

# Varroc Engineering Ltd.

Regd. & Corp. Office

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

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**Email:** varroc.info@varroc.com  
www.varroc.com  
**CIN:** L28920MH1988PLC047335



VARROC/SE/INT/2020-21/25

July 25, 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

**Sub: Investor Presentation of the Company**

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

Dear Sir/Madam,

Please find enclosed latest Investor Presentation of the Company.

Kindly take the same on record.

Yours faithfully,

**For Varroc Engineering Limited**

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**Ajay Sharma**

Group General Counsel and  
Company Secretary

**Encl:** as above



# Varroc Engineering Limited Corporate Presentation

July 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** <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**
- **~14,300 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 global exterior auto lighting suppliers**

**INR 115bn/ USD 1.54bn  
FY20 revenue**<sup>(2)</sup>



# Business Overview

ELECTRICAL - ELECTRONICS	POLYMER	METALLIC (Forging and Valves)	GLOBAL LIGHTING	IMES (International Forging)
				
<ul style="list-style-type: none"> <li>• 2W lighting for Indian</li> <li>• Digital clusters</li> <li>• Motors, Magnetos</li> <li>• Regulator &amp; Rectifiers</li> <li>• Body switches, CDI,</li> <li>• Catalytic Converters</li> </ul>	<ul style="list-style-type: none"> <li>• Air Filter Assembly</li> <li>• Seating Assembly</li> <li>• Interiors (Instrument panel, Door panel etc.)</li> <li>• Painted plastic exterior products</li> <li>• Mirror assembly</li> </ul>	<ul style="list-style-type: none"> <li>• Engine valves</li> <li>• Transmission gears</li> <li>• Crank pins, Links</li> <li>• Connecting Rods</li> <li>• Crankshafts</li> </ul>	<ul style="list-style-type: none"> <li>• Head Lamps</li> <li>• Rear Lamps</li> <li>• CHMSL</li> <li>• Fog Lamps</li> </ul>	<ul style="list-style-type: none"> <li>• Undercarriage Links</li> <li>• Drill bit cones &amp; heads</li> <li>• Undercarriage Segments</li> </ul>
<p><b>8 Facilities – India<sup>#</sup></b></p>	<p><b>13 Facilities – India<sup>#</sup></b></p>	<p><b>5 Facilities – India<sup>#</sup></b></p>	<p><b>Global PV lighting -15 Facilities</b> Czech(2), China (2), India (2) Mexico, Morocco, Turkey, Poland, Brazil, Bulgaria</p> <p><b>Global 2W Lighting 3 -Facilities</b> Italy, Romania, Vietnam</p>	<p><b>2 Facilities - Italy</b></p>
<ul style="list-style-type: none"> <li>• Comprehensive solutions in electrical-electronics components, assemblies for automotive applications.</li> <li>• 1350+ employees</li> </ul>	<ul style="list-style-type: none"> <li>• One of the largest polymer solution providers to all major auto OEMs with a pan-India presence</li> <li>• 1940+ employees</li> </ul>	<ul style="list-style-type: none"> <li>• Offers precision forged &amp; machined parts for engines and transmissions</li> <li>• Supplies engines valves in domestic and international markets</li> <li>• 1650+ employees</li> </ul>	<ul style="list-style-type: none"> <li>• Leading global supplier of exterior automotive lighting systems for PV</li> <li>• High end lighting systems for the global 2W industry</li> <li>• 2 more upcoming facilities</li> <li>• 7870+ employees</li> </ul>	<ul style="list-style-type: none"> <li>• Manufactures hot steel forged parts for the construction and oil &amp; gas industries</li> <li>• 135+ employees</li> </ul>
<p><b>2W, 3W, PV &amp; CV</b></p>	<p><b>2W, 3W, PV &amp; CV</b></p>	<p><b>2W, 3W, PV, CV &amp; OHV</b></p>	<p><b>PV &amp; 2W</b></p>	<p><b>Earth-moving &amp; Oil-drilling</b></p>

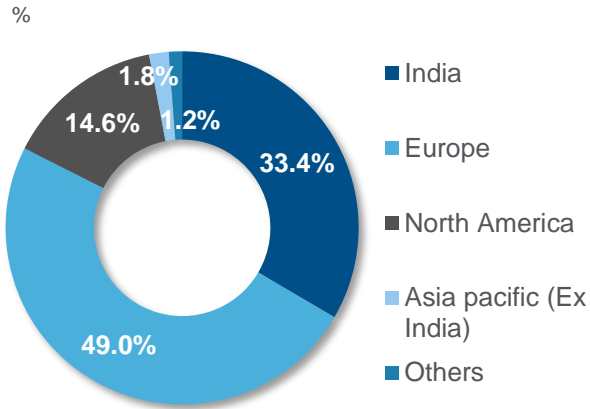
<sup>#</sup> Pantnagar facility is included in metallic but caters to all 3 verticals of India business. Global 2W lighting business is part of VLS and domestic 2W lighting business is part of Electrical and Electronics business. India business also has a small After Market Division, Solar and Windmill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



