

Varroc Engineering Limited

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(CIN: L28920MH1988PLC047335)



VARROC/SE/INT/2018-19/29
October 27, 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

(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 Sirs,

Sub: Corporate Presentation

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

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") we enclosed herewith the "Corporate Presentation" of the company.

This presentation is also available on the website of the company at www.varroccorpn.com.

You are requested to take note of the same.

Thanking you,

Yours faithfully,
For Varroc Engineering Limited

A handwritten signature in black ink, appearing to be 'Rakesh Darji', with a horizontal line underneath it.

Rakesh Darji
Company Secretary and Compliance officer

Encl: Corporate Presentation



October 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⁾**



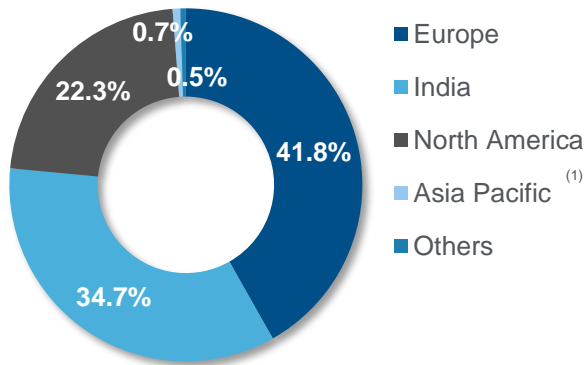
Well Diversified Auto Component Business Across Geographies, Product Groups, Customers and Segments



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

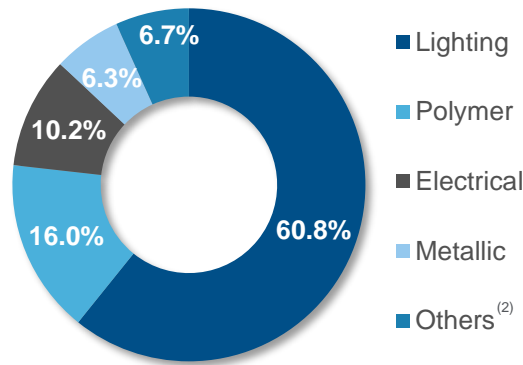
Revenue Split by Geography

FY18, %



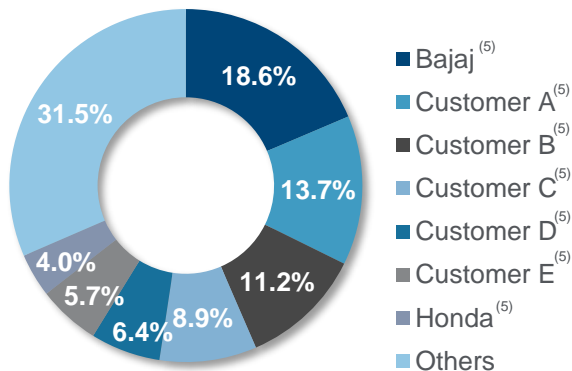
Revenue Split by Products

FY18, %



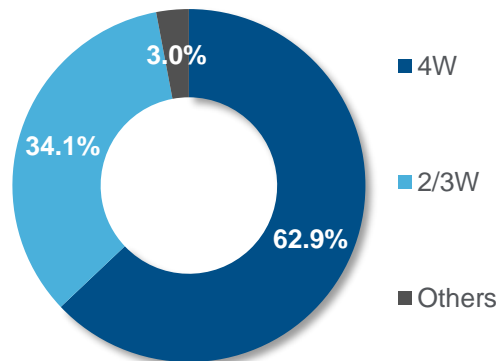
Consolidated Invoice Amount Split by Customer⁽³⁾

