

Varroc Engineering Limited

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CIN: L28920MH1988PLC047335



VARROC/SE/INT/2024-25/119

December 10, 2024

To,

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

The Manager – Listing
The Corporate Relation
Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400001.
BSE Security Code: 541578
[Debt: 975062]

Dear Sir/Madam,

Sub: Investor Presentation for Investor Meet

Ref: Our Communication dated December 4, 2024 regarding schedule of Investor Meet

With reference to our captioned communication, please find enclosed a copy of the Investor Presentation.

Kindly take the same on record and note the compliance.

For Varroc Engineering Limited

Ajay Sharma
Group General Counsel and Company Secretary

Encl: a/a

VARROC INVESTOR PRESENTATION



PERFORM@CHANGE



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About Us



Varroc is a leading global auto technology company with a product portfolio covering a wide range of electrical, electronics, lighting, polymer, metallic, after-market and advanced safety solutions



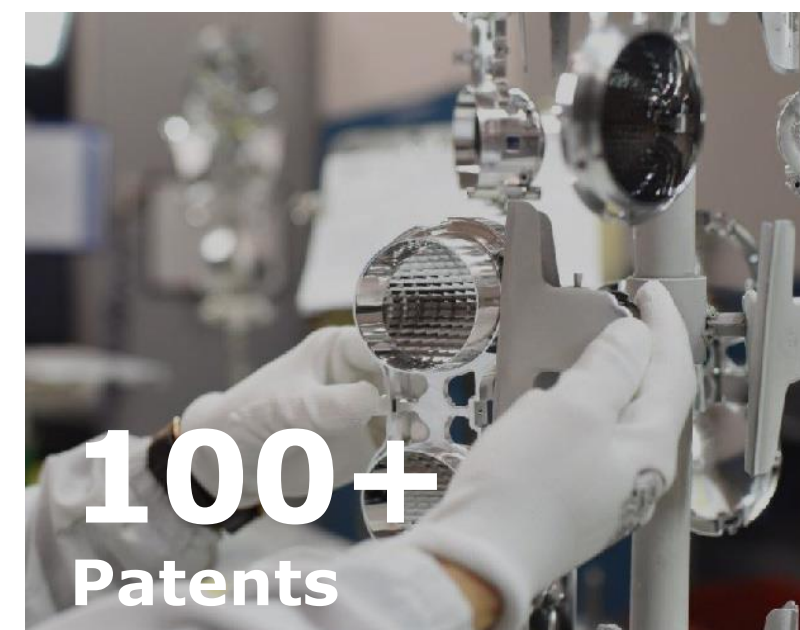
REVENUE USD 910 MILLION

BUSINESS CONTRIBUTION BY REGION

INDIA 87%

GLOBAL 13%

*Updated as per financial year 2024 and excludes the revenue from the JV.





Vision

Create safe, smart and sustainable future mobility solutions for everyone.




Mission

Be the trendsetter in providing mobility solutions that offer the highest value for money

- Extend India Market leader position in 2W mobility, lighting, and driver assistance to the world.
- Double profitable growth by 2030 achieved through business excellence.
- Be the Partner of Choice for our valued customers through superior customer experience.
- Empower and enable all teams committed to speed, excellence, and our values to achieve exceptional success.

Continue to be a trusted Indian family-owned enterprise focused on societal and environmental sustainability.

Values

 **Sincerity:**
To speak & act from the heart

 **Humility:**
To walk with everyone

 **Integrity:**
To do what is right

 **Passion:**
To go against all odds

 **Self-discipline:**
To make it all happen

Representation of Varroc



Promoter Share Holding

75.0%

Public Share Holding

25.0%

Varroc Engineering Limited

Overseas Joint Ventures*

- Varroc TYC (China JV for 4W Lighting) (50%)

FY2024 Revenue : ~R12,550 mn

Overseas Subsidiaries

- IMES ITALY
- ITALY 2W Lighting
- ROMANIA 2W Lighting
- VIETNAM 2W Lighting
- ROMANIA Electronics

FY2024 Revenue : ~Rs. 6,650 mn

VEL - Standalone Operations

- Electrical and Electronics (EBU) (incl. 2W Lighting)
- Metallic Business Unit (MBU) – Forging & Valves
- After Market Division (AMD)
- India 4W Lighting Business

FY2024 Revenue : ~Rs. 45,350 mn

India Subsidiaries' & JV

- Varroc Polymers Ltd (100%) (PBU)
- CarlQ Technologies Pvt. Ltd (95%) (EBU)
- Durovalves India Pvt. Ltd (72.78%) (MBU)
- Varroc Dell Orto Pvt. Ltd. (50.0%) (EBU)

FY2024 Revenue : ~Rs. 23,500 mn

Board of Directors in its meeting on 17th May'24 has also approved merging of Varroc Polymer Ltd with Varroc Engineering Ltd.

Technology for Two Wheelers



Technology development driven by latest mega trends that enable safer, smarter, connected and sustainable mobility

Technology for **Four Wheelers**



ADAS, Driver Monitoring Systems, Surround View Systems, LED Headlamps & LCUs, Adaptive Front Lighting Systems Mirrors



Safety



Personalization

Signature Lighting, Interior Systems, In-Cabin Sensing, Interior Mood Lighting, Center Consoles



Connectivity & Digitization

FOTA in Telematics, Video Telematics, AI powered sensor interfaces, AUTOSAR compliant modules

