

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2018-19/38
November 30, 2018

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: VARRROC

Dear Sir/Madam,

Sub.: Intimation of Non-Deal Investors Roadshow in Mumbai

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

Pursuant to Regulation 30 (6) of the SEBI Listing Regulations, 2015, this is to inform you that, the Company is organising Non-Deal Investor Roadshow with various investors in Mumbai on Monday, 03rd December 2018, at Vibgyor Towers, Bandra Kurla Complex, Mumbai.

The presentation for the same is attached with this communication. The above information along with the Presentation will also be available on the website of the Company.

You may disseminate this information to all concerned.

Thanking you,

Yours faithfully,
For Varroc Engineering Limited

Rakesh Darji
Company Secretary & Compliance Officer

Encl: Presentation



November 2018

Corporate Presentation



Varroc is the 2nd Largest Indian Auto Component Group⁽¹⁾ 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 auto components primarily 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
- **37 Operating plus 4 Upcoming Manufacturing Facilities and 16 R&D Centres** across 5 continents

- **In-house R&D capabilities** in India, Czech Republic, China⁽⁵⁾, USA, Mexico, Germany, Italy, Romania and Poland
- **1,414 R&D engineers⁽⁶⁾; 185 patents granted globally⁽⁶⁾**

- **Experienced management team supported by reputed Board**
- **14,200+ employees** across the globe⁽⁶⁾

Leading

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

6th

Largest⁽²⁾, fastest growing among top six global exterior auto lighting suppliers

**INR 110bn
FY18 revenue⁽³⁾**



Note: (1) Based on CRISIL Report - By revenue for FY17. Excludes TVS Motors revenues for Sundaram Clayton and Bosch Ltd. part of Robert Bosch GmbH (Germany).

(2) Based on Yole Report – By revenue for CY16. For passenger and light commercial vehicles. (3) Including China (4) Based on CRISIL report; by revenue for CY16 – Sum of Varroc Engineering Pvt. Ltd, Varroc Polymers Pvt. Ltd and Durovalves Pvt Ltd, taken for Varroc. (5) Activities in China are through a 50% joint venture with Beste Motor Co. Ltd. (6) As of March 31, 2018. Excluding JVs.

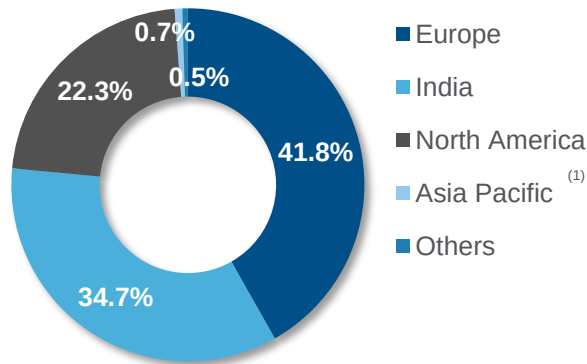
Well Diversified Auto Component Business Across Geographies, Product Groups, Customers and Segments



FY18 Revenue: INR 103.8 bn
100% China JV FY18 Revenue: INR 12.3 bn⁽¹⁾

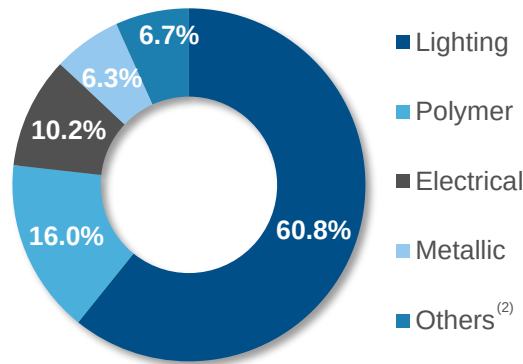
Revenue Split by Geography

FY18, %



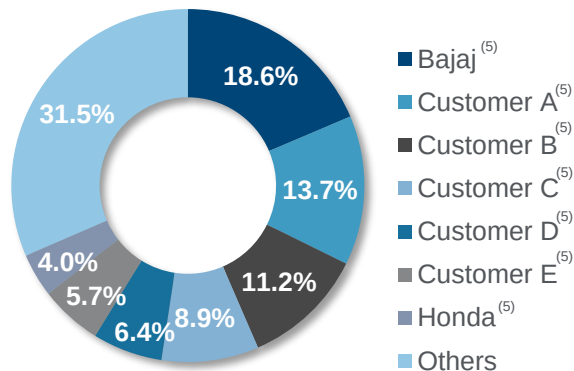
Revenue Split by Products

FY18, %



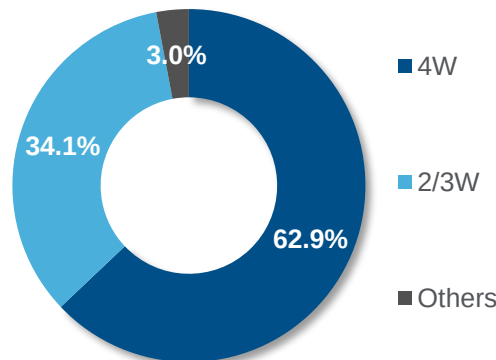
Consolidated Invoice Amount Split by Customer⁽³⁾