FY18, %



Revenue Split by Segment⁽⁴⁾

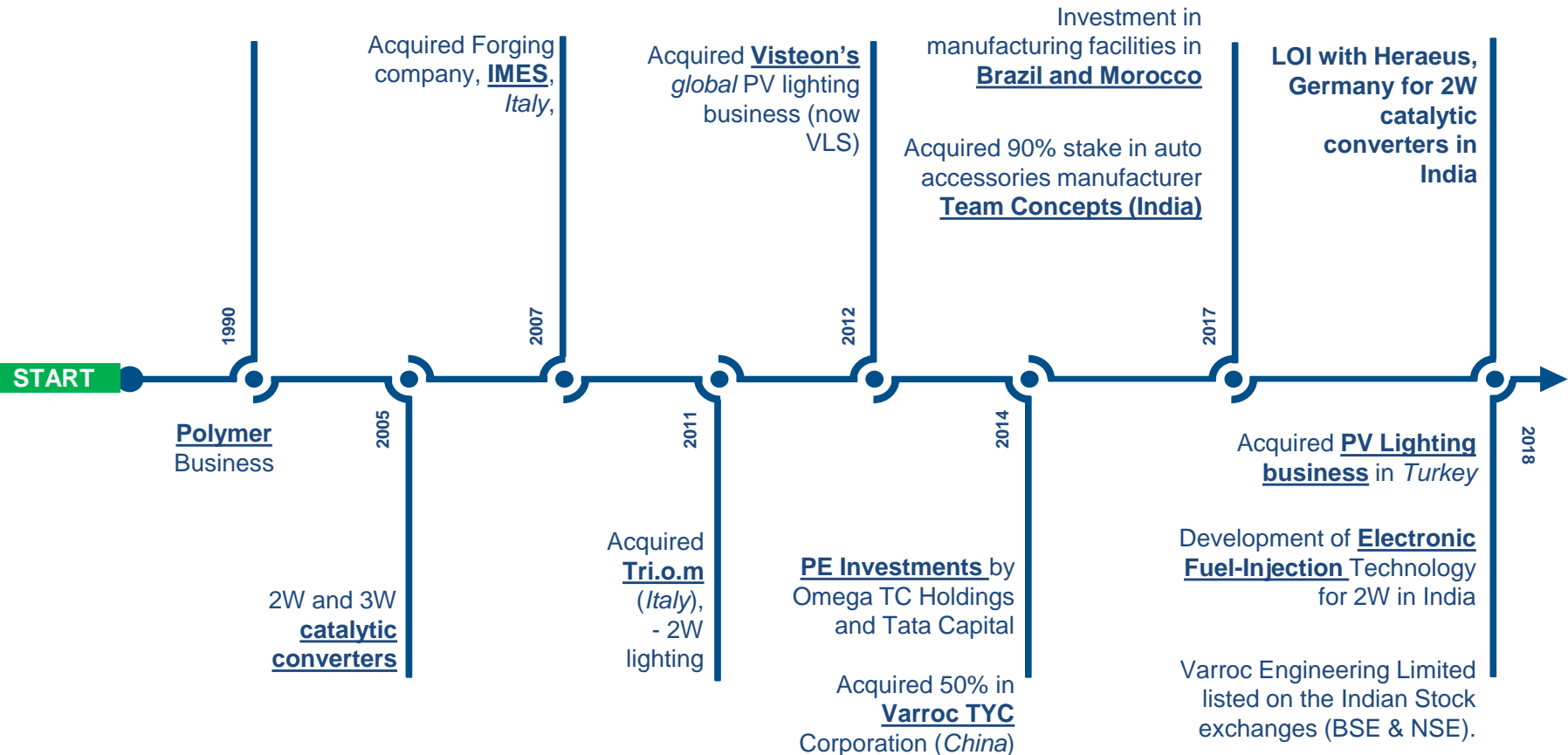
FY18, %



- 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