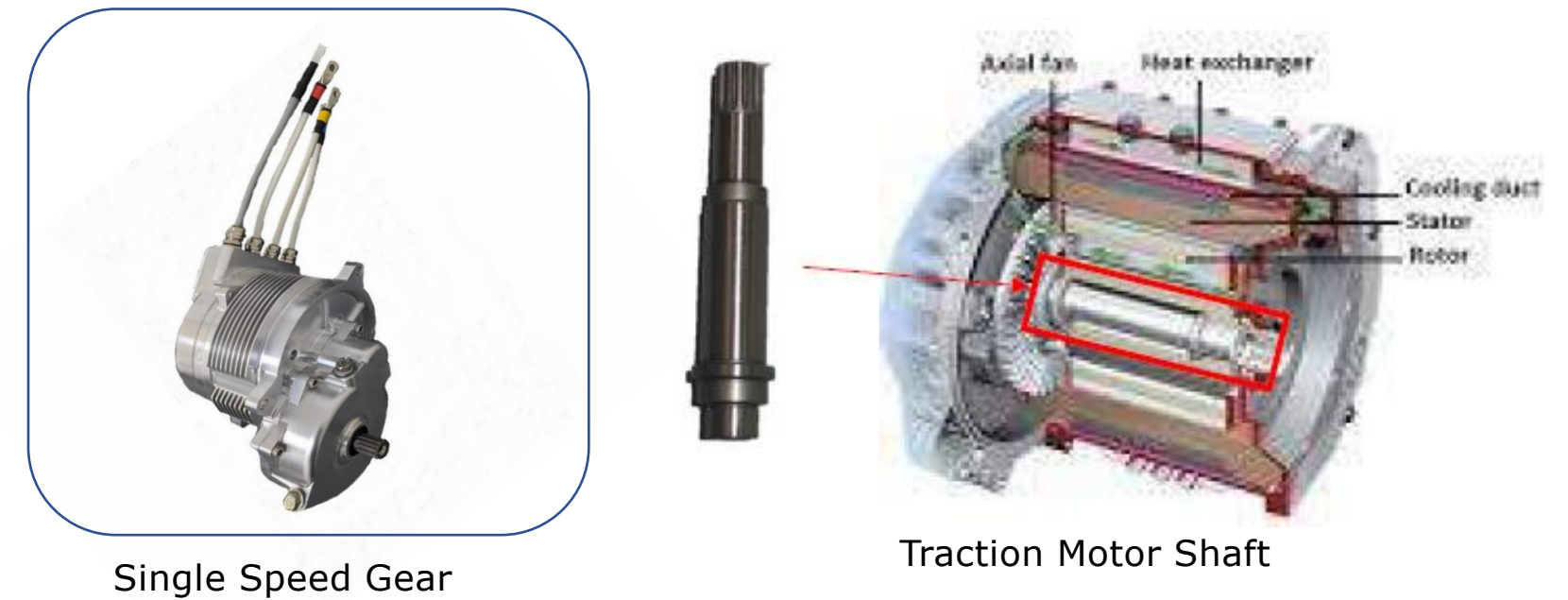


Technology Development driven by latest mega trends of Safety, Personalization, Connectivity and Digitization

Varroc's EV Product Offering



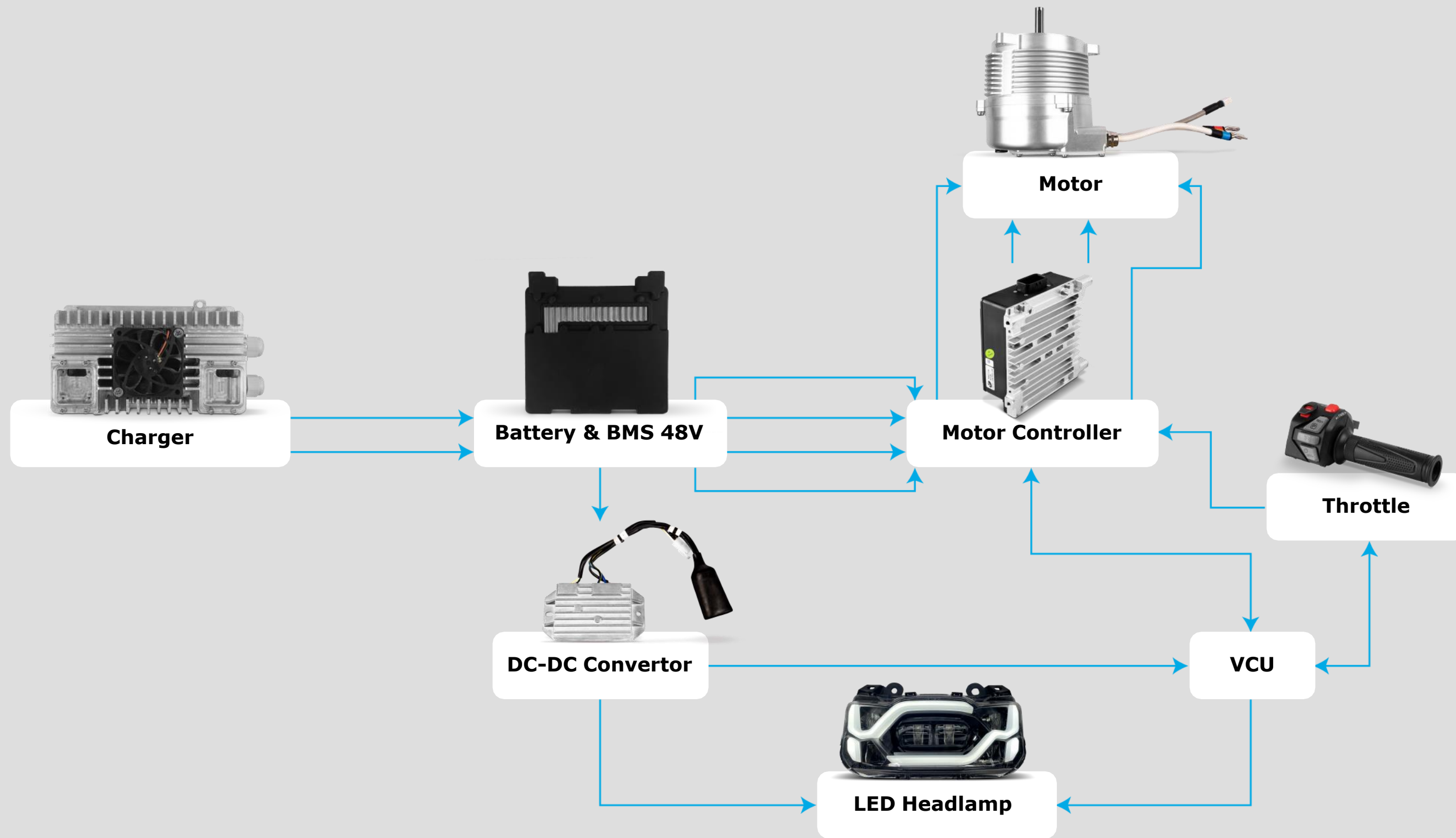
WE OFFER WIDE RANGE OF PRODUCTS FOR ELECTRIC VEHICLE WITH LOCALISED MANUFACTURING (2W/3W)



