, 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

NSE Symbol: VARROC

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

BSE Security Code: 541578
Security ID: VARROC

**Sub.: Intimation regarding participation in Investor Conference**

**Ref.: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')**

Dear Sir/Madam,

Pursuant to Regulation 30 of the Listing Regulations, this is to inform you that, the Company will be participating in an Equirus Virtual Investor Conference, as per the following schedule:

| **Date*** | **Name of Investor Conference** | **Conference Organized by** | **Mode of Participation** |
|---|---|---|---|
| September 24 2020 | Virtual MidCap Conference, 2020 | Equirus Capital Private Limited | Through Video Conferencing |

*Meeting Schedule tentative and is subject to change.

The attached presentation will be presented at the said Conference.

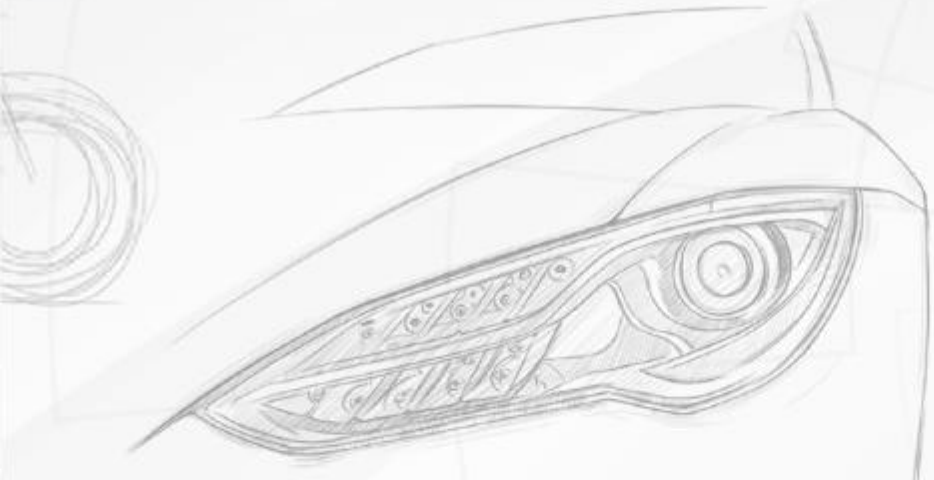
We request you to take this on record, and to treat the same as compliance with the applicable provisions of the Listing Regulations, as amended.

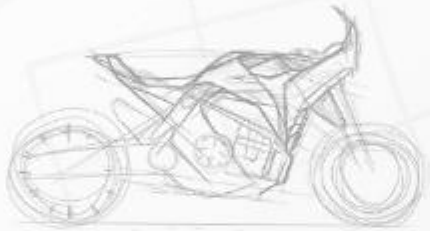
**Yours faithfully,**
**For Varroc Engineering Limited**

Varroc Engineering Ltd.

**Ajay Sharma**
**Group General Counsel and Company Secretary**

Encl: a/a













# Varroc Engineering Limited

## Corporate Presentation

2020

# 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
- **43 Operating Manufacturing Facilities and 16 R&D Centres across 5 continents** (4)

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

- **Experienced management team supported by reputed Board**
- **~14,300** employees across the globe(4)

## Leading

**Tier-1 manufacturer and supplier to the Indian 2W and 3W OEMs(4)**

## 6th

**Largest(1), fastest growing among top global exterior auto lighting suppliers**

## INR 115bn/ USD 1.54bn FY20 revenue(2)

*Note: (1) Based on Yole Report – By revenue published in 2018. For passenger and light commercial vehicles. (2) Including China (3) Activities in China are through a 50% joint venture with Beste Motor Co. Ltd. (4) As of July 31, 2020. Excluding JVs.*

# Business Overview

## ELECTRICAL - ELECTRONICS



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

**8 Facilities – India#**

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

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

## POLYMER



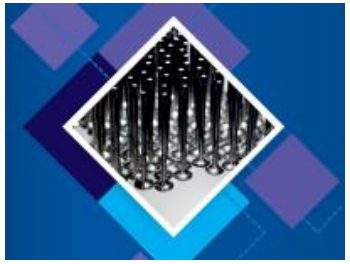
- Air Filter Assembly
- Seating Assembly
- Interiors (Instrument panel, Door panel etc.)
- Painted plastic exterior products
- Mirror assembly

**13 Facilities – India#**

- 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#**

- 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 -15 Facilities**
Czech(2), China (2), India (2) Mexico, Morocco, Turkey, Poland, Brazil, Bulgaria
**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