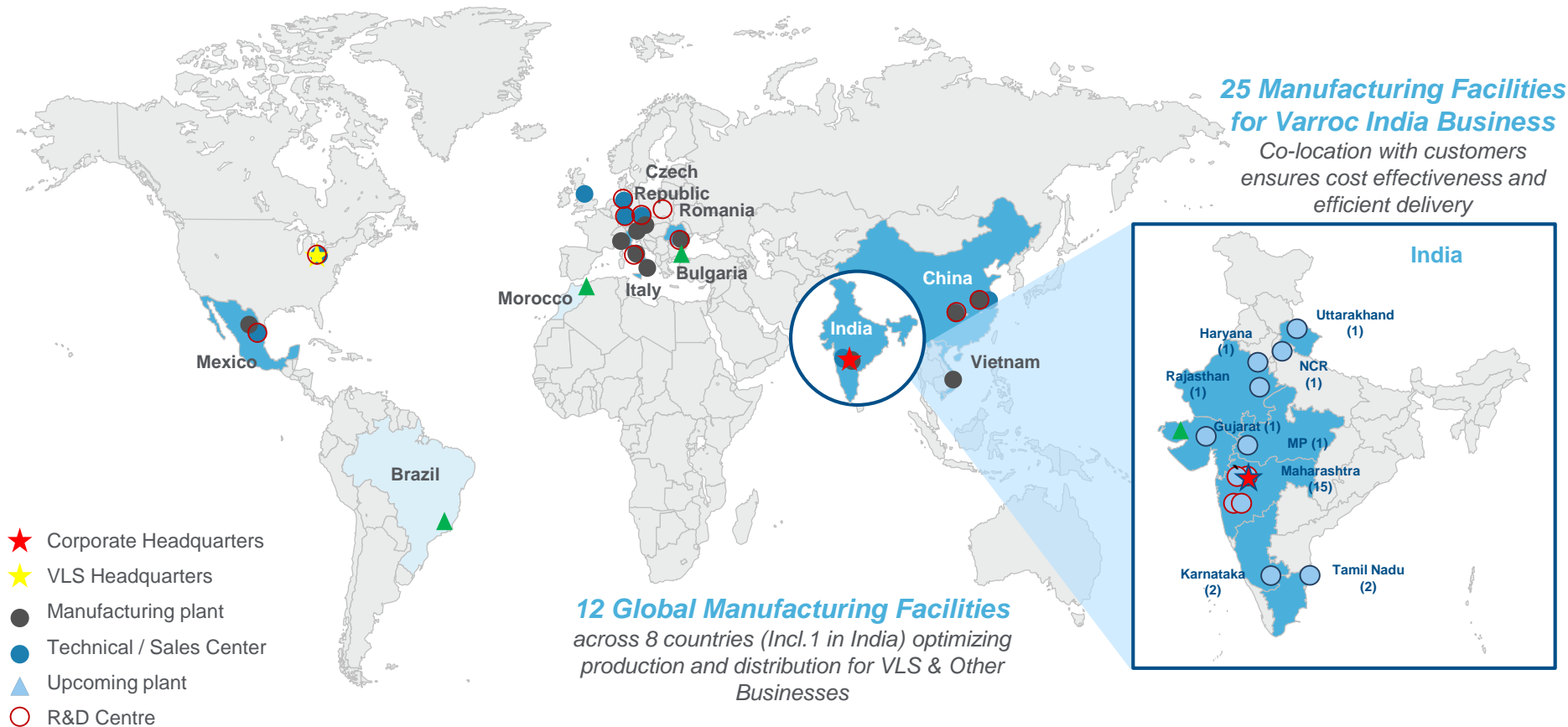
Robust in-house Technology, Innovation & R&D Capabilities