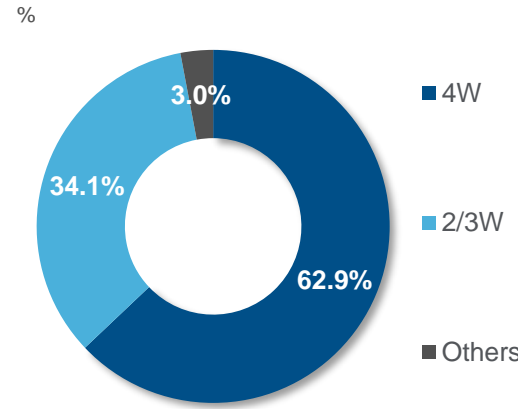
# Well Diversified Business Across Geographies, Product Groups, Customers and Segments

FY20 Consolidated Revenue: INR 112 bn <sup>(1)</sup>  
 100% China JV Revenue: INR 8 bn

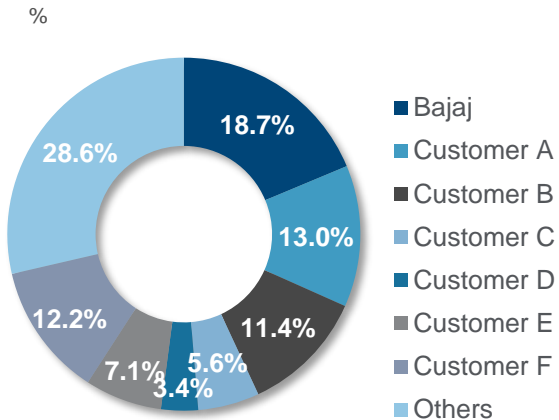
Revenue Split by Geography <sup>(1)</sup>



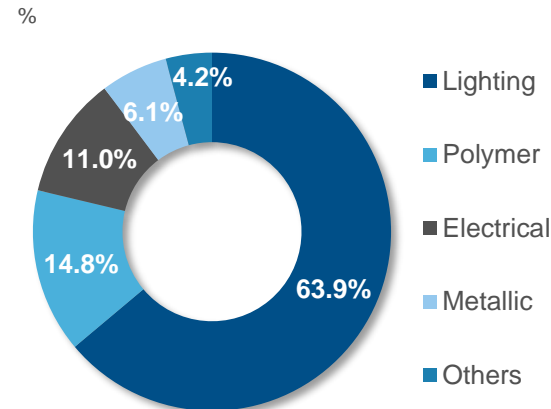
Revenue Split by Vehicle Type <sup>(2)</sup>