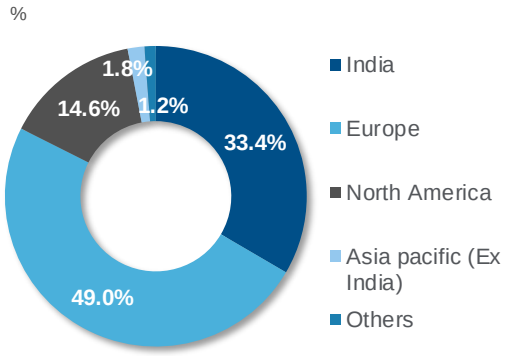
**Earth-moving & Oil-drilling**

*# Pantnagar facility is included in metallic but caters to all 3 verticals of India business. Global 2W lighting business is part of VLS and domestic 2W lighting business is part of Electrical and Electronics business*
*India business also has a small After Market Division, Solar and Windmill units whish are not shown separately; Employees for these division and Corporate are over and above the divisional break-up shown above*

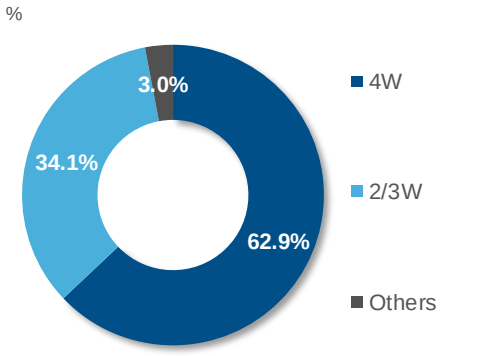
# Well Diversified Business Across Geographies, Product Groups, Customers and Segments

**FY20 Consolidated Revenue: INR 112 bn [(1)]**
**100% China JV Revenue: INR 8 bn**

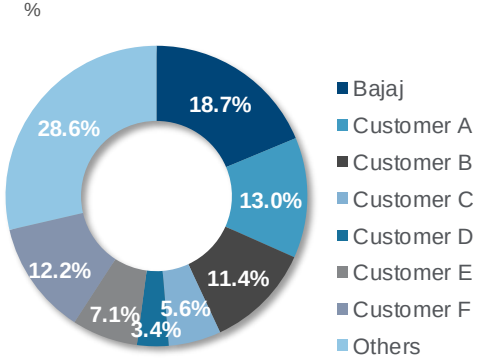
### Revenue Split by Geography[(1)]