- 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**

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

Auto Component Business with Diversified Product Lines



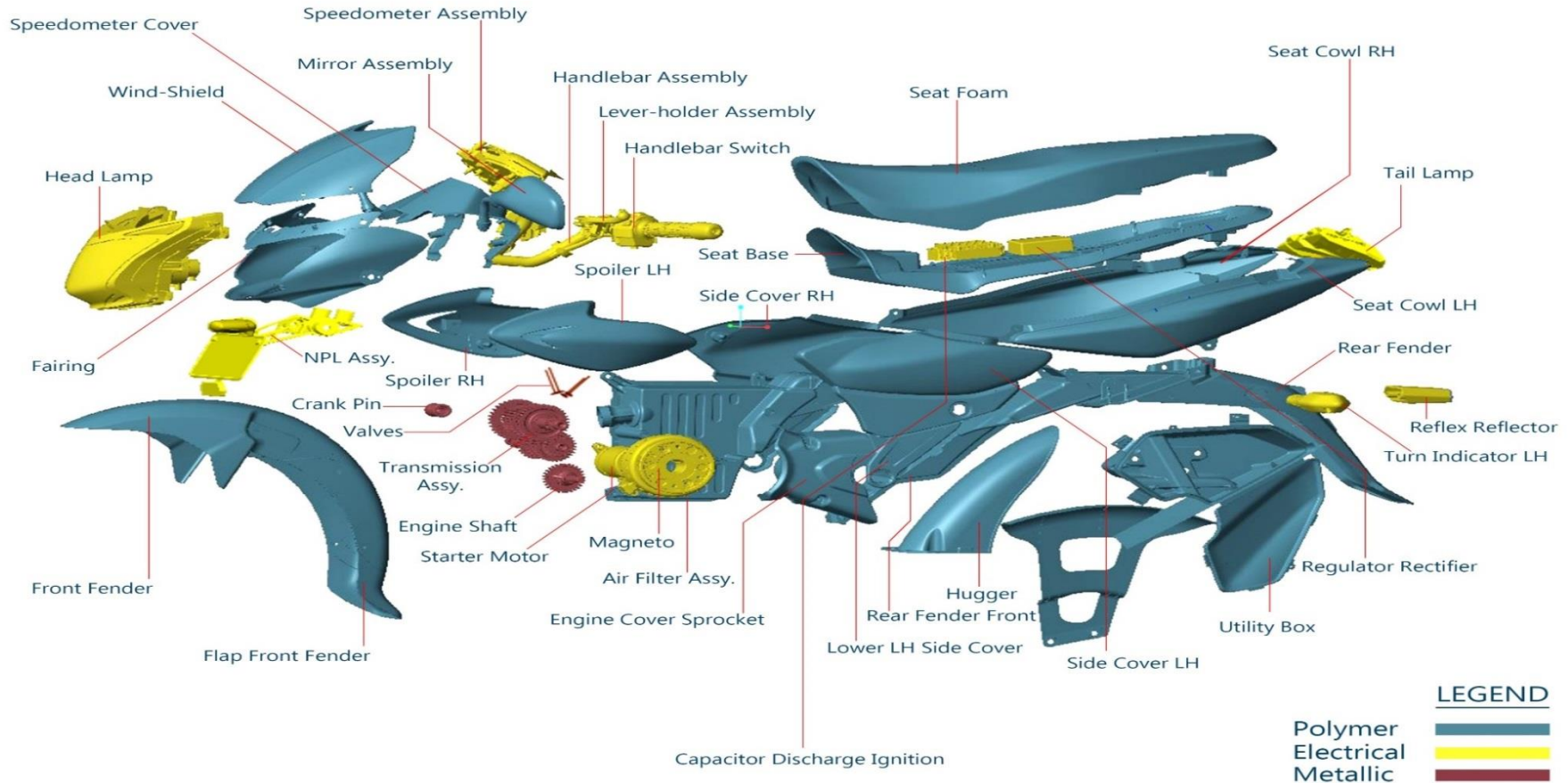
	VLS		Varroc's India Business				Other	
	PV Lighting		Polymer	Electrical	Metallic	IMES	Triom	
Description	<ul style="list-style-type: none"> Leading global supplier of exterior automotive lighting systems for PV 		<ul style="list-style-type: none"> One of the largest polymer solution providers to the 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 transmissions Supplies 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	 Xenon  LED  Matrix	 LED  Other Lights	 Air Filter Assemblies  Mirror Assemblies  Seat Assemblies  Trims (Interior & Door)	 Digital Instrument Cluster  Motor (Starter & Wiper)	 CDI  Magneto	 Transmission Assembly  Connecting Rod  Crankshaft  Engine Valves  Gears	 Undercarriage Links  Undercarriage Segments  Drill bit cones & heads	 Tail + Blinker  Headlight  Tail Light
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