FY18, %



Revenue Split by Segment⁽⁴⁾

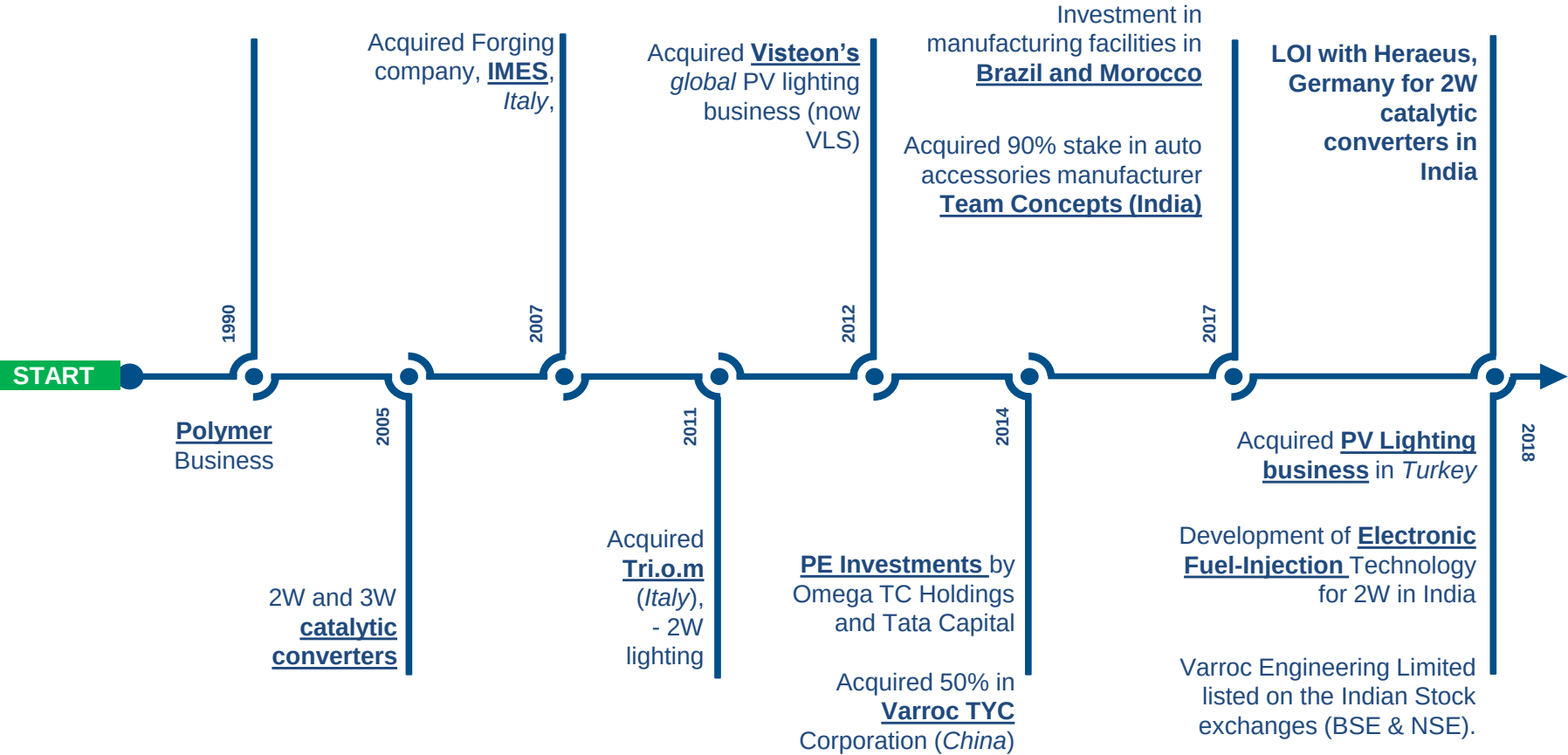
FY18, %



- 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

Note: (1) 50% China revenues not included in FY18 (JV accounted under equity method). (2) Includes IMES and Triom and other parts of the India business. (3) By invoicing; Customer A is an American multinational car manufacturer, Customer B is a large British car manufacturer, Customer C is an American electric car manufacturer, Customer D is an international automotive manufacturer and customer E is a large European car manufacturer. (4) 4W – 4-wheeler (includes PV), 2/3W – 2/3-wheeler. (5) Bajaj and Honda are customers of the India Business; Customer A, B, C, D, E are mainly the customers of the global lighting business.

Varroc – The Transformation into a Global Auto Component Group



Vision, Mission and Values

Vision : To be a Rs 200 billion supplier of innovative solutions for transportation and allied industry in 2020

- Core business sectors will be exterior lighting and two-wheelers mobility
- Be a partner of choice for vision, mobility and emission technologies
- Be the fastest growing player in our core sectors
- Be among the Top 3 players in the global lighting business

Mission

Bring leading edge technologies to the mainstream markets with high quality, cost competitive solutions

By delivering customized solutions with superior service with speed, agility, creativity and,

Fostering an environment that empowers employees and encourages the pursuit of excellence

Values

We consider our core values of **Sincerity, Humility, Integrity, Passion** and **Self-discipline (SHIPS)** as essential to continue to grow our business