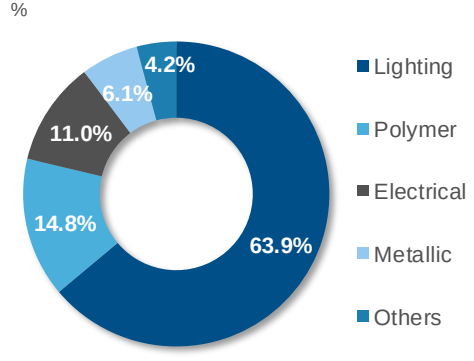

### Revenue Split by Vehicle Type[(2)]




### Consolidated Revenue Amount Split by Customer [(3)]

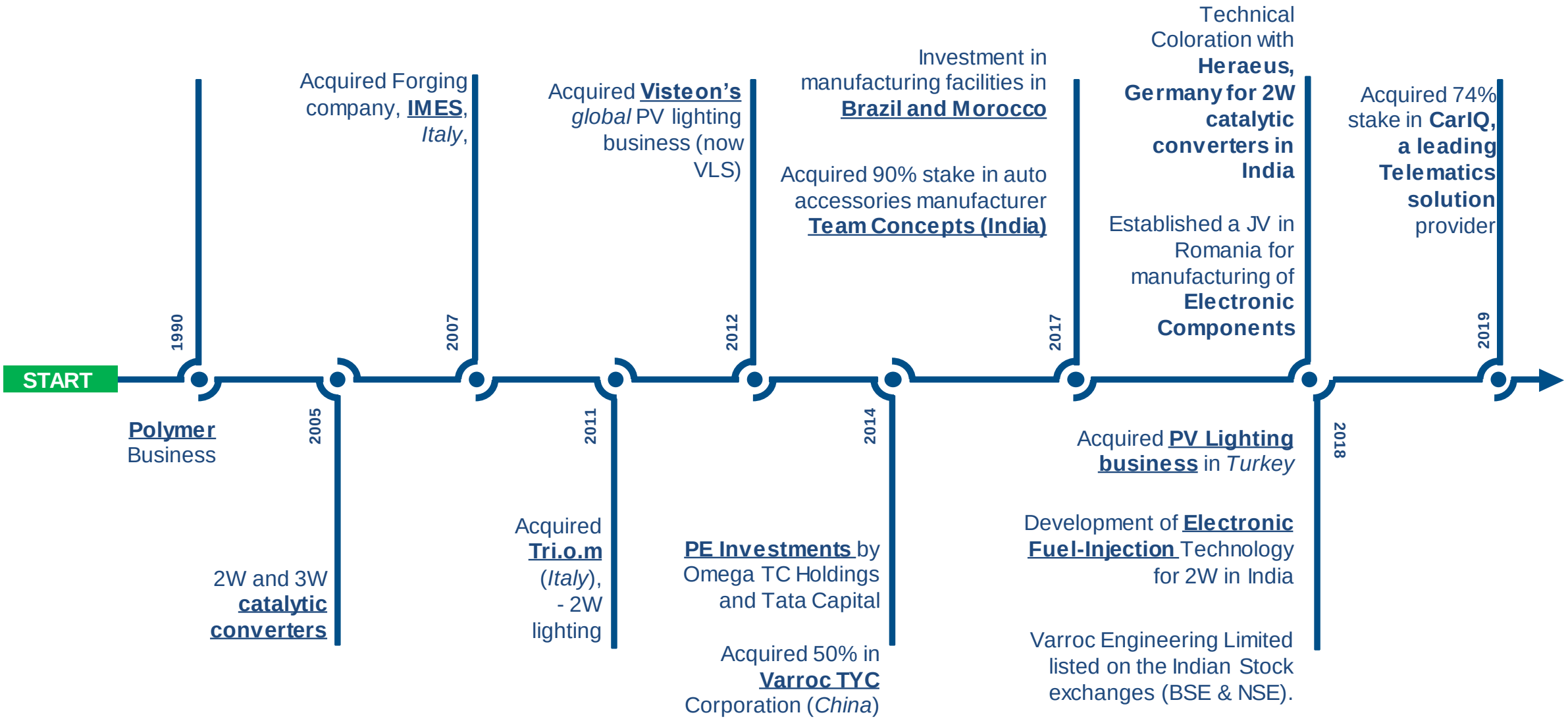



### Revenue Split by Segment



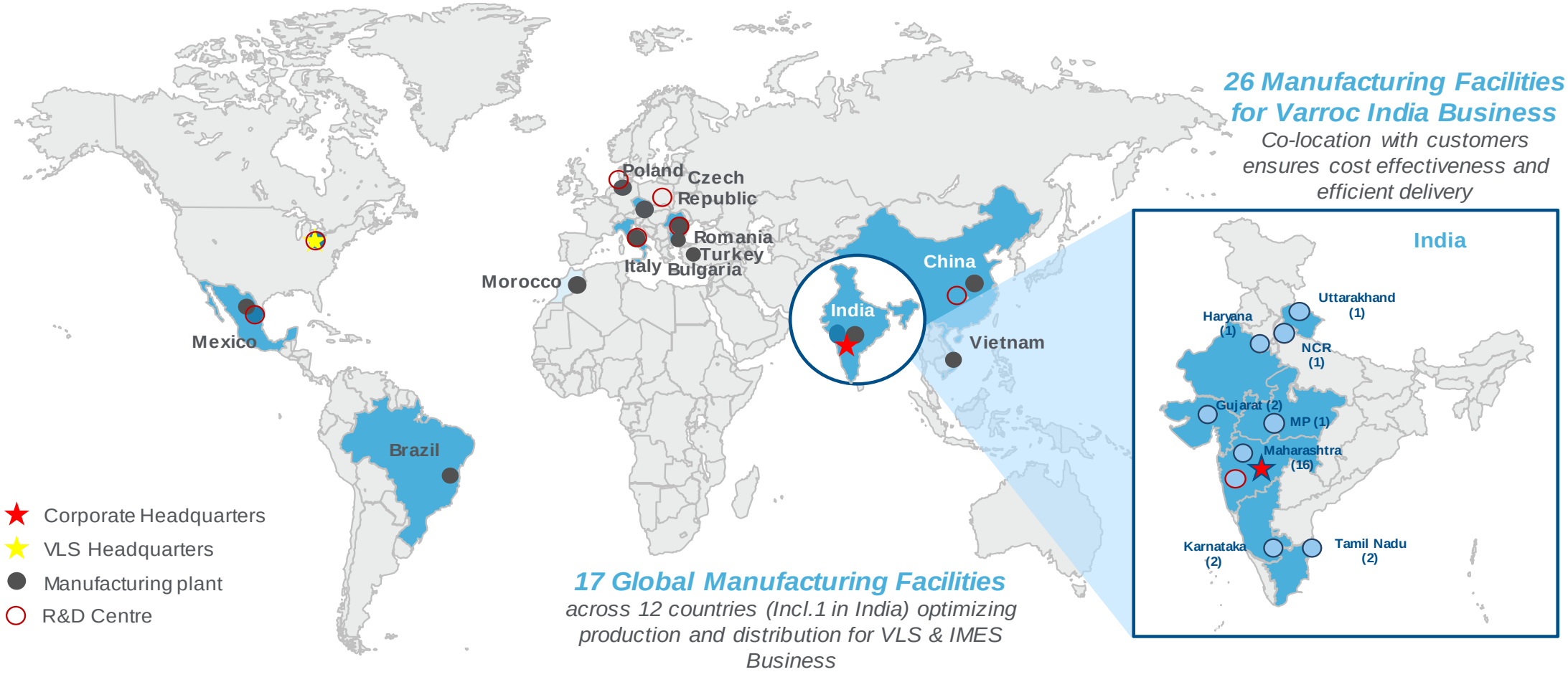

- **Diversified business in developed and emerging markets with strong India presence**
- **Comprehensive range of engine agnostic products**
- **Diversified customer relationships; no customer has >20% share**
- **Presence in fast growing India 2W and Global PV lighting segments**