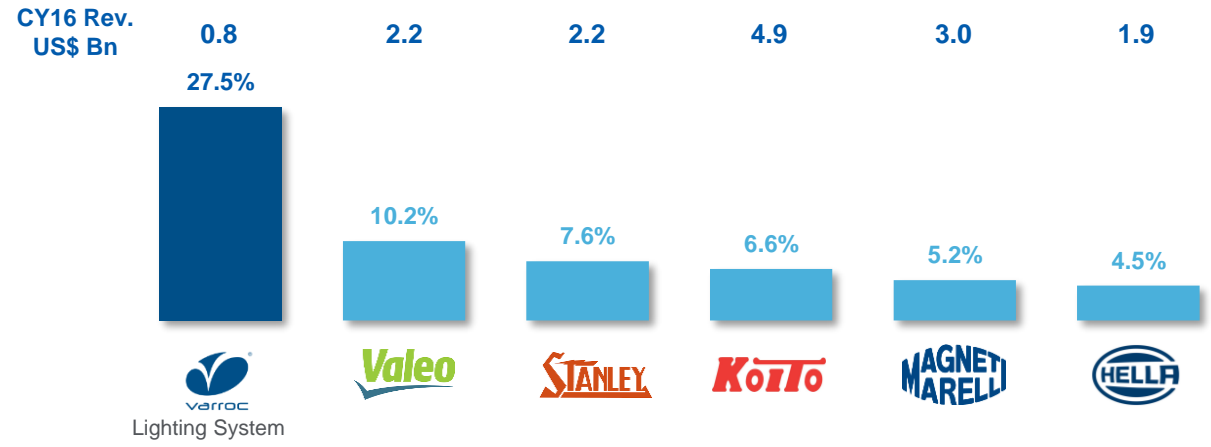
Projector

- 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⁾

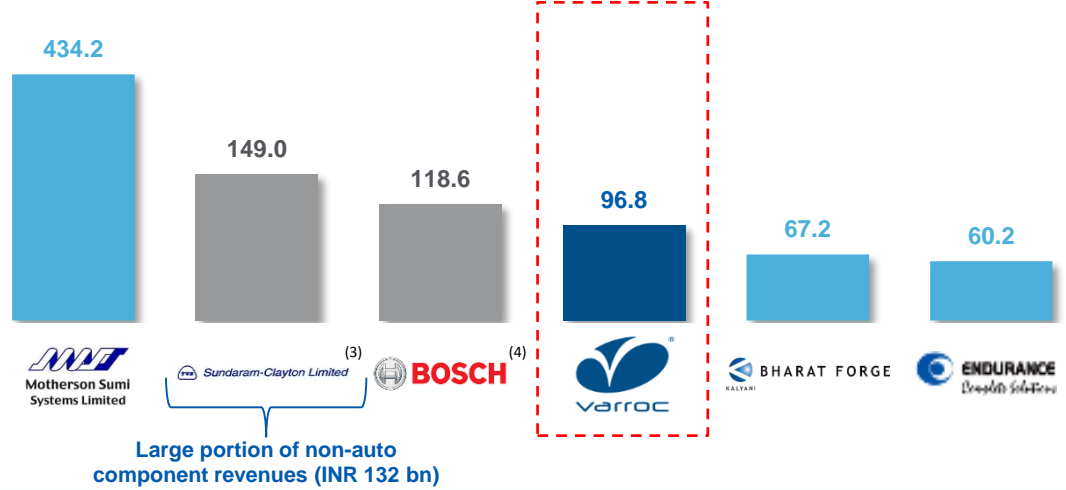
Exterior Lighting Revenue CAGR (CY14- CY16)