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



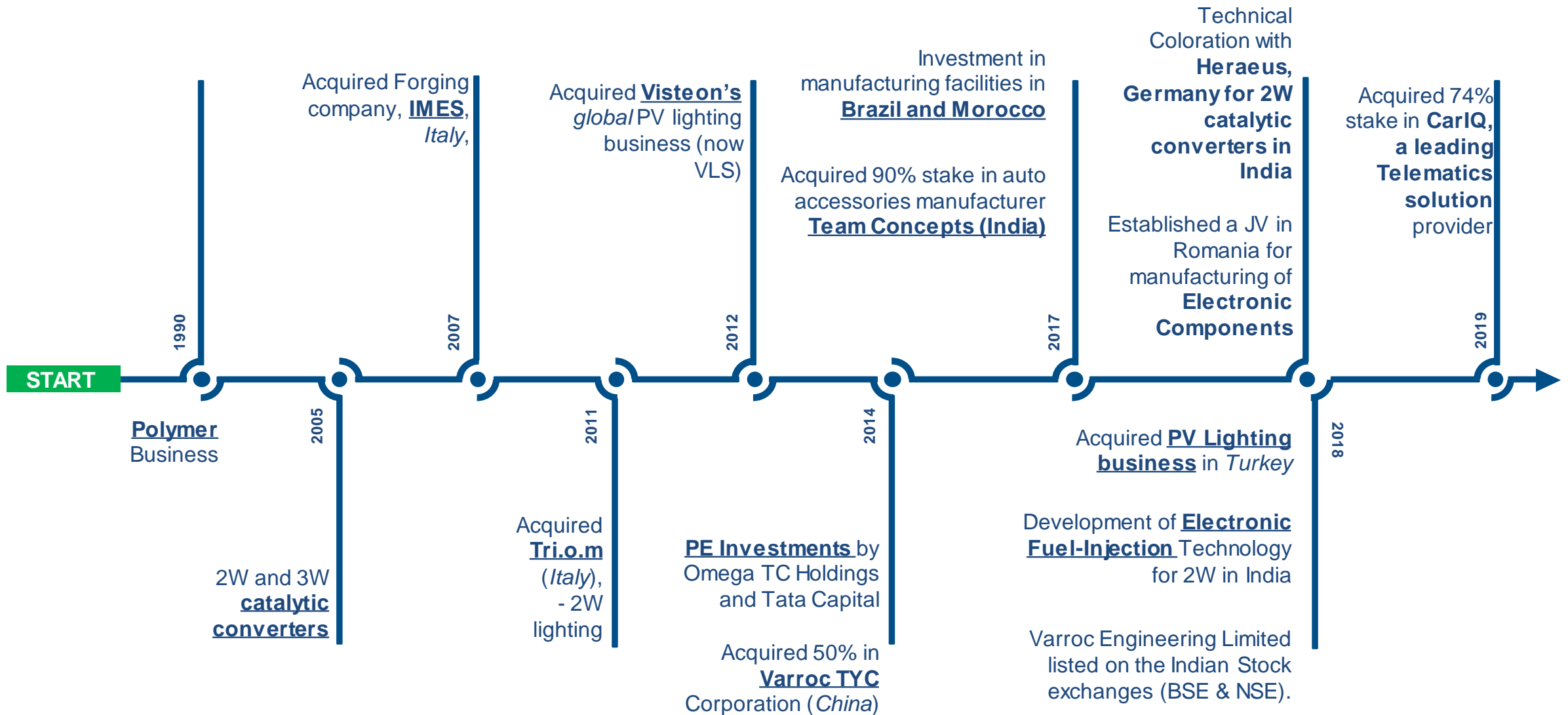
Revenue Split by Segment



- 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

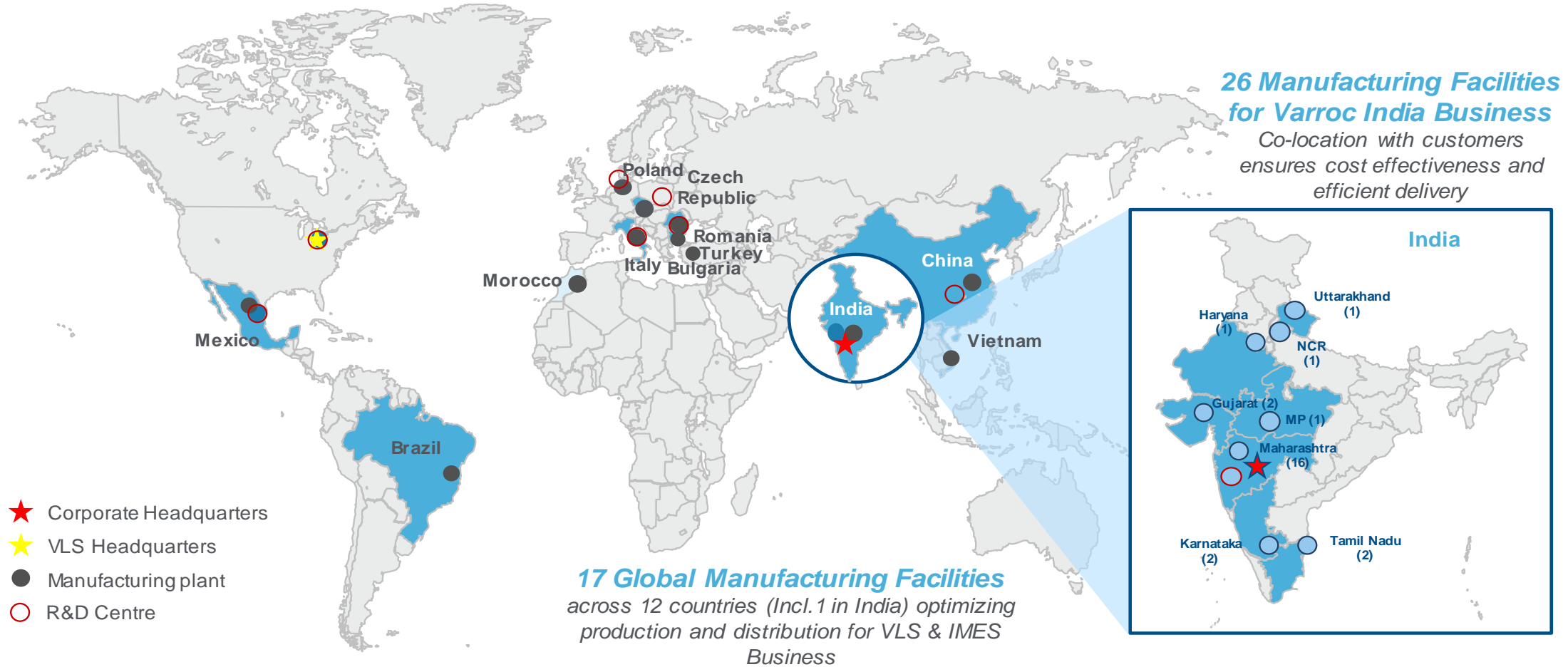
Note: (1) 50% China revenues not included (JV accounted under equity method) and other operating revenue not included (2) 4W – 4-wheeler (includes PV), 2/3W – 2/3-wheeler; data as per MIS (3) Customer A is an American multinational car manufacturer, Customer B is a large British car manufacturer, Customer C is an American electric car manufacturer, Customer D is an international automotive manufacturer, customer E is a large European car manufacturer and Customer F is a global automotive manufacturer headquartered in Europe. Based on MIS data; (4) Bajaj is the customer of the India Business; Customer A, B, C, D, E