# Varroc – The Transformation into a Global Auto Component Group



# Low Cost, Strategically Located Global Manufacturing Footprint

**43 Operating Manufacturing Facilities and 16 R&D Centers Across Asia, Europe, Africa, North and South America**




***26 Manufacturing Facilities for Varroc India Business***

*Co-location with customers ensures cost effectiveness and efficient delivery*

***17 Global Manufacturing Facilities***

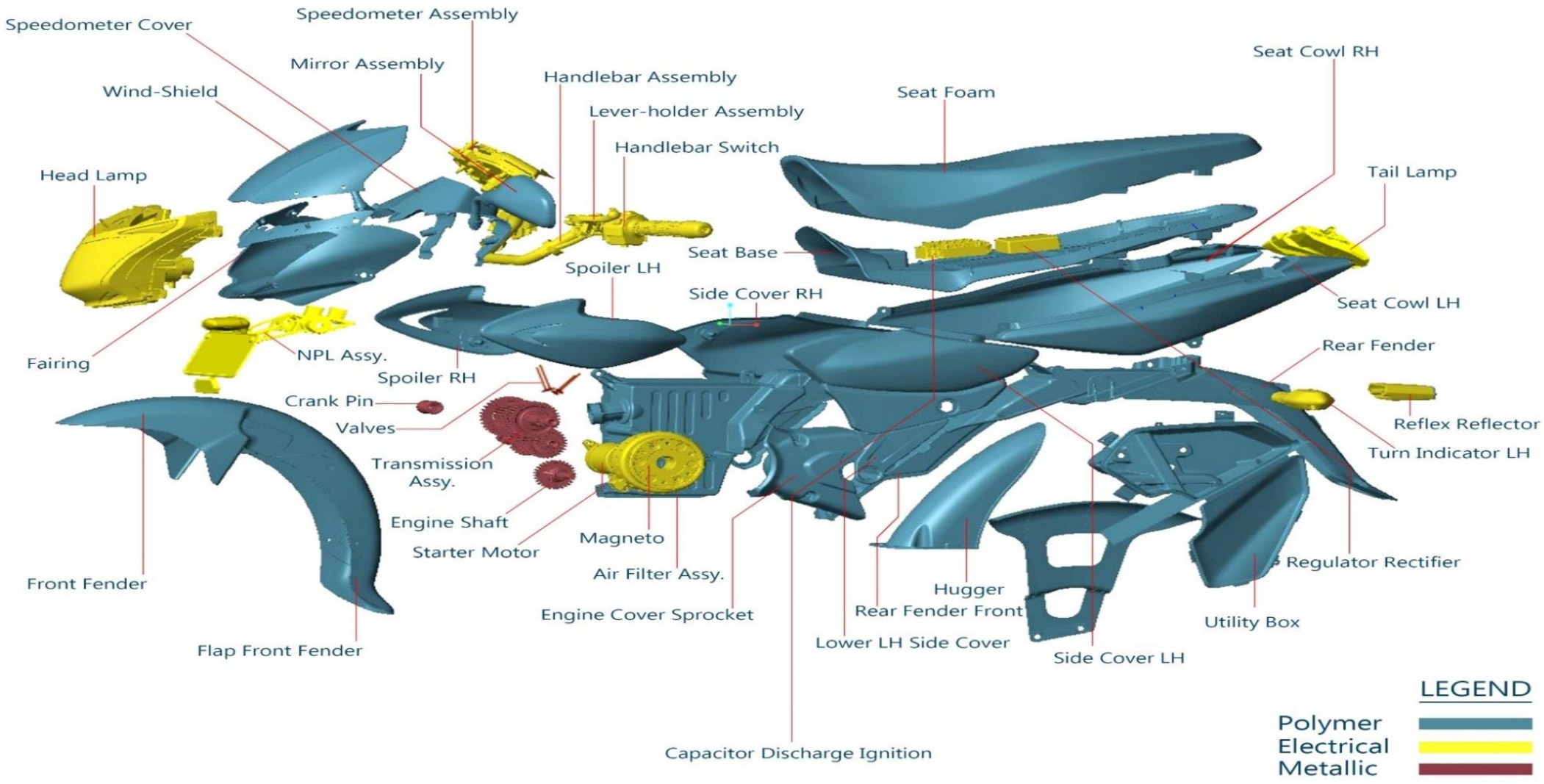
*across 12 countries (Incl.1 in India) optimizing production and distribution for VLS & IMES Business*