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

2nd Largest Indian Auto Component Group⁽¹⁾

Consolidated Revenue (FY17, INR bn)



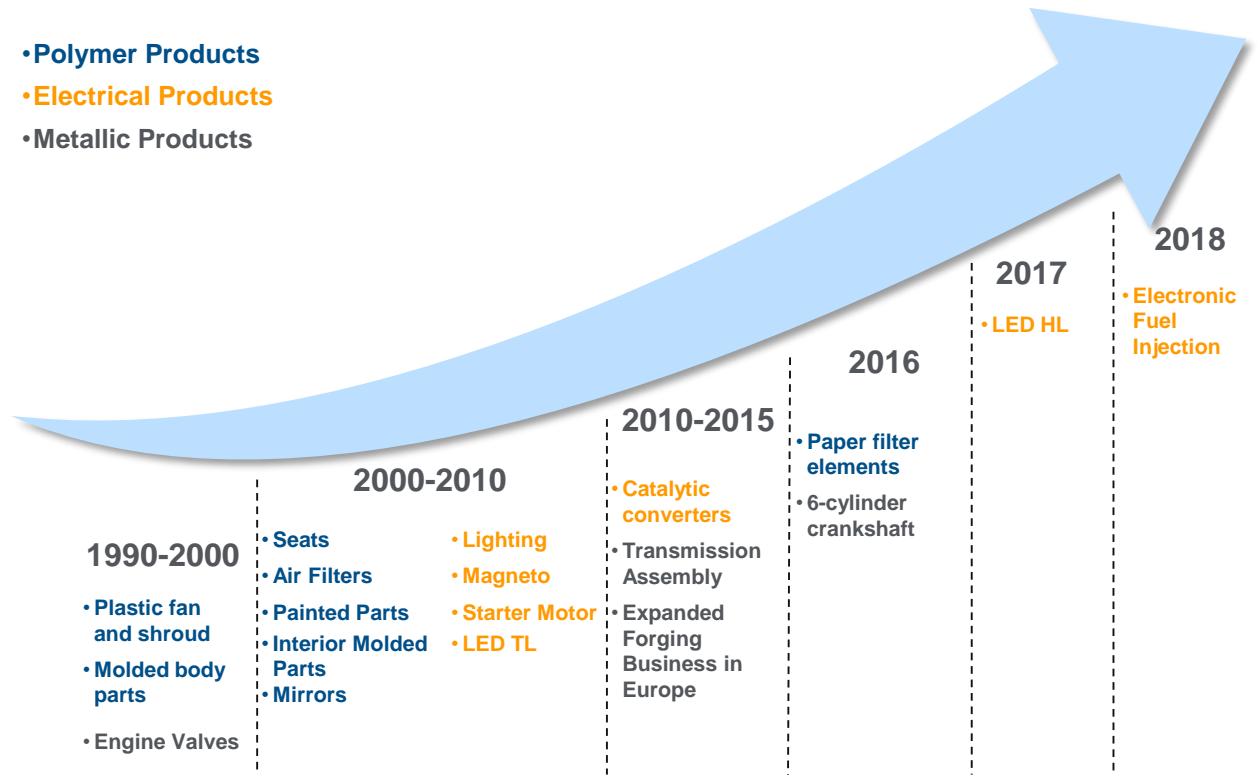
- Concentrated market – top 8 players account for >90% of over-all market
- Long-standing, growing customer relationships with marquee OEMs
- Low cost, diversified global manufacturing and R&D footprint
- Providing cost effective, cutting edge technology products
- India is one of the largest 2W market 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



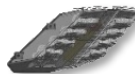
Additions to Product Portfolio Over the Years



Select Offerings



Engine Valves



LED TL



Digital clusters



Paper filter elements



LED HL

- 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.

THANK YOU