# 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



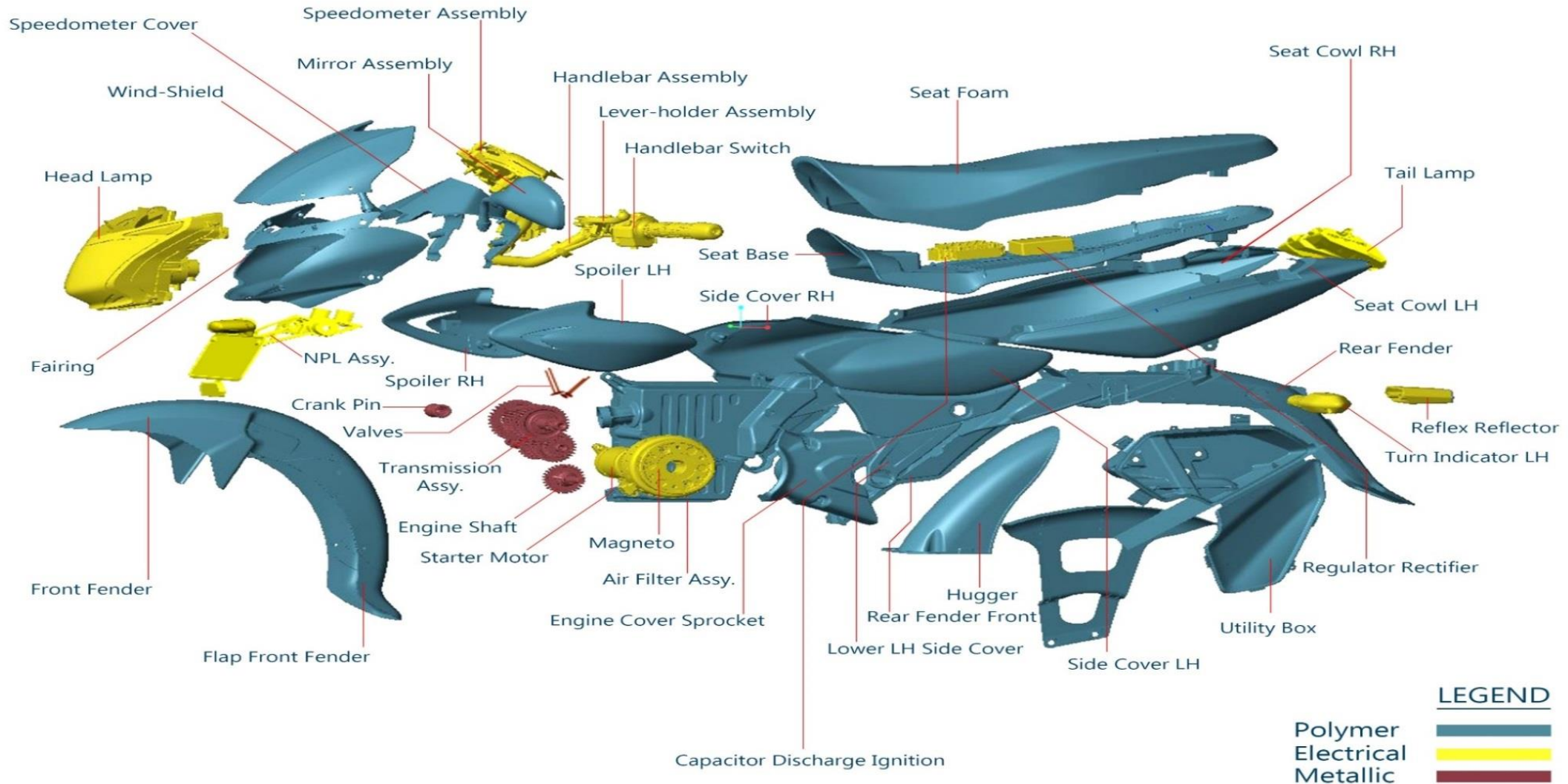
- Manufacturing and R&D footprint spread across low cost countries