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

5

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

1

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

4

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

2

3

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

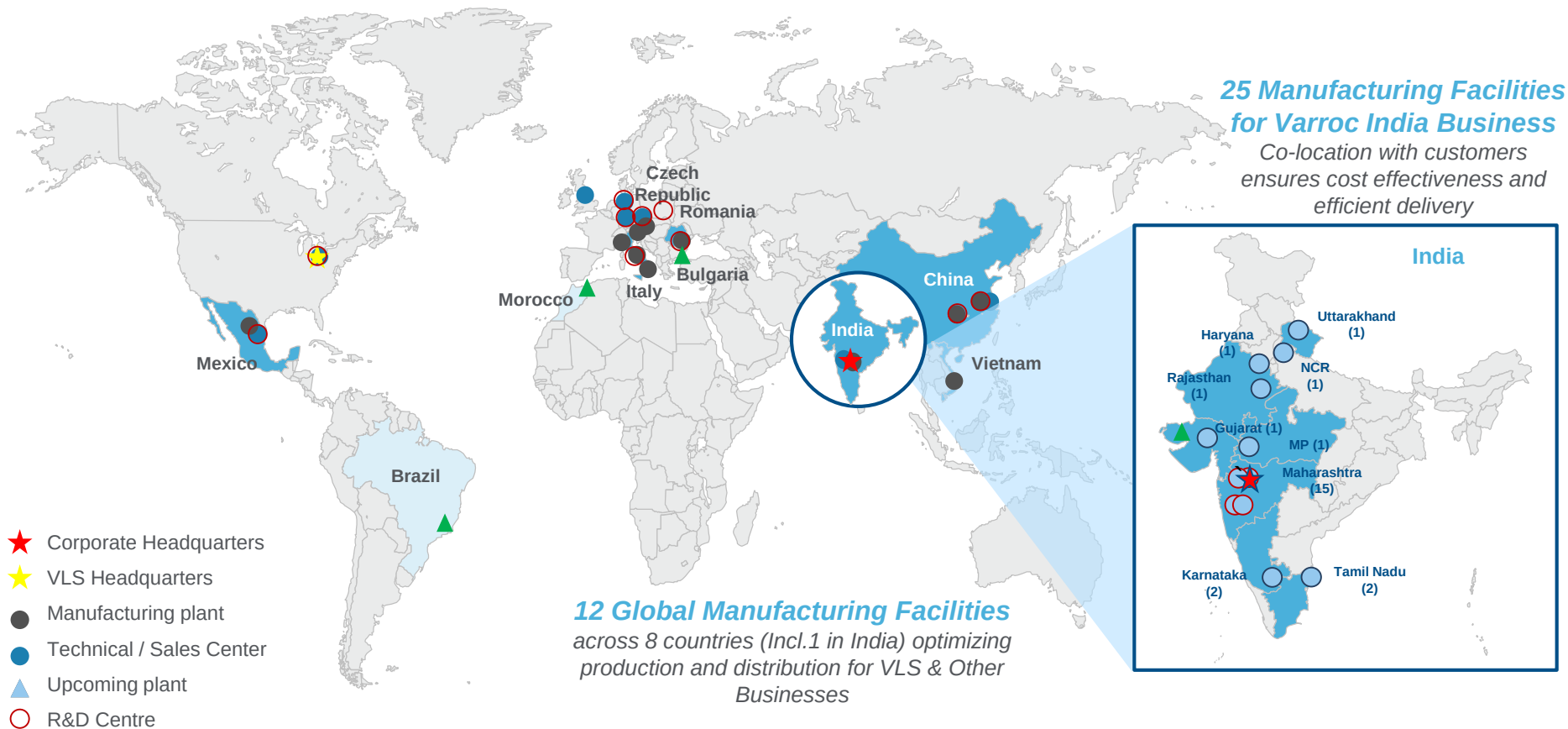
- Nimbleness, flexibility and cost consciousness enables developing products with shorter turn-around time.
- Developing proprietary products with continuous focus on innovative, cost competitive designs
- Well-positioned to benefit from key trends such as electrification, shared mobility and emission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