- **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**

*Note: MP: Madhya Pradesh; NCR: National Capital Region*

# 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**

**Headlamps**



Xenon



LED



Matrix



**Rear Lamps**



LED



Other Lights

**Electronics**



LED Module



Headlamp Control Modules



Projector

- **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

**Increased Use of Electronics**

Reduction in cost of computing power and EFI requirement make "smarter" products viable

**Stricter Environmental Regulation**

Euro V / BS-VI emission norms implemented by India along with the rest of the world will make Electronic Fuel Injection (EFI) necessary on all vehicles



**Sustainability, Reliability & Efficiency**

As the composition of the vehicle changes, the ability to achieve reliability & fuel efficiency will still be prime differentiators

**Digitization & IoT**

Market technology evolution will make stronger connection with end customers viable and provide opportunities around the same

**Urbanization**

City traffic congestion has made 2W, and particularly scooters, a viable commuting option

**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

### Comprehensive Solution Provider to OEMs

- End-to-end services across design, development and delivery
- Wide range of products across polymer, metallic and electrical segments
- Ability to cross-sell to meet customer requirements

### Global Footprint Servicing key Auto Markets

- India Business has Pan-India presence enabling proximity to customers. Plants located in all major auto hubs
- VLS business has Strategically-located manufacturing in low cost locations. Footprint covers major PV markets

### Long Standing, Growing Customer Relationships

- Strong long-standing relationships with marquee OEMs across high-end and mass market segments
- Expansion of business with key customers




### Wide Range of Product Offerings

- Diversified product portfolio covering a wide range of technologies
- Cost effective, cutting edge technology products to premium and mass market PV OEMs

### Robust in-house Technology, Innovation & R&D Capabilities

- Nimbleness, flexibility and cost consciousness enables developing products with shorter turn-around time.
- Developing proprietary products with continuous focus on innovative, cost competitive designs
- Well-positioned to benefit from key trends such as electrification, shared mobility and emission reduction

# Varroc Leadership

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

## Founder & MD



**Tarang Jain*^**
*Managing Director*
- Co-founded Varroc in 1988
- Nearly 30 years experience in the automotive industry

## 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



**Arjun Jain*^**
*Business Head – Electrical & Electronics Division and Whole-time Director*
- Previously associated with Bain & Co India Pvt. Ltd.



**Stephane Vedie**
*President and CEO – VLS*
- Total Experience: 15 years in Automotive Lighting
- Previously associated with Magnetti Marelli



**Sethumadavan D.**
*Business Head - Polymer*
- Total Experience: ~22 years
- Previously associated with Assa Abloy, Stanley Black & Decker, Schneider Electric, General Electric and Lucas TVS



**Rohit Prakash^**
*President - Business Head -Metallic and Whole-time Director*
- Total Experience: ~30 years
- Previously worked with Sogefi Engine systems India, NTTF Industries Ltd and at FIEM industries



**T. R. Srinivasan**
*Group Chief Financial Officer*
- Total Experience: ~30 years
- Previously associated with Hindustan Lever Ltd, ATC Tires Private Ltd

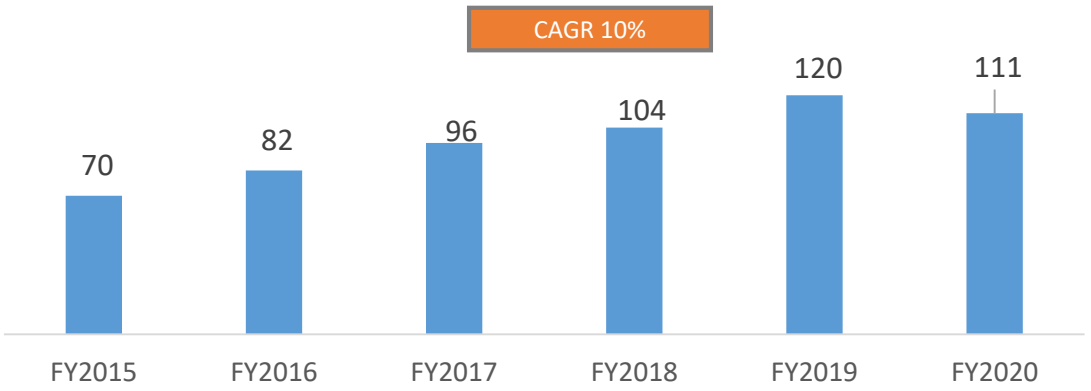
*Note: * denotes member of Promoter Group. ^ denotes member of Board of Directors.*