- 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





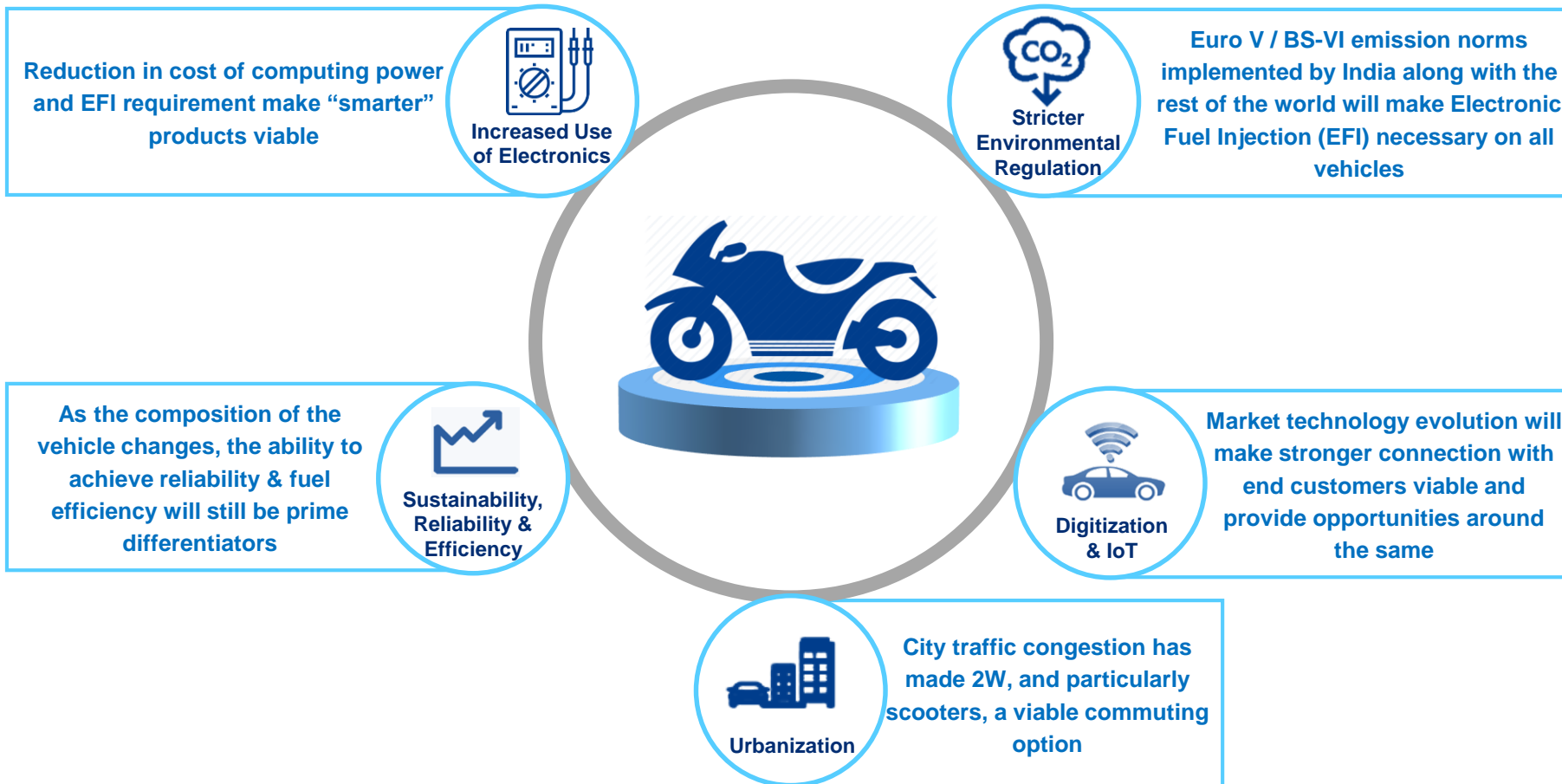
# VLS: Wide Range of Lighting Product and Technology Offerings

## Broad Portfolio of Lighting Technologies for PV OEMs Globally



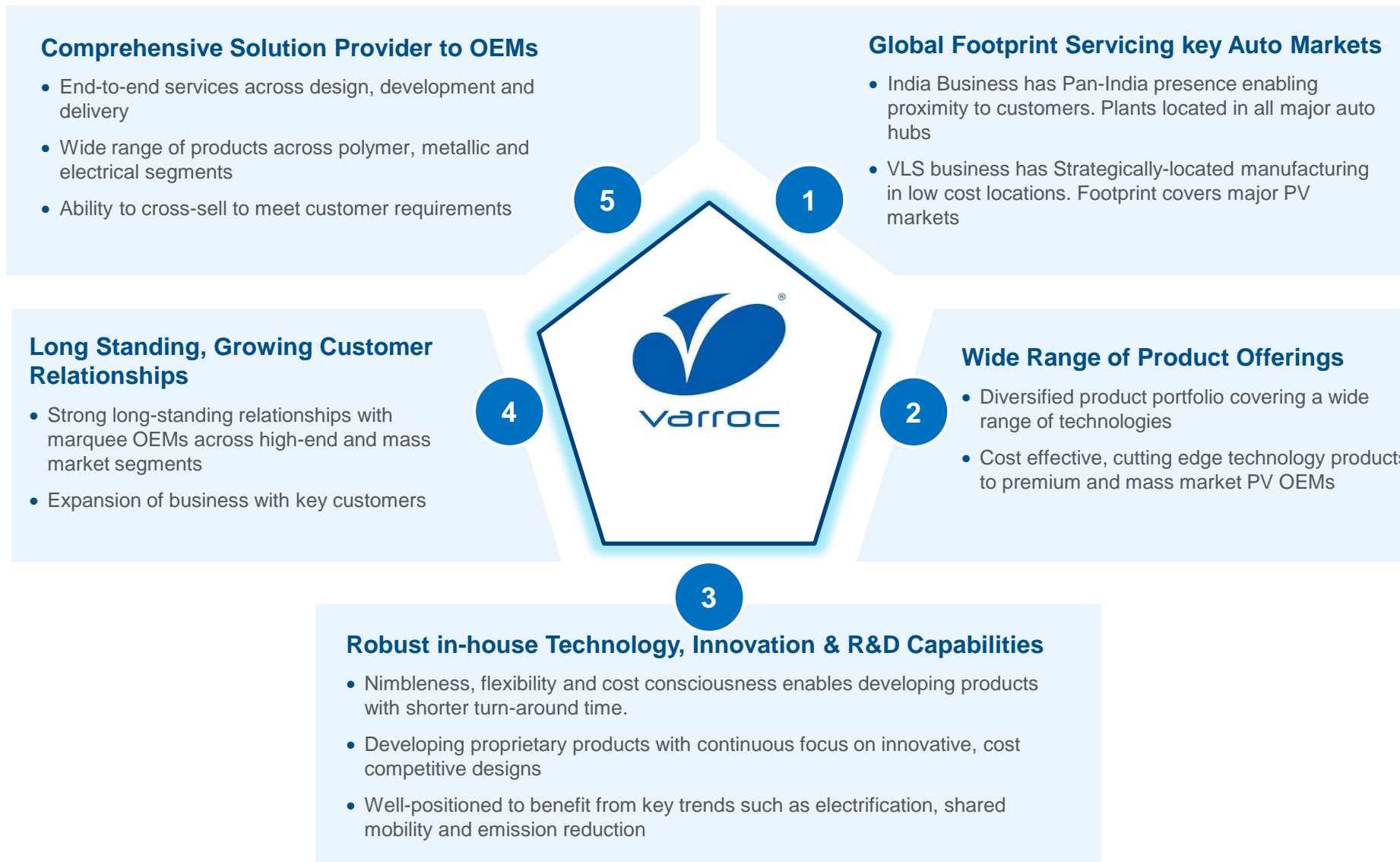
- Full portfolio of head lamp and rear lamp providing a wide range of products
- Established presence in key emerging technologies such as LED, OLED Laser, Matrix
- Quick adoption of new technology to grow product portfolio
- Customized products for OEMs with long standing relationships
- Providing cost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