Low Cost, Strategically Located Global Manufacturing Footprint



37 Operating plus 4 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**

Auto Component Business with Diversified Product Lines



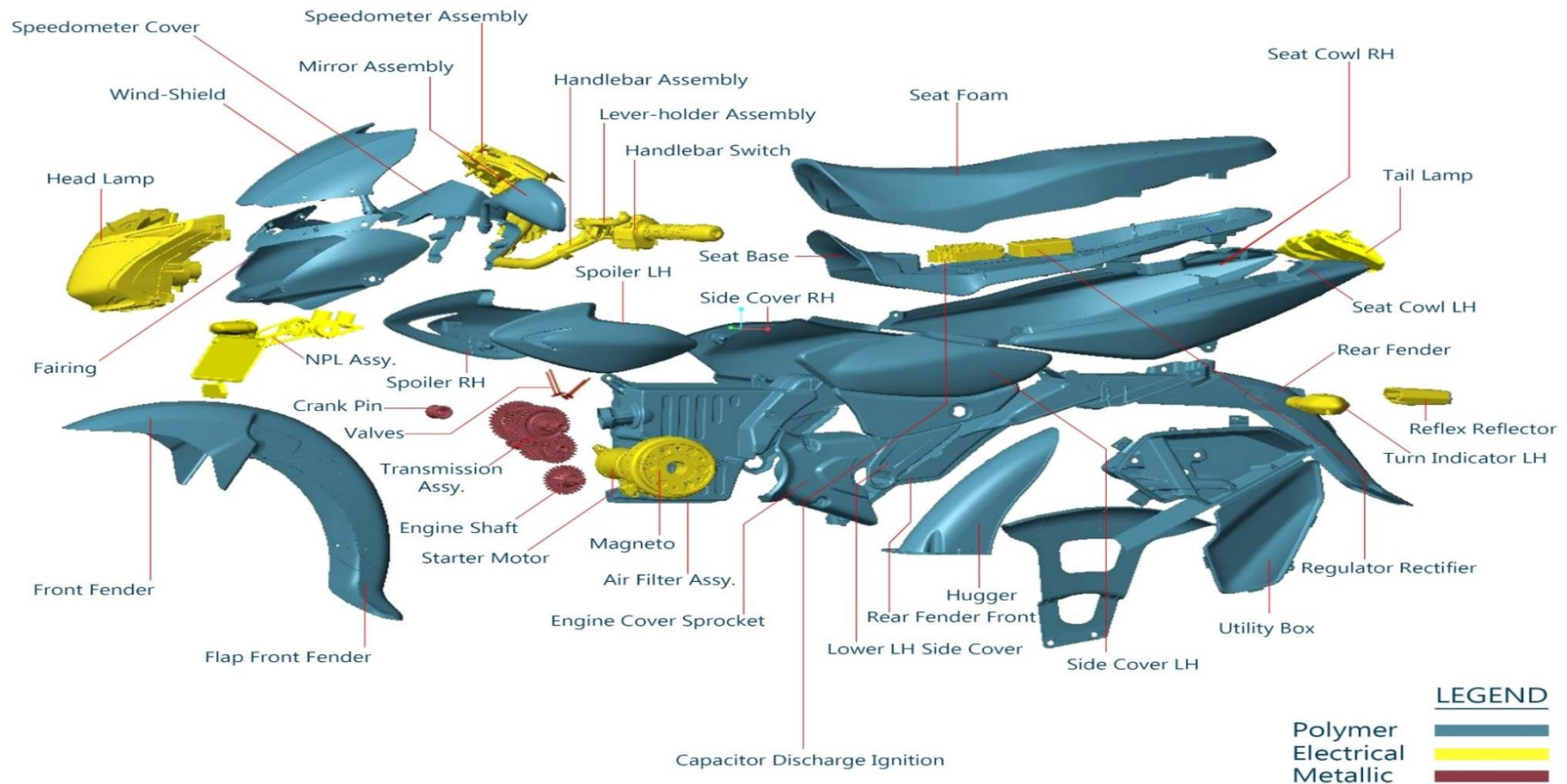
	VLS		Varroc's India Business				Other	
	PV Lighting		Polymer	Electrical	Metallic	IMES	Triom	
Description	<ul style="list-style-type: none">Leading global supplier of exterior automotive lighting systems for PV		<ul style="list-style-type: none">One of the largest polymer solution providers to the 2W OEMs with a Pan-India presence	<ul style="list-style-type: none">Offers comprehensive solutions in electrical-electronics components, assemblies for automotive applications and lighting products	<ul style="list-style-type: none">Supplies precision forged & machined parts for engines and transmissionsSupplies engines valves in domestic and international markets	<ul style="list-style-type: none">Manufactures hot steel forged parts for the construction and oil & gas industries	<ul style="list-style-type: none">High end lighting systems for the global 2W industry	
Select Product Portfolio	<div>Head Lamps</div> <div>Xenon</div> <div>LED</div> <div>Matrix</div> <div>Rear Lamps</div> <div>LED</div> <div>Other Lights</div> <div></div>	<div>Air Filter Assemblies</div> <div>Mirror Assemblies</div> <div>Seat Assemblies</div> <div>Trims (Interior & Door)</div> <div>Digital Instrument Cluster</div> <div>CDI</div> <div>Motor (Starter & Wiper)</div> <div>Magneto</div> <div>Transmission Assembly</div> <div>Crankshaft</div> <div>Connecting Rod</div> <div>Engine Valves</div> <div>Gears</div> <div>Undercarriage Links</div> <div>Drill bit cones & heads</div> <div>Undercarriage Segments</div> <div>Tail + Blinker</div> <div>Headlight</div> <div>Tail Light</div>						
Manufacturing Facilities	8 Facilities – Czech Republic (2), China (2), Turkey (2) Mexico & India 2 upcoming Facilities – Brazil & Morocco		15 Facilities – India ⁽¹⁾	7 Facilities – India ⁽¹⁾ 2 upcoming Facilities – India	5 Facilities – India ⁽¹⁾	2 Facilities – Italy	3 Facilities - Italy, Romania and Vietnam	
Revenue Mix ⁽²⁾	60.8%		16.0%	10.2%	6.3%	4.1% ⁽³⁾		
Customer Segment	PV		2W, 3W, PV & CV	2W, 3W, PV & CV	2W, 3W, PV, CV & OHV	Earth-moving & Oil-drilling	2W	

A diversified product portfolio catering to 2W, 3W, PV, CV & OHV Segments
Low-cost strategically located global manufacturing facilities; pan-India presence near major auto 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

Headlamps



Xenon



LED



Matrix



Rear Lamps



LED



Other Lights

Electronics



LED Module



Headlamp Control Modules



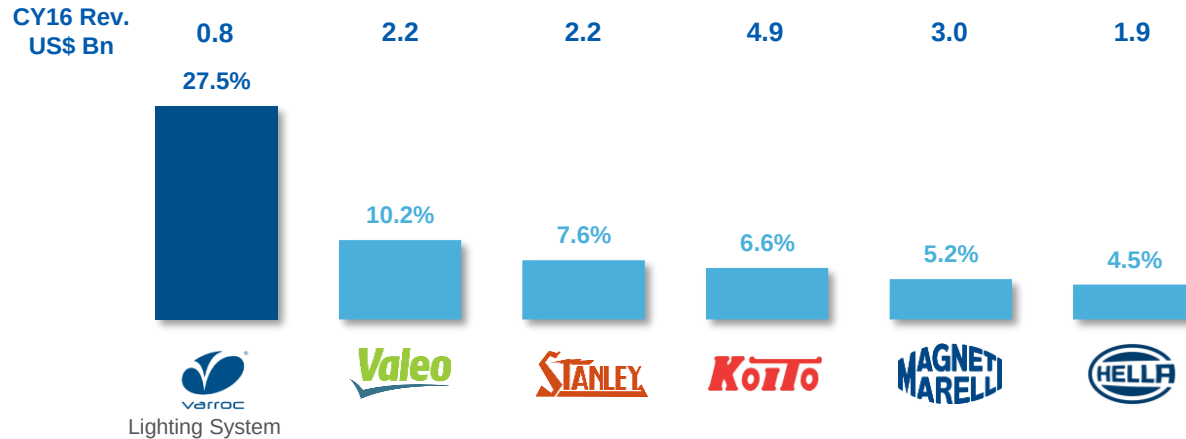
Projector

- 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

Varroc is 6th Largest Global Auto Lighting & 2nd Largest Indian Auto Component Supplier