# Financials & Share Details

# Financial Summary : Key Performance Indicators

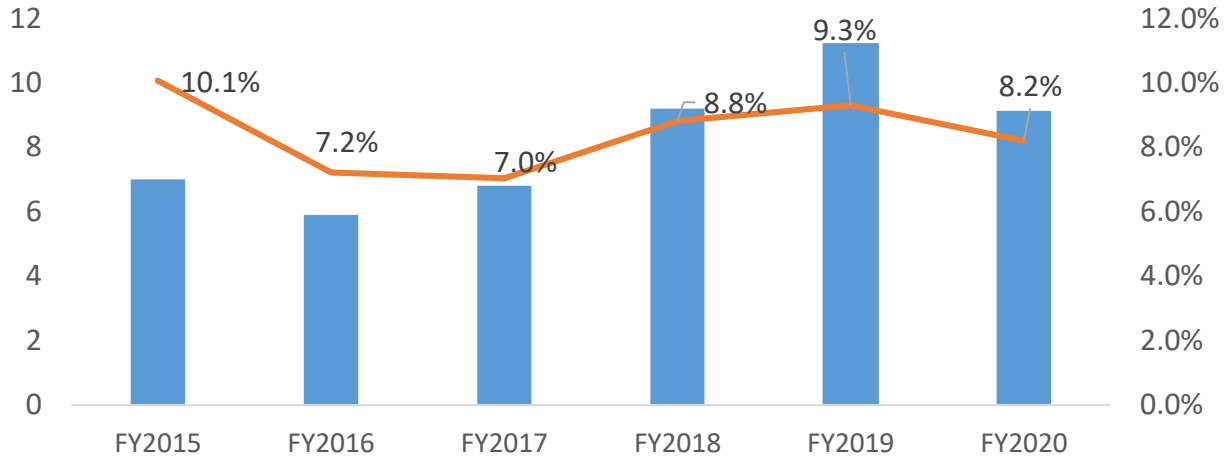
## Revenue Trend last 6 years and current year YTD