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

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



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

- Total Experience: 15 years in Automotive Lighting
- Previously associated with Magnetti Marelli



**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



**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: ~30 years
- Previously associated with Hindustan Lever Ltd, ATC Tires Private Ltd



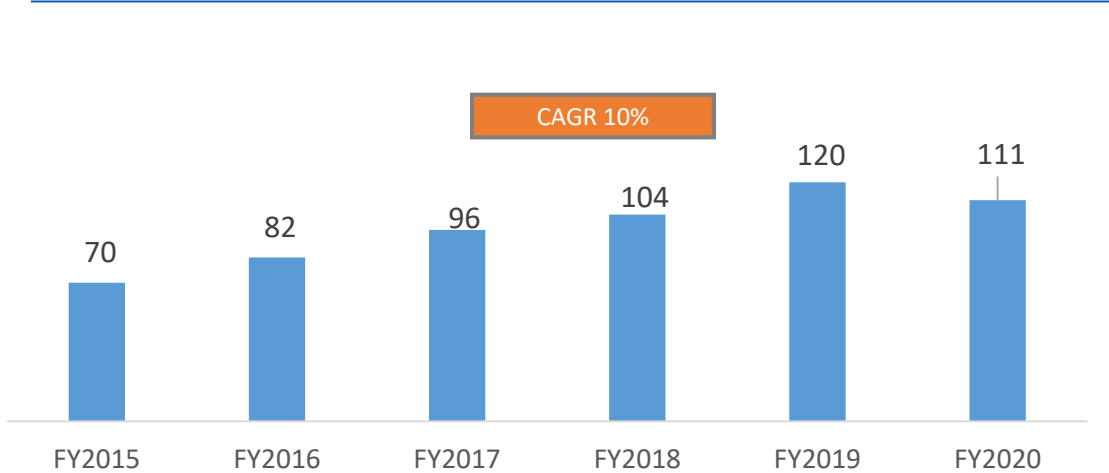
## Financials & Share Details



# Financial Summary : Key Performance Indicators

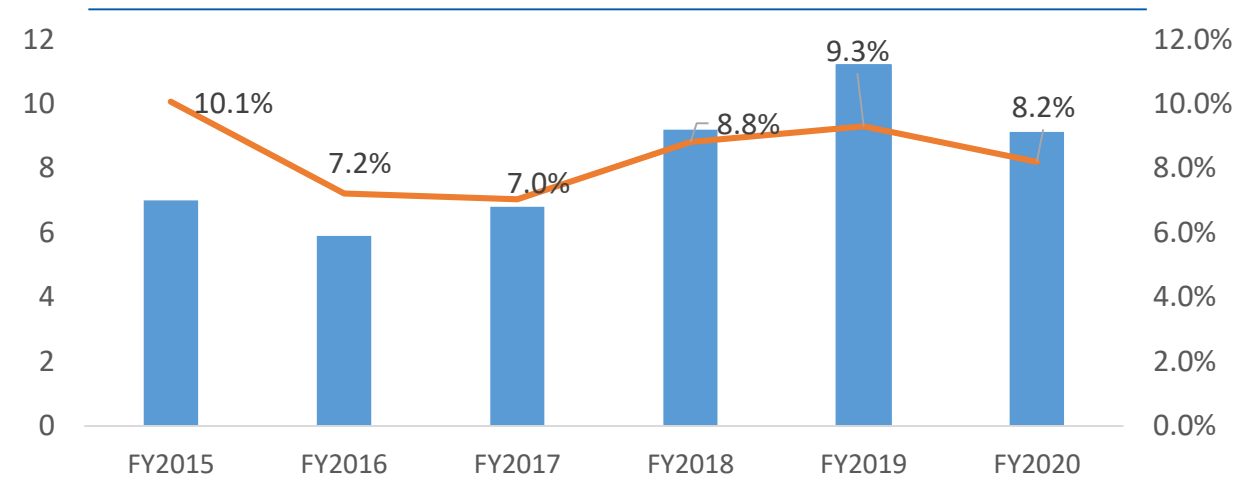
## Revenue Trend last 6 years and current year YTD