Fastest Growing Among the Top Six Global Exterior Auto Lighting Suppliers⁽¹⁾

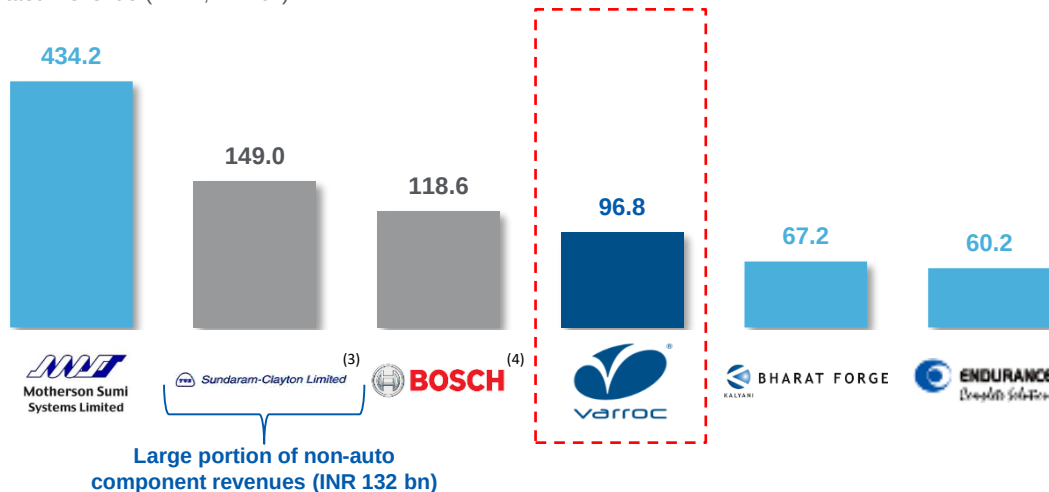
Exterior Lighting Revenue CAGR (CY14- CY16)



Automotive Exterior Lighting Market of US\$17.8bn in 2016

2nd Largest Indian Auto Component Group⁽¹⁾

Consolidated Revenue (FY17, INR bn)



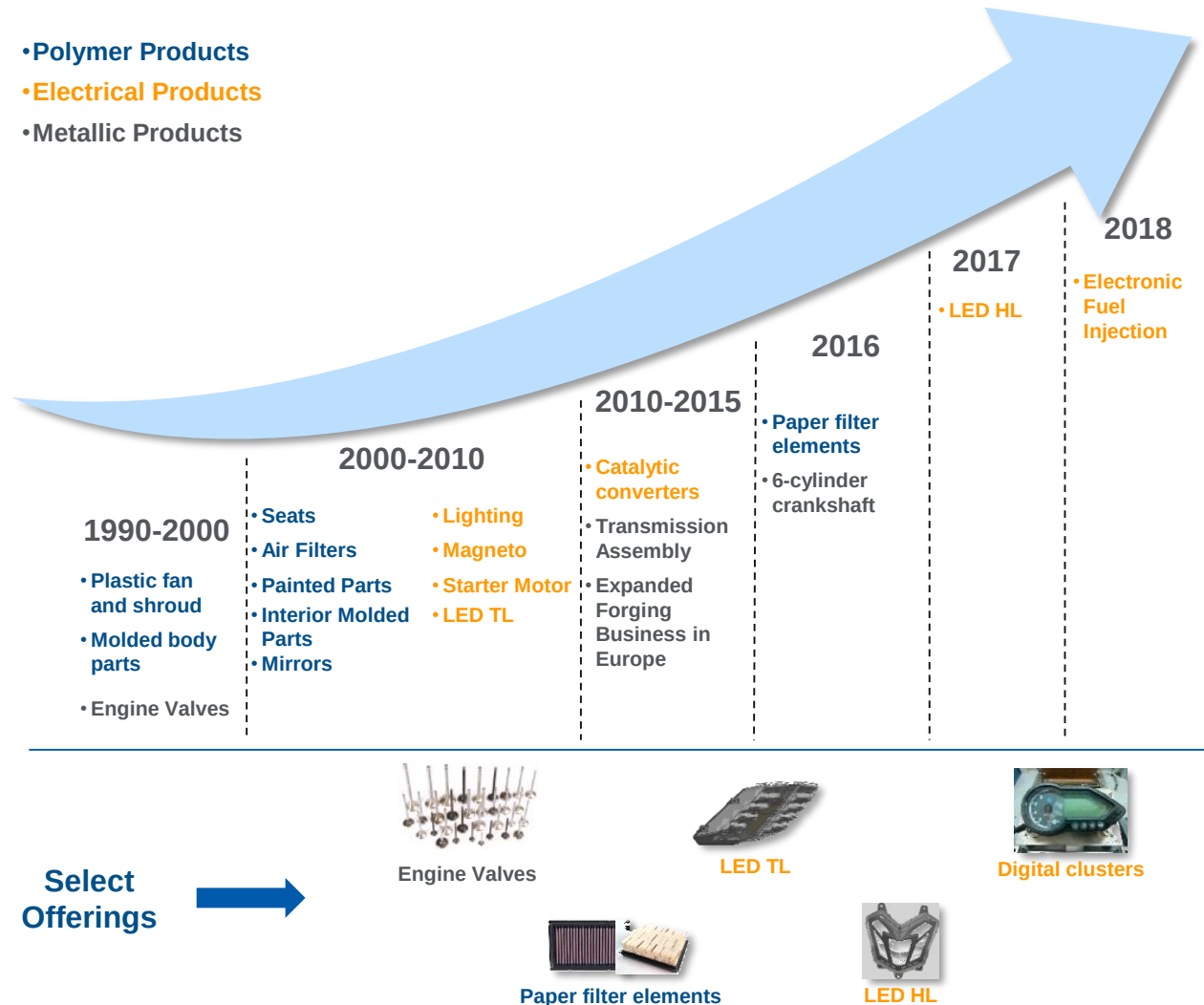
- Concentrated market – top 8 players account for >90% of over-all market
- Long-standing, growing customer relationships with marquee OEMs
- Low cost, diversified global manufacturing and R&D footprint
- Providing cost effective, cutting edge technology products
- India is one of the largest 2W market globally⁽²⁾; expected to grow at 8-10% CAGR from FY17-20
- Supplier to 2W OEMs who cover ~85% of total domestic 2W sales
- One-stop shop for 2W OEMs allowing cross selling