INR Billion



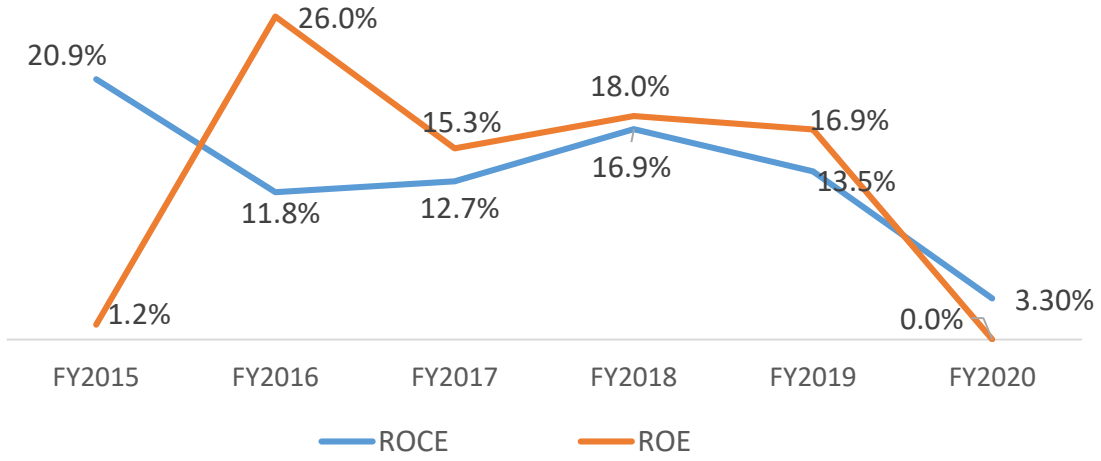

## Reported EBITDA and Reported EBITDA margin #

INR Billion, %



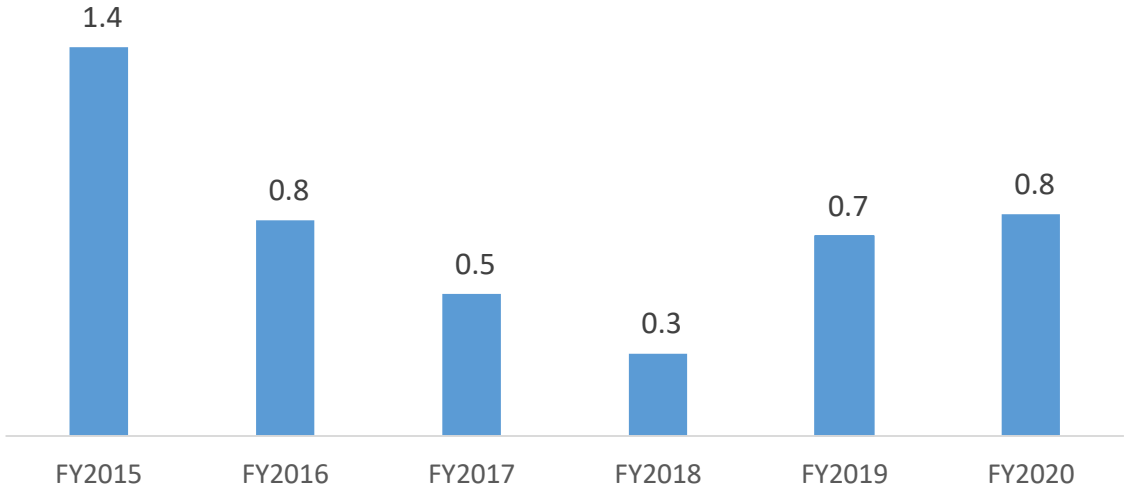

## ROCE & ROE trend*

%




## Debt to Equity

Multiple (x)




*Calculated using reported numbers on a trailing twelve month basis; Return on Equity calculated after considering imputed interest cost & liability portion of CCPS; FY15 and FY16 the ROE fluctuation is due to significant change in imputed finance cost on CCPS

# Historical EBITDA margin is as reported / FY19 EBITDA margin is excluding non-operating other income

# Financial Summary: Income Statement Q4 & FY20

(INR million)

| | Q4 FY20 | Q4 FY19* | % Change | FY20 | FY19* | % Change |
|---|---|---|---|---|---|---|
| Revenue from Operations - Reported | 27447.5 | 31534.0 | -13% | 111218.7 | 120364.7 | -8% |
| **Revenue from Operations : like-for-like** | **27447.5** | **31379.0** | **-13%** | **111218.7** | **120282.1** | **-8%** |
| Other Income - Operating | 479.4 | 226.1 | | 925.7 | 650.2 | |
| Other Income - non-Operating | 7.9 | 59.8 | | 63.2 | 257.7 | |
| | | | | | | |
| EBITDA : Reported | 1158.3 | 2855.9 | -59% | 9133.6 | 11237.8 | -19% |
| **EBITDA : like-for-like** | **985.2** | **3030.2** | **-67%** | **8478.5** | **11798.9** | **-28%** |
| *EBITDA %* | *3.6%* | *9.7%* | | *7.6%* | *9.8%* | |
| | | | | | | |
| Depreciation & Amortisation | 2066.1 | 1529.7 | 35% | 7318.6 | 5656.4 | 29% |
| Finance Cost | 361.9 | 258.6 | 40% | 1391.7 | 968.5 | 44% |
| Share of net profits of JVs under equity method | -105.5 | 50.8 | | -91.7 | 314.5 | |
| **PBT - Reported** | **-1367.2** | **1178.3** | | **394.9** | **5185.2** | **-92%** |
| Tax | 3.9 | -111.0 | | 369.8 | 898.4 | -59% |
| *Tax rate* | *-0.3%* | *-9.8%* | | *76.0%* | *18.4%* | |
| **PAT - Reported** | **-1371.0** | **1289.3** | | **25.1** | **4286.8** | **-99%** |

*EBITDA = Profit before share of net profits of investments *plus* Depreciation *plus* Finance Cost less Non-operating Portion of Other Income
$ like-for-like excludes impact of Interior Plastics business closure in North America and adjusted for comparative launch costs

# Financial Summary : Segmental Break-up

| SBU | FY20 | | | | | FY19* | | | | | Revenue Change YoY |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Revenue | Revenue like-for-like | EBITDA | EBITDA # Like-for-like | % EBITDA | Revenue | Revenue like-for-like | EBITDA | EBITDA # Like-for-like | % EBITDA | |
| India Business | 38,253 | 38,253 | 3,901 | 3,832 | 10.0% | 42,720 | 42,720 | 4,623 | 4,623 | 10.8% | -10.5% |
| VLS (Incl TRIOM) | 71,054 | 71,054 | 5,116 | 4,531 | 6.4% | 75,101 | 75,018 | 6,385 | 6,946 | 9.3% | -5.3% |
| Others (IMES) | 2,291 | 2,291 | 100 | 100 | 4.4% | 3,076 | 3,076 | 303 | 303 | 9.9% | -25.5% |
| Elimination | (380) | (380) | 15 | 15 | | (533) | (533) | (74) | (74) | | |
| | | | | | | | | | | | |
| **Total** | **1,11,219** | **1,11,219** | **9,134** | **8,478** | **7.6%** | **1,20,365** | **1,20,282** | **11,238** | **11,799** | **9.8%** | **-7.5%** |
| China JV - 50%@ | 3,981 | 3,981 | 230 | 230 | 5.8% | 4,731 | 4,731 | 578 | 578 | 12.2% | -15.9% |