INR Billion



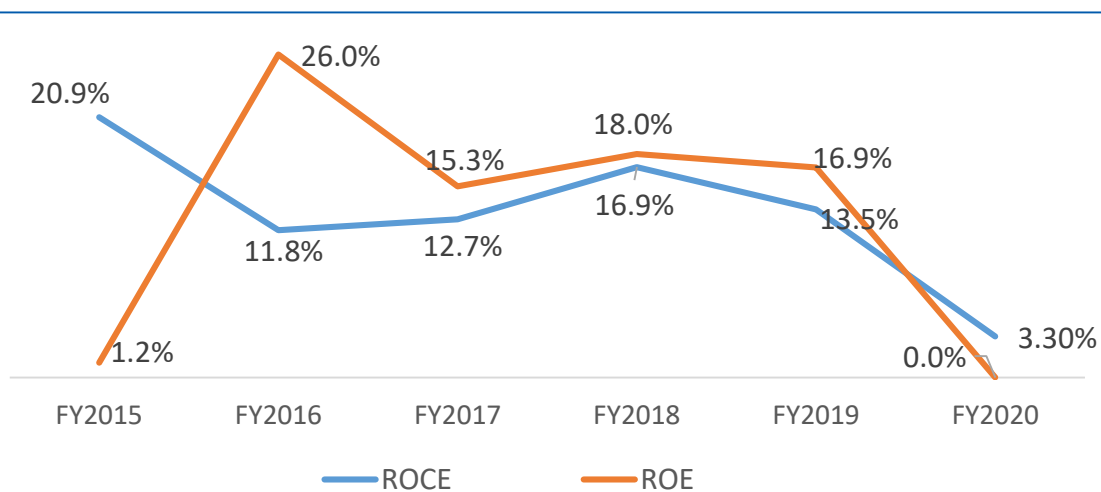
## Reported EBITDA and Reported EBITDA margin #

INR Billion, %



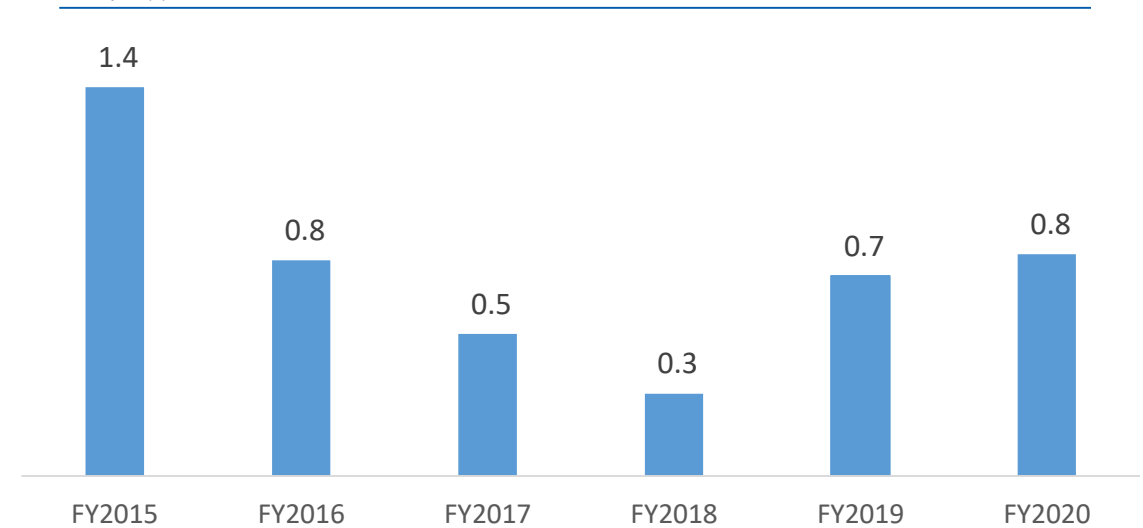
## ROCE & ROE trend\*

%



## Debt to Equity

Multiple (x)



# 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%
<b>Revenue from Operations : like-for-like</b>	<b>27447.5</b>	<b>31379.0</b>	<b>-13%</b>	<b>111218.7</b>	<b>120282.1</b>	<b>-8%</b>
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%
<b>EBITDA : like-for-like</b>	<b>985.2</b>	<b>3030.2</b>	<b>-67%</b>	<b>8478.5</b>	<b>11798.9</b>	<b>-28%</b>
<i>EBITDA %</i>	<i>3.6%</i>	<i>9.7%</i>		<i>7.6%</i>	<i>9.8%</i>	
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	
<b>PBT - Reported</b>	<b>-1367.2</b>	<b>1178.3</b>		<b>394.9</b>	<b>5185.2</b>	<b>-92%</b>
Tax	3.9	-111.0		369.8	898.4	-59%
<i>Tax rate</i>	<i>-0.3%</i>	<i>-9.8%</i>		<i>76.0%</i>	<i>18.4%</i>	
<b>PAT - Reported</b>	<b>-1371.0</b>	<b>1289.3</b>		<b>25.1</b>	<b>4286.8</b>	<b>-99%</b>