Note: (1) Based on Yole Report for VLS and CRISIL Report. For India (2) In terms of domestic sales. (3) Sundaram Clayton is the holding company of TVS Motors Ltd. which is into sales of two and three wheelers having a revenue of INR 132 bn. Remaining revenue is largely from the auto component space. (4) Bosch Ltd is a subsidiary of Robert Bosch GmbH (Germany).

India Business : Continuous Focus on R&D Capabilities; Enhancing Product Portfolio

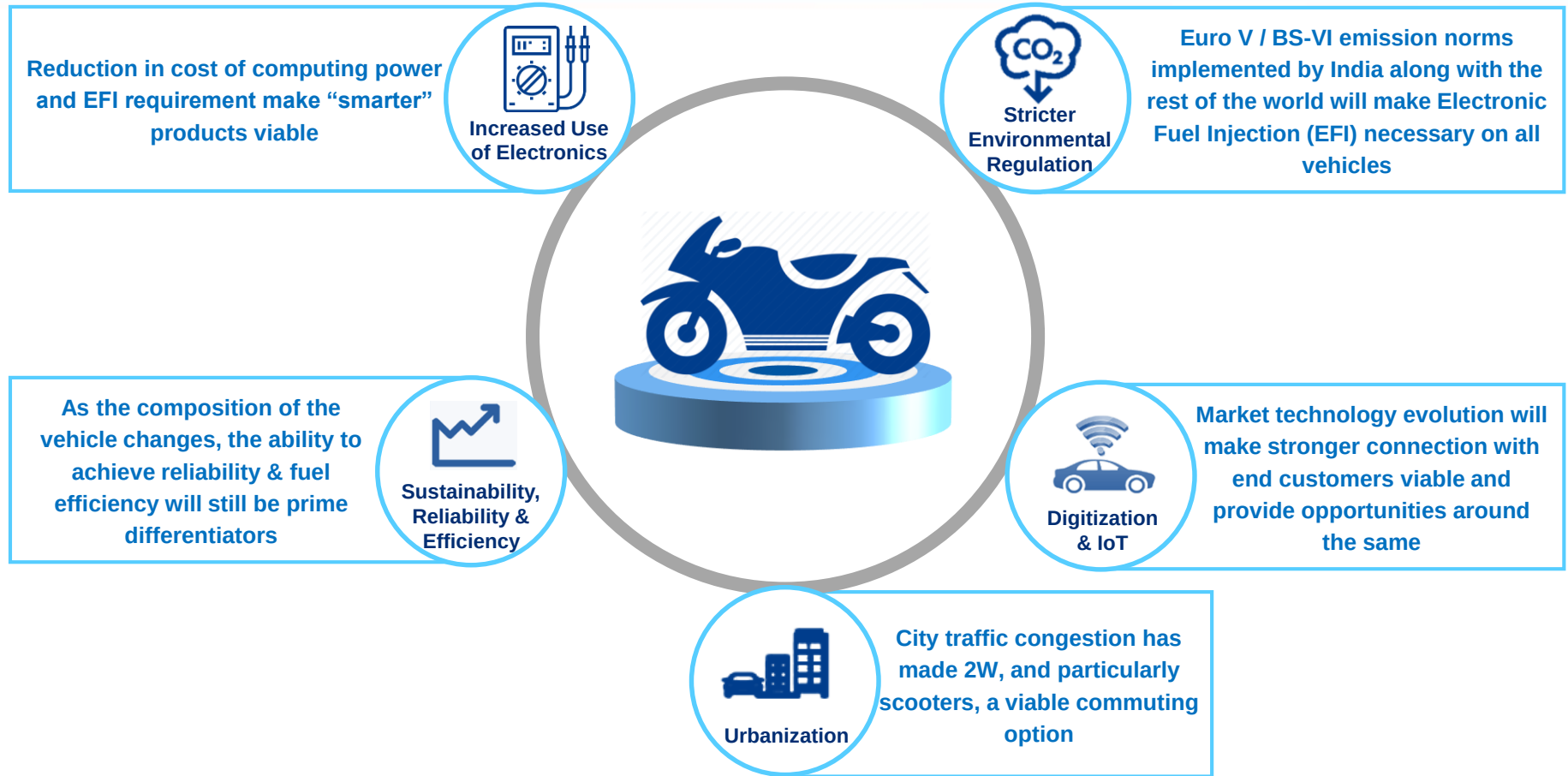


Additions to Product Portfolio Over the Years



- Proprietary products with continuous focus on innovative, cost competitive designs
- Continuous focus on R&D and product development
- New technology tie ups for development of catalytic converter and electronic fuel injection systems
- Govt's DSIR approved R&D centers
- 450+ engineers located in 5 R&D centers