Euro Performance — Euro million

| SBU | FY20 | | | | | FY19* | | | | | Revenue Change YoY |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Revenue | Revenue like-for-like | EBITDA | EBITDA # Like-for-like | % EBITDA | Revenue | Revenue like-for-like | EBITDA | EBITDA # Like-for-like | % EBITDA | |
| VLS -Euro | 901 | 901 | 65 | 58 | 6.4% | 928 | 920 | 79 | 86 | 9.3% | -2.1% |

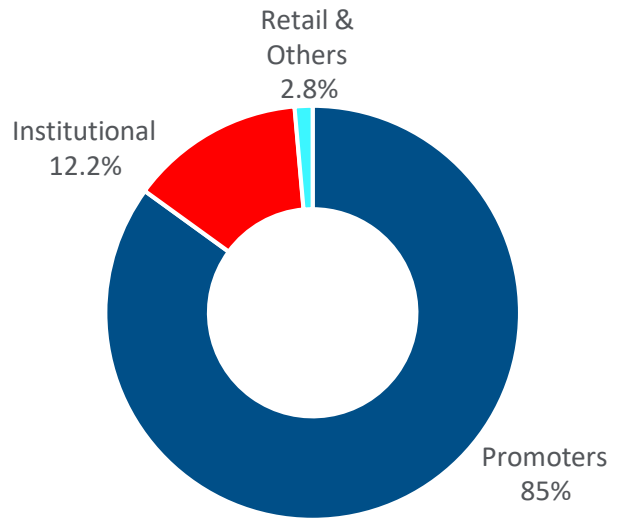
EBITDA = Profit before share of net profits of investments *plus* depreciation *plus* finance cost less non-operating portion of other income
$ like-for-like excludes impact of Interior Plastics business closure in North America, Ind AS 115, start-up costs and launch costs
@ not included in total revenue

# Financial Summary : Balance Sheet

| | Fiscal Year Ending March 31, 2018 | 2019 | 2020 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Fixed Assets | 31,480 | 45,593 | 52,448 |
| Others - Non-Current Assets | 6,439 | 8,355 | 7,881 |
| Right of use of asset | | - | 8,282 |
| **Total Non - Current Assets** | **37,920** | **53,948** | **68,612** |
| **Current Assets** | | | |
| Current Investments | 30 | 186 | 40 |
| Cash and Bank Balances | 3,289 | 1,634 | 10,688 |
| Inventories | 8,641 | 8,904 | 10,758 |
| Receivables | 14,027 | 13,495 | 10,893 |
| Other -Current Assets | 4,616 | 9,156 | 9,031 |
| **Total Current Assets** | **30,604** | **33,376** | **41,411** |
| **Total Assets** | **68,524** | **87,324** | **1,10,023** |
| **Equity and Liabilities** | | | |
| Shareholder's Funds | | | |
| Share Capital | 135 | 135 | 135 |
| Reserves and Surplus | 28,145 | 30,529 | 29,910 |
| **Equity attributable to owners** | **28,280** | **30,664** | **30,045** |
| Minority Interest | 208 | 241 | 249 |
| **Total Shareholder's Funds** | **28,488** | **30,906** | **30,295** |
| Lease liability | | - | 6,522 |
| Long Term Borrowings | 6,361 | 4,572 | 9,002 |
| Other Non-Current Liabilities | 1,944 | 4,137 | 4,232 |
| **Total Non-Current Liabilities** | **8,306** | **8,709** | **19,756** |
| **Current Liabilities** | | | |
| Short Term Borrowings | 3,439 | 12,015 | 17,004 |
| Finance Lease obligations | 59 | - | 604 |
| Current Maturities of LT debt | 2,130 | 7,806 | 9,418 |
| Trade Payables | 19,794 | 20,322 | 23,646 |
| Others Current Liabilites & provisions | 6,308 | 7,566 | 9,299 |
| **Total Current Liabilities** | **31,730** | **47,709** | **59,972** |
| **Total Equity and Liabilities** | **68,524** | **87,324** | **1,10,023** |

# Shareholding Details

## Shareholding Pattern




## Equity Share Information

| | |
|---|---|
| • Share Price (As on 24 Aug 2020)* | INR 339.90 |
| • Market Capitalization | INR 45.7 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 Blackrock | 2.4% |
| Nippon | 1.4% |
| L&T MF | 1.1% |
| IIFL | 1.0% |
| Bajaj Allianz Life | 0.7% |
| I Pru MF | 0.5% |
| Kotak MF | 0.4% |
| Others | 2.5% |
| **Total Institutional holders** | **10.1%** |

* As on 21 August, 2020 for top 250 portfolios only. Shareholding under multiple portfolios/ plans clubbed together. Stake rounded off to nearest decimal

# THANK YOU




Our Core Values