# 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)		
<b>Total</b>	<b>1,11,219</b>	<b>1,11,219</b>	<b>9,134</b>	<b>8,478</b>	<b>7.6%</b>	<b>1,20,365</b>	<b>1,20,282</b>	<b>11,238</b>	<b>11,799</b>	<b>9.8%</b>	<b>-7.5%</b>
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%





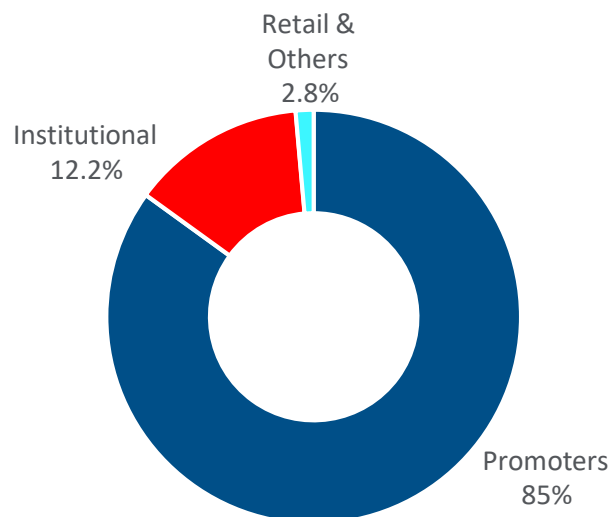
# Financial Summary : Balance Sheet

	Fiscal Year Ending March 31,		
	2018	2019	2020
<b>Non-Current Assets</b>			
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
<b>Total Non - Current Assets</b>	<b>37,920</b>	<b>53,948</b>	<b>68,612</b>
<b>Current Assets</b>			
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
<b>Total Current Assets</b>	<b>30,604</b>	<b>33,376</b>	<b>41,411</b>
<b>Total Assets</b>	<b>68,524</b>	<b>87,324</b>	<b>1,10,023</b>
<b>Equity and Liabilities</b>			
Shareholder's Funds			
Share Capital	135	135	135
Reserves and Surplus	28,145	30,529	29,910
<b>Equity attributable to owners</b>	<b>28,280</b>	<b>30,664</b>	<b>30,045</b>
Minority Interest	208	241	249
<b>Total Shareholder's Funds</b>	<b>28,488</b>	<b>30,906</b>	<b>30,295</b>
Lease liability		-	6,522
Long Term Borrowings	6,361	4,572	9,002
Other Non-Current Liabilities	1,944	4,137	4,232
<b>Total Non-Current Liabilities</b>	<b>8,306</b>	<b>8,709</b>	<b>19,756</b>
<b>Current Liabilities</b>			
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
<b>Total Current Liabilities</b>	<b>31,730</b>	<b>47,709</b>	<b>59,972</b>
<b>Total Equity and Liabilities</b>	<b>68,524</b>	<b>87,324</b>	<b>1,10,023</b>



# Shareholding Details

## Shareholding Pattern



## Equity Share Information

• Share Price (As on 23 Jul 2020)*	INR 201.60
• Market Capitalization	INR 27.2 Bn
• Financial Year	April to March
• Listing Details Indian Stock Exchange	NSE (VARROC.NS) BSE (541578)
• Bloomberg Code	VARROC:IN

## Top Institutional Shareholders \*

DSP Blackrock	2.4%
Nippon	1.4%
Axis MF	1.3%
L&T MF	1.1%
I Pru MF	1.1%
IIFL	1.0%
Bajaj Allianz Life	0.5%
Kotak MF	0.5%
Nomura	0.1%
Others	2.8%
<b>Total Institutional holders</b>	<b>12.2%</b>

\* As on 16<sup>th</sup> April, 2020 for top 250 portfolios only. Shareholding under multiple portfolios/ plans clubbed together. Stake rounded off to nearest decimal



# THANK YOU



TO SPEAK  
& ACT  
FROM  
THE  
HEART

**SINCERITY**



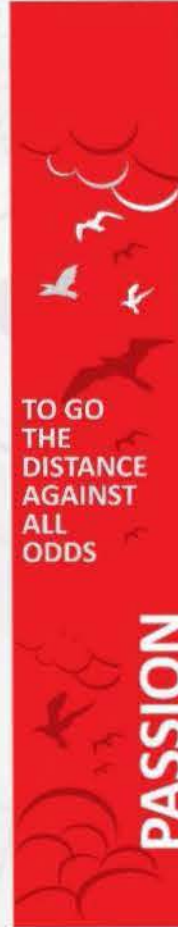
TO WALK  
WITH  
EVERYONE

**HUMILITY**



TO DO  
WHAT  
IS  
RIGHT

**INTEGRITY**



TO GO  
THE  
DISTANCE  
AGAINST  
ALL  
ODDS

**PASSION**



TO MAKE  
IT  
HAPPEN

**SELF DISCIPLINE**

Our Core Values