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

Experienced Management Team Supported by Reputed Board



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

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



T. R. Srinivasan
Group Chief Financial Officer

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



Arjun Jain^{*}
Business Head – Electrical –Electronics Division and Whole-time Director

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



Sethumadhavan D.
Business Head - Polymer

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

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



Vijaya Sampath
Independent Director

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



Gautam Khandelwal
Independent Director

- Executive Chairman, Nagpur Power and Industries Ltd



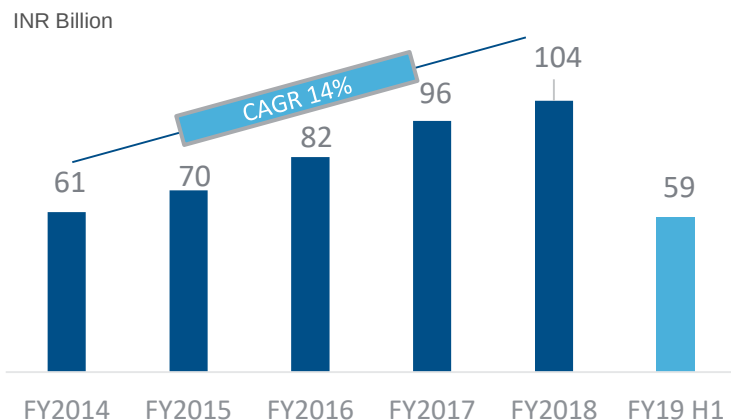
Vinish Kathuria
Independent Director

- Co-Founder and President of Rank software Inc.

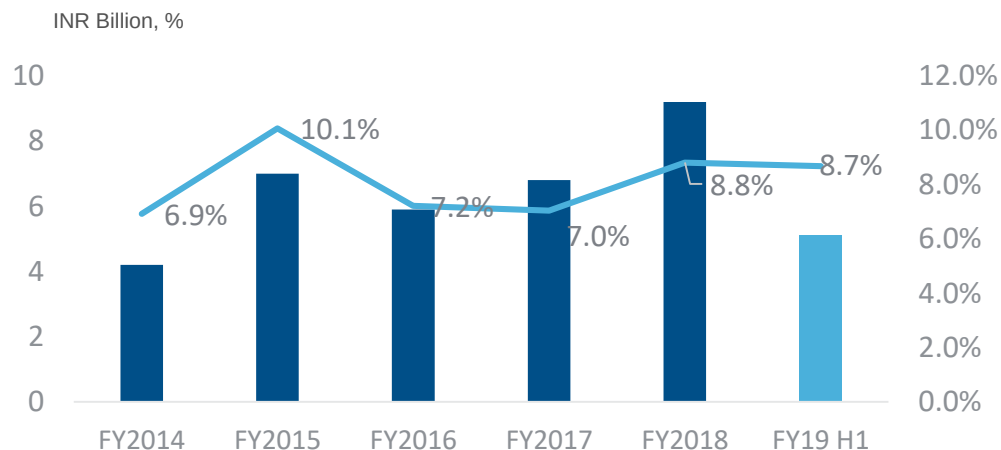
Financials & Share Details

Financial Summary : Key Performance Indicators

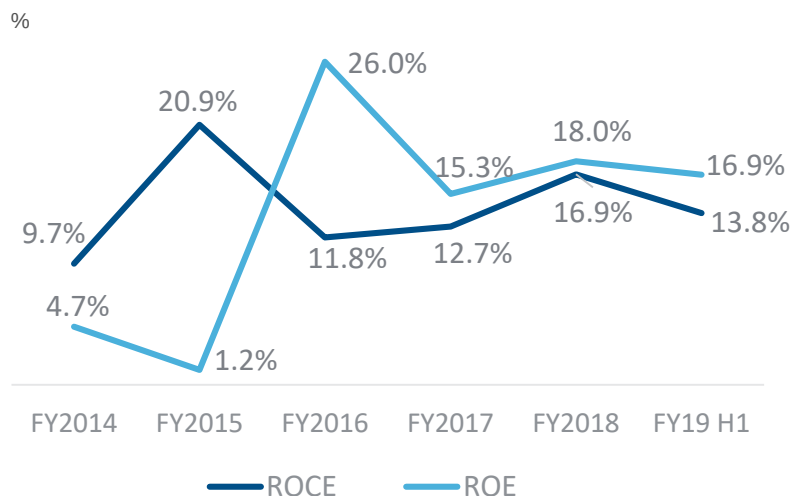
Revenue Trend last 6 years and current year YTD



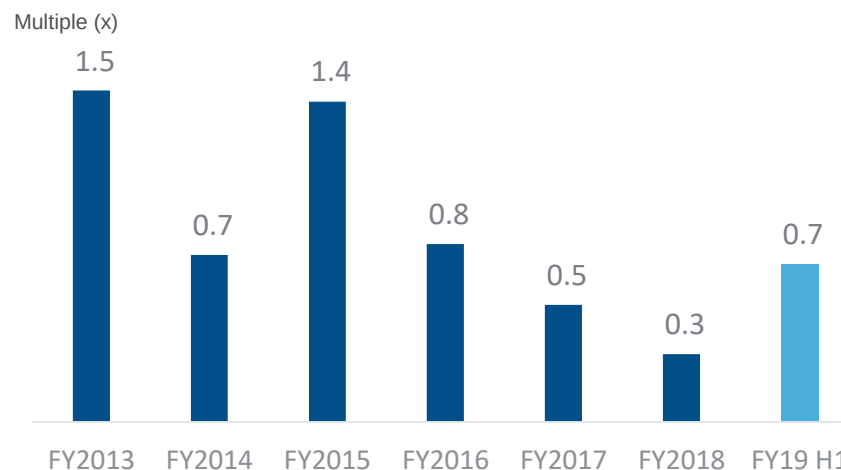
EBITDA and EBITDA margin



ROCE & ROE trend*



Debt to Equity



*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 / H1FY19 EBITDA margin is like-for-like.