Adoption of EV is going to result in increase in content of certain products due to premiumization like clusters, switches and painted parts

Have developed new products worth approx. Rs.35,000/- for 2 wheeler and Rs.40,000/- in 3 wheeler for EV

Excelling as a **Systems Supplier**



Components

- Customer CTQs
- Component Design
- Robust analysis to predict the design meets all CTQs
- Tolerance analysis to ensure DFM
- Material and component data Base to speed up the design

Sub-Systems

- Customer requirements and CTQs
- Sub-system level CTQs
- Design of Electronics Hardware, Software and Mechanical
- Sub-System level simulation and analysis to ensure robustness
- Model based design and system validation (HILS)

Systems

- System level requirements and CTQs
- System level architecture design
- Electronics, Control system and Software architecture design & development
- System integration and testing (HILS)
- Vehicle level testing (Vehicle, Dyno and Chassis)

Components

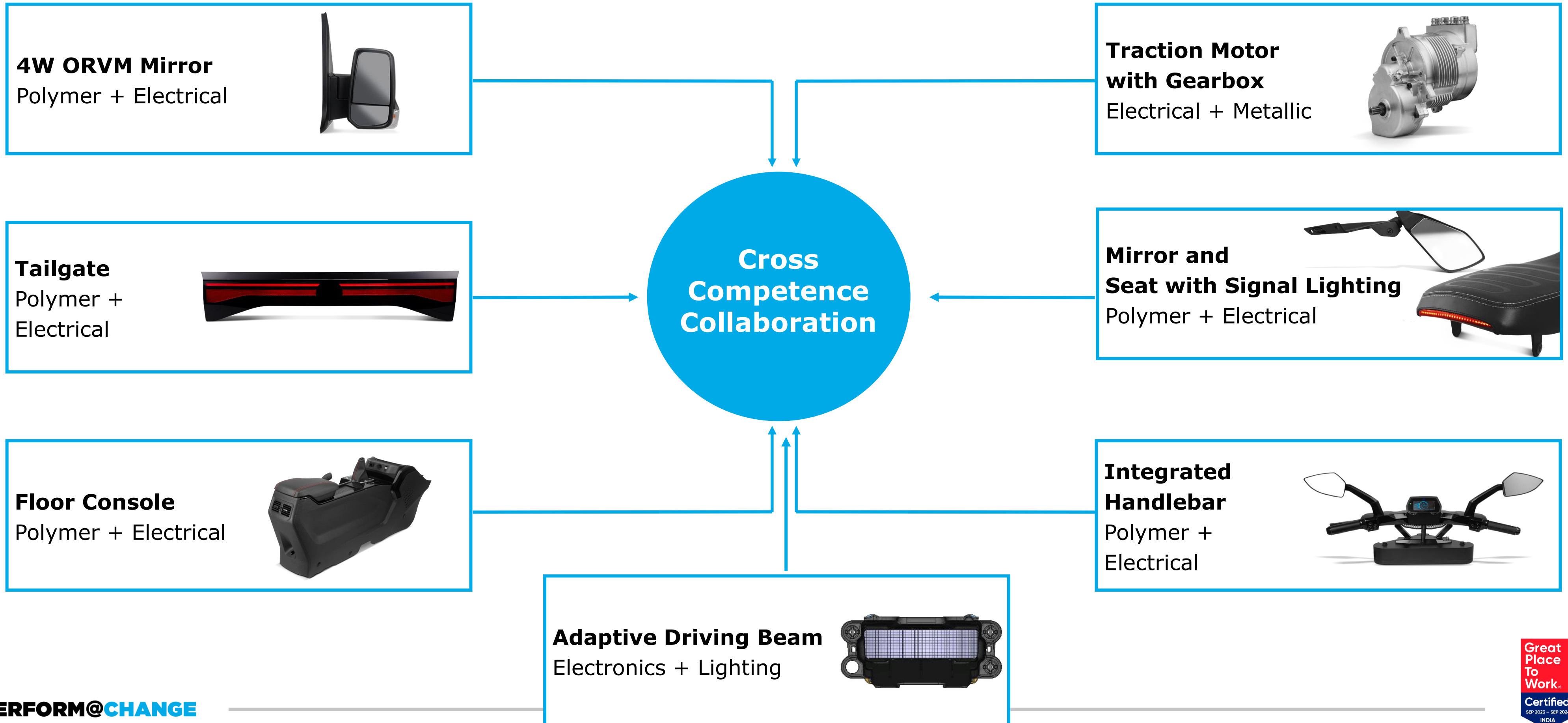
Sub-Systems

Systems

Unlocking Synergies across Competencies



Varroc's unique positioning as a systems supplier is strengthened through collaboration across its businesses.



Capabilities: Product Development



End-to-end capabilities across design, engineering, testing/validation, tooling, manufacturing and delivery

CAE and Simulation

- Structural & Vibration
- Thermal & Flow
- Optics
- Electromagnetics
- Mold flow
- Gap & Flush

Testing and Validation

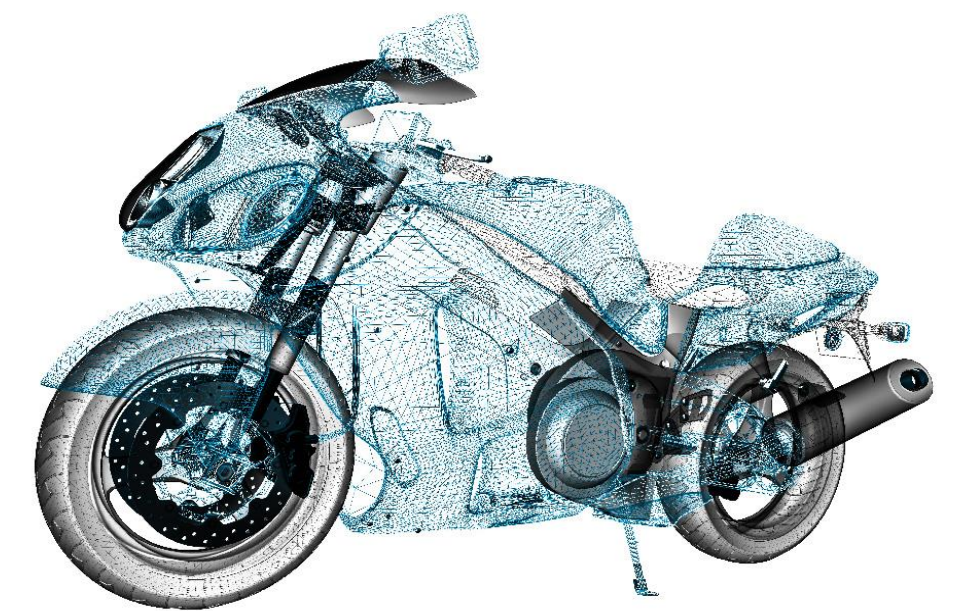
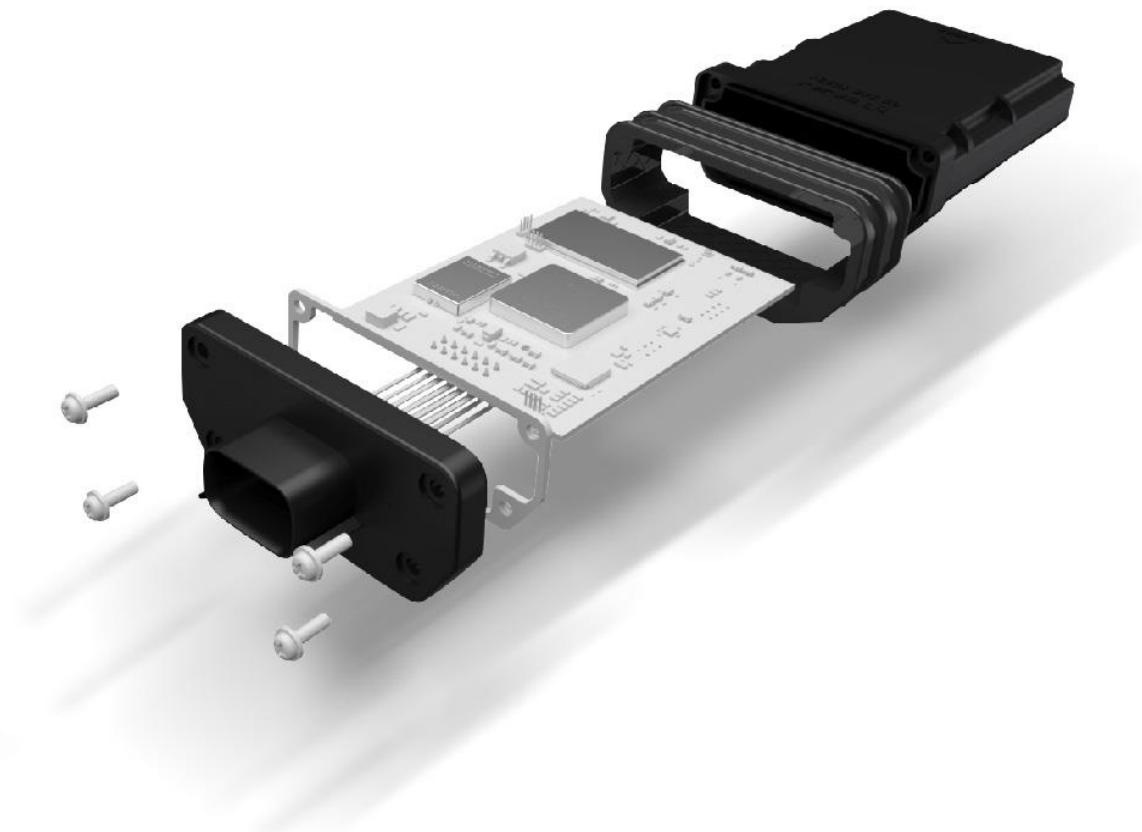
- Functional Performance
- Environmental, Durability
- Software HIL, SIL
- EMI EMC
- NABL Accredited Test Lab
- Photometry
- Surface treatment tests

Project and Program Management

- Product Life Cycle management tools
- Reliable and Wide Supplier base
- In-house styling studio for early engagement
- Capacity and Competency
- Quality Focus
- Certifications – NABL, APSICE2, IATF 16949
- Proto Facility

Facilities

- DFSS/DMAIC
- Proto facility
- State of art tools
- System Validation Lab
- Dedicated Technology Centers



Highlights of FY24 & H1 FY25



1. Revenue for FY24 at 75,443 mn with a growth of 9.5% driven by strong India business growth of 14.7%
Revenue for H1 FY25 came at Rs.39.796 mn with a growth of 7.8% again driven by India business growth of 12.4%

2. Improved profitability

H1 FY25 PBT at 3.7% & FY 24 PBT at 4.1% vs. 1.1% in FY 23
H1 FY25 EBITDA at 9.4% & FY 24 EBITDA at 10.0% vs. 8.6% in FY 23

3. Balance sheet strengthened in last 18 months with net debt reduced to below 10,000 mn i.e. 8,273 mn
Net Debt/Equity improved to 0.50X from 1.27x and Net Debt /EBITDA improved to 1.11x from over 2.13X

4. Strong growth in lifetime business won

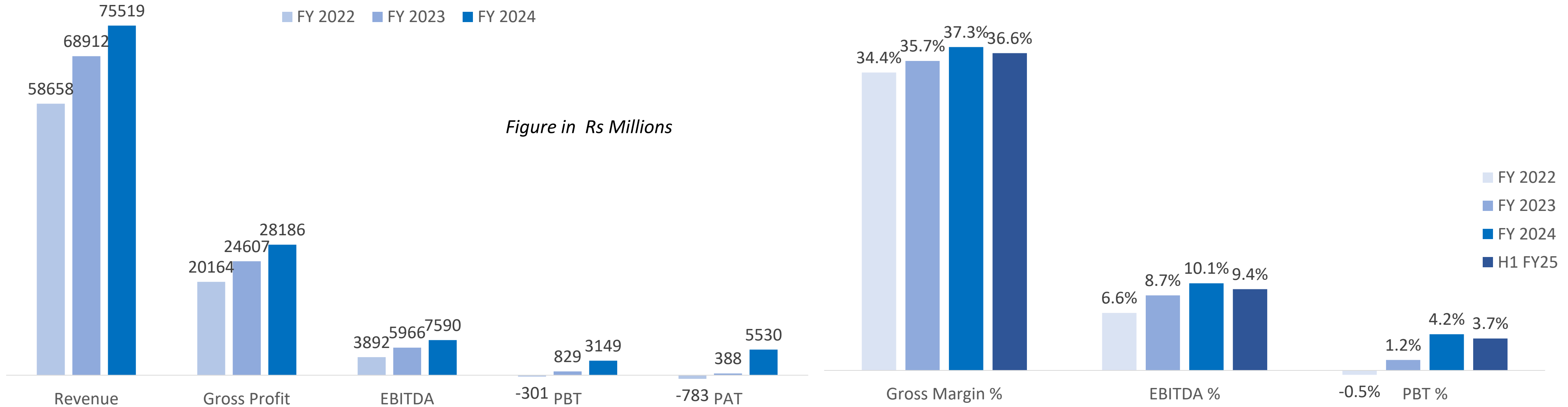
New lifetime orders in FY24 of Rs.87.00 billion & in H1 FY25 of Rs.32.5 billion
Nearly 40% business win is from supplying to **EV vehicles** to 7 customers

5. Revenue from supplying to EV customers in FY 24 was ~5.3% of Revenue which has increased to 9.2% in H1 FY25

6. Focus on increasing sourcing more from renewable energy and signed agreement

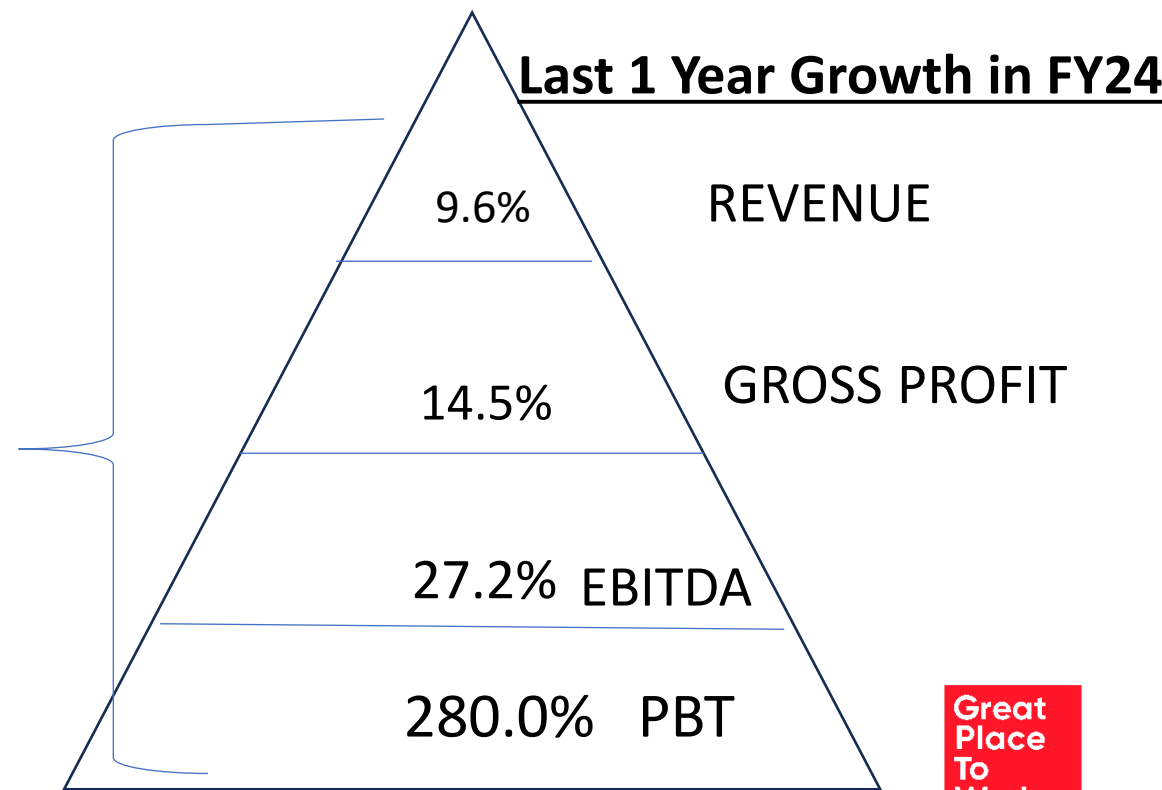
- In first phase to procure around 36.0 MW DC under captive route. Benefit started from Q2 FY25 onwards
- In second phase to procure further 25.0 MW DC, Full benefit to start from Q1 FY26 onwards

Profitability Statement - Last 3 years

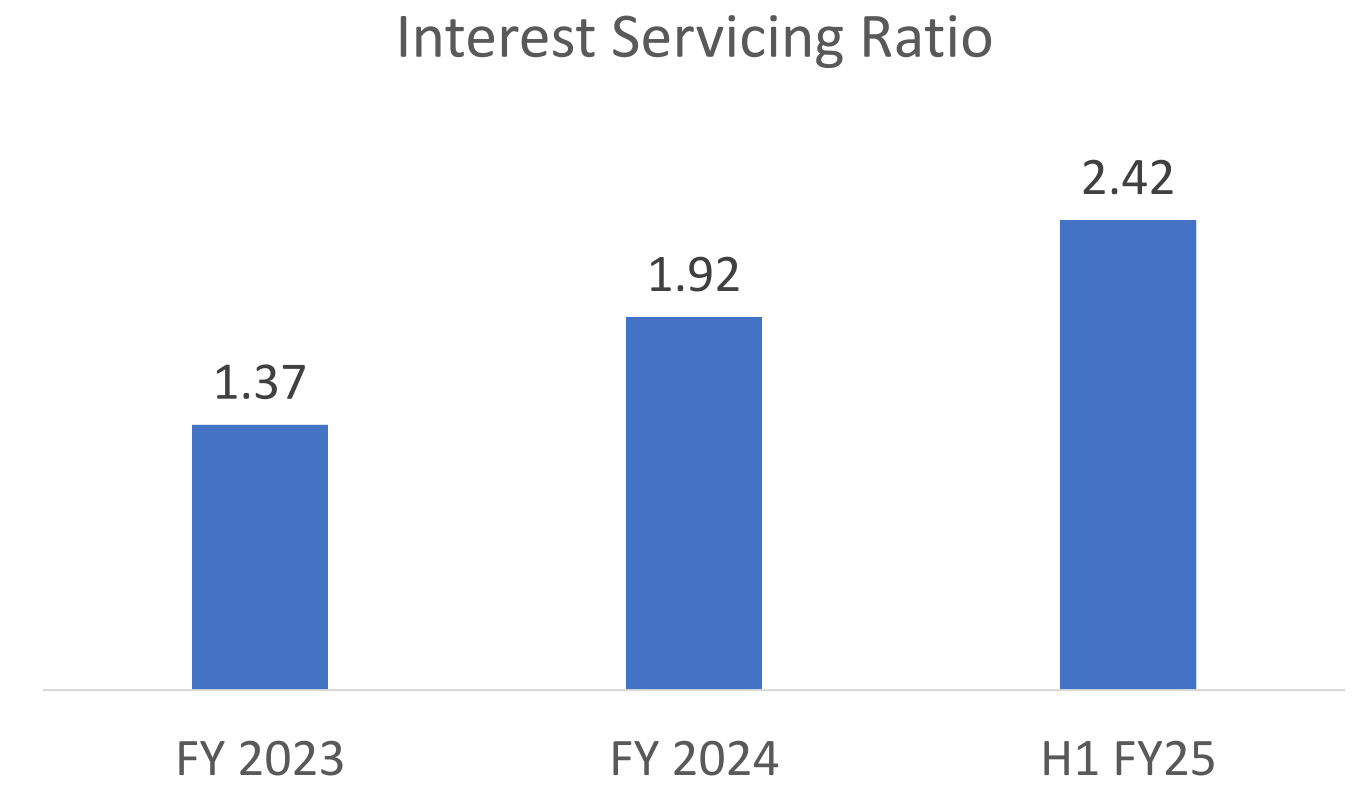
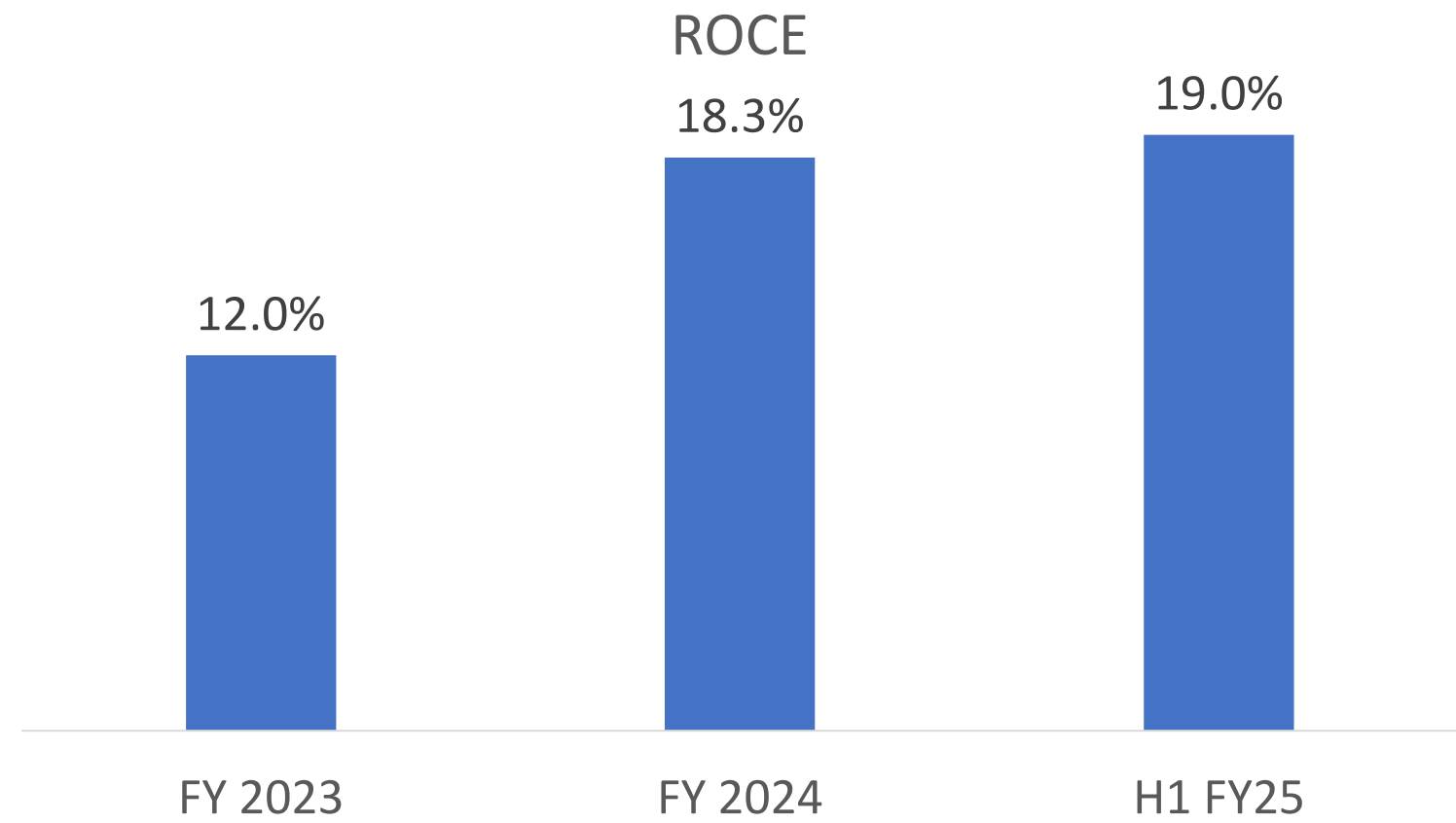


Rs. In Million	FY 2022	FY 2023	FY 2024	2 Year CAGR	H1 FY25
Revenue	58658	68912	75519	13.5%	39796
Gross Profit	20164	24607	28186	18.2%	14569
Gross Margin %	34.4%	35.7%	37.3%	290 basis	36.6%
EBITDA	3892	5966	7590	39.7%	3734
EBITDA %	6.6%	8.7%	10.1%	370 basis	9.4%
PBT	-301	829	3149	N.A.	1468
PBT %	-0.5%	1.2%	4.2%	470 basis	3.7%
PAT	-783	388	5530	N.A.	919
PAT %	-1.3%	0.6%	7.3%	860 basis	2.3%

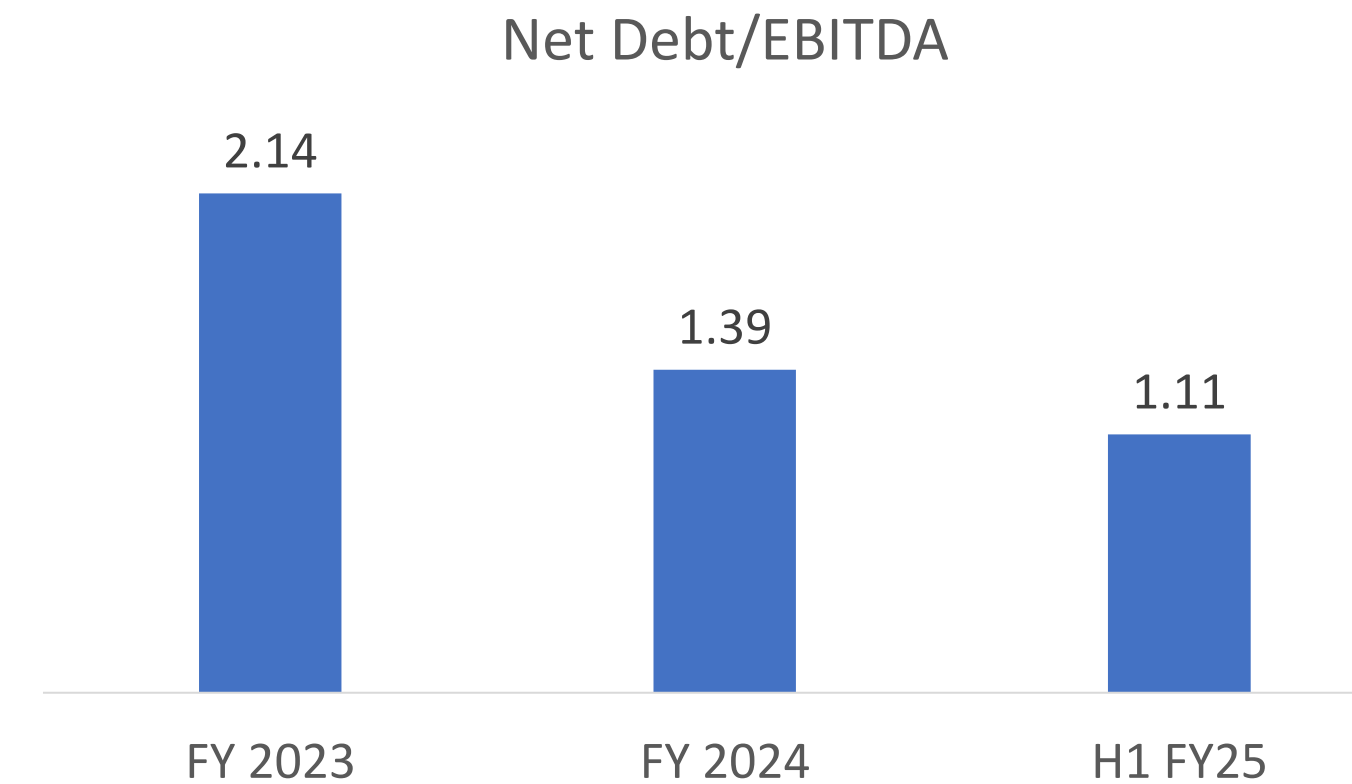
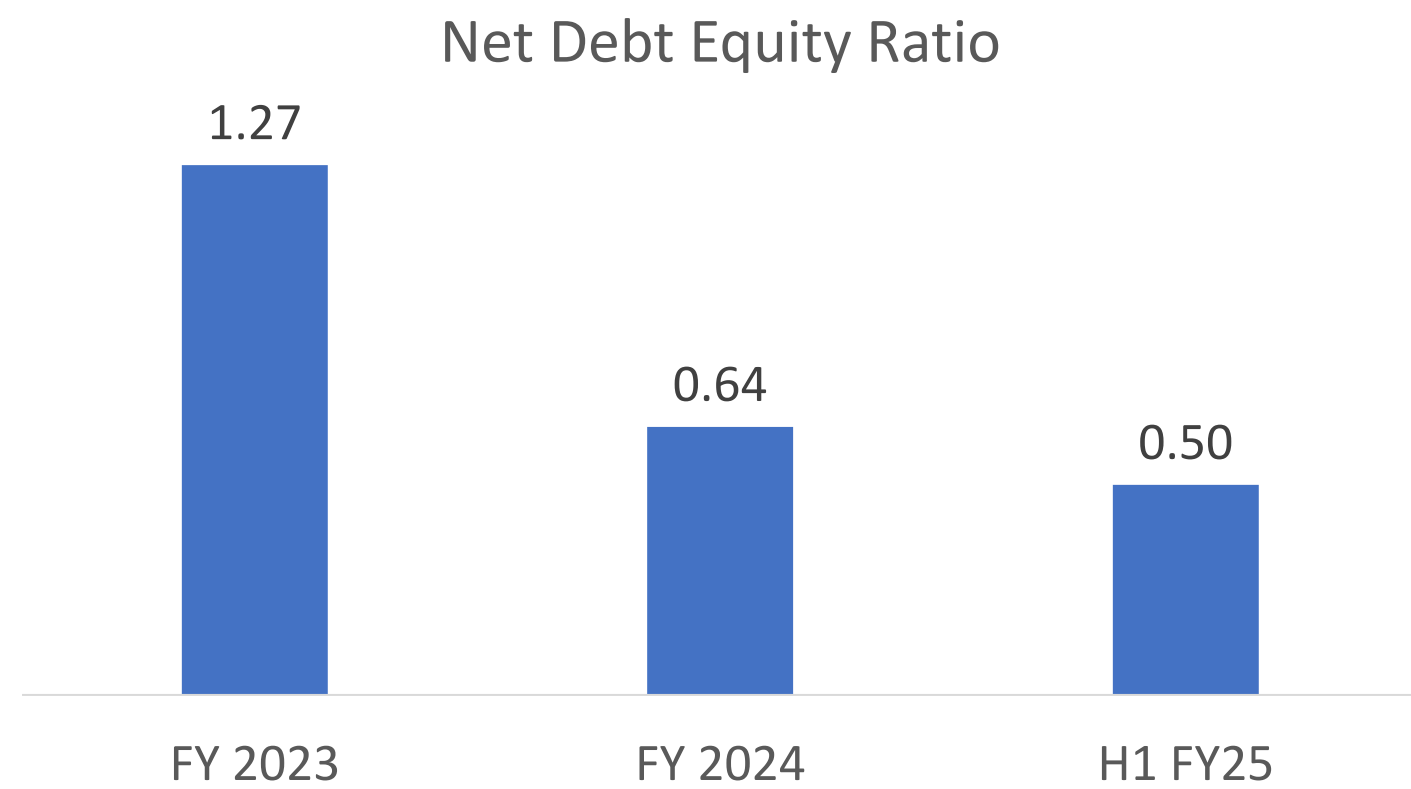
Positive Operating Leverage



Key Financial Indicators

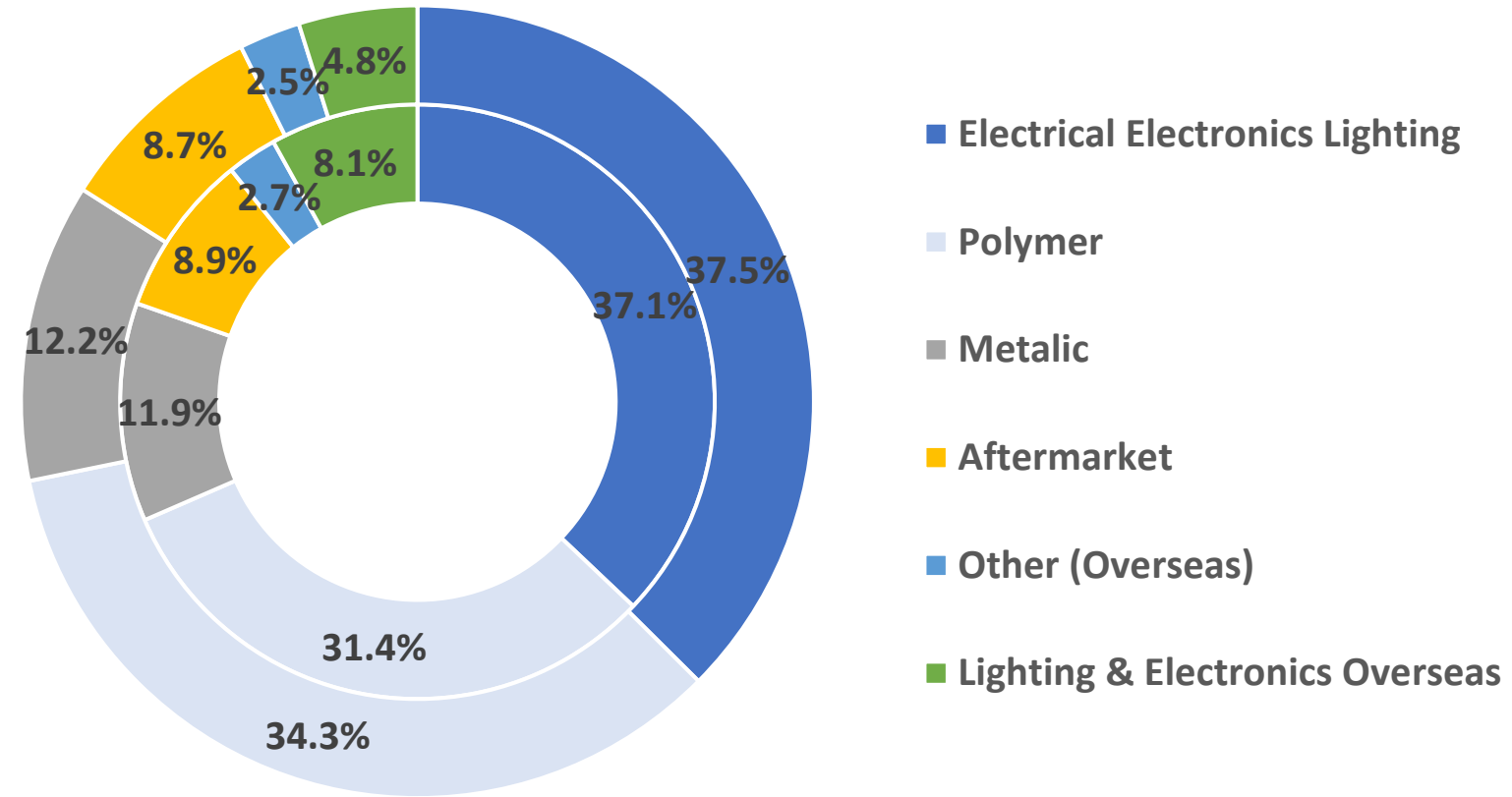


Improved return ratio and strengthening of balance sheet is improving debt servicing ability