Financial Summary : Income Statement H1 19

(INR million)	H1 FY 19	H1 FY18	% Change
Revenue from Operations - Reported	59,281	48,534	22.1%
Revenue from Operations : like-for-like	58,931	46,158	27.7%
Other Income - Operating	329	131	
Other Income - non-Operating	116	7	
EBITDA* : Reported	5,613	4,449	26.2%
EBITDA : like-for-like \$	5,118	4,118	24.3%
EBITDA %	8.7%	8.9%	
Depreciation	2,707	1,859	45.6%
Interest	437	438	-0.2%
Share of net profits of JVs under equity method	202	254	-20.7%
PBT - Reported	2,787	2,414	15.5%
Tax	774	504	53.7%
PAT - Reported	2,013	1,910	5.4%

Financial Summary : Segmental Break-up

Fiscal year ending March 31,

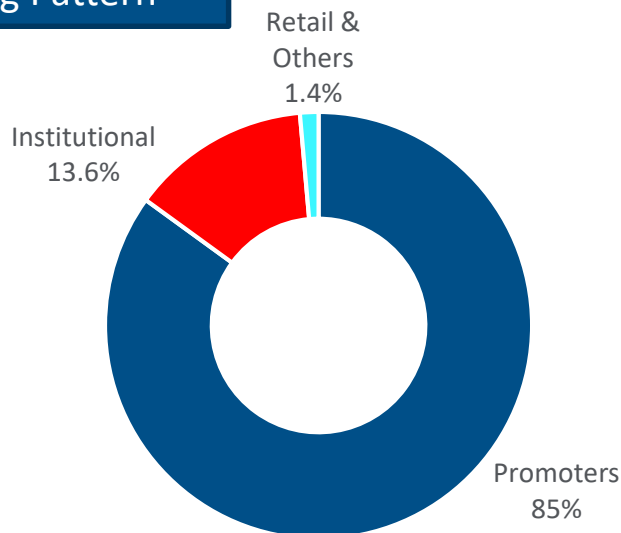
(INR million)	FY16		FY17		FY18		HY19 (like-for-like)	
Revenue		%		%		%		%
Global Lighting Business	48,198	58.6%	61,242	63.7%	63,118	60.8%	34,351	58.3%
India Business	30,807	37.5%	31,681	33.0%	36,406	35.1%	21,928	37.2%
Other Businesses	3,185	3.9%	3,163	3.3%	4,261	4.1%	2,735	4.6%
Eliminations							(83)	
Total	82,189		96,085		1,03,785		58,931	
China JV	12,235		15,339		12,287		2,727	
EBITDA Margin								
Global Lighting Business	6.5%		6.2%		7.8%		6.7%	
India Business	8.8%		8.8%		10.6%		11.2%	
Other Businesses	1.5%		5.5%		9.4%		12.3%	
Total	7.2%		7.0%		8.8%		8.7%	
China JV	13.4%		15.3%		15.7%		12.0%	

Financial Summary : Balance Sheet

(INR mn)	Fiscal Year Ending March 31,			
	2016	2017	FY18	H1 FY19
<u>Assets</u>				
Non-current Assets				
Fixed Assets	24,263	26,881	31,480	41,472
Others - Non-current Assets	4,508	4,538	6,439	7,765
Total Non-current Assets	28,771	31,419	37,920	49,237
Current Assets				
Current Investments	119	0	30	93
Cash and Bank Balances	1,772	3,541	3,289	2,225
Others - Current Assets	21,697	23,644	27,285	33,076
Total Current Assets	23,587	27,185	30,604	35,394
Total Assets	52,459	58,604	68,524	84,630
<u>Equity and Liabilities</u>				
Shareholder's Funds				
Share Capital	262	135	135	135
Reserves and Surplus	17,366	21,719	28,145	29,210
Minority Interest	203	202	208	226
Total Shareholder's Funds	17,832	22,055	28,488	29,571
Non-current Liabilities				
CCPS	2,060	-	-	-
Long-term Borrowings	5,573	7,553	6,361	9,787
Others - Non-current Liabilities	1,392	1,044	1,944	2,227
Total Non-current Liabilities	9,026	8,597	8,306	12,014
Current Liabilities				
Short-term Borrowings	6,419	7,578	5,629	13,446
Others - Current Liabilities	19,182	20,374	26,102	29,599
Total Current Liabilities	25,601	27,951	31,730	43,045
Total Equity and Liabilities	52,459	58,604	68,524	84,630

Shareholding Details

Shareholding Pattern



Equity Share Information

• Share Price (As on 13 th November 2018)	INR 814.80
• Market Capitalization (As on 13 th November 2018)	INR 109,844 Mn
• Financial Year	April to March
• Listing Details Indian Stock Exchange	NSE (VARROC.NS) BSE (541578)
• Bloomberg Code	VARROC:IN

Top Institutional Shareholders *

Axis MF	2.9%
Nomura	2.2%
Capital World	2.1%
T Rowe Price	1.3%
L&T MF	0.9%
IIFL	0.6%
First State	0.5%
DSP Blackrock	0.5%
SBI MF	0.4%
Motilal Oswal MF	0.3%
Schroders	0.3%
SBI Life	0.3%
ICICI Pru. MF	0.2%
Infina Finance	0.1%
Morgan Stanley	0.1%
Kotak MF	0.1%
Others	0.8%
Total Institutional holders	13.6%

* As on 26th October, 2018. Shareholding under multiple portfolios/ plans clubbed together. Stake rounded off to nearest decimal

THANK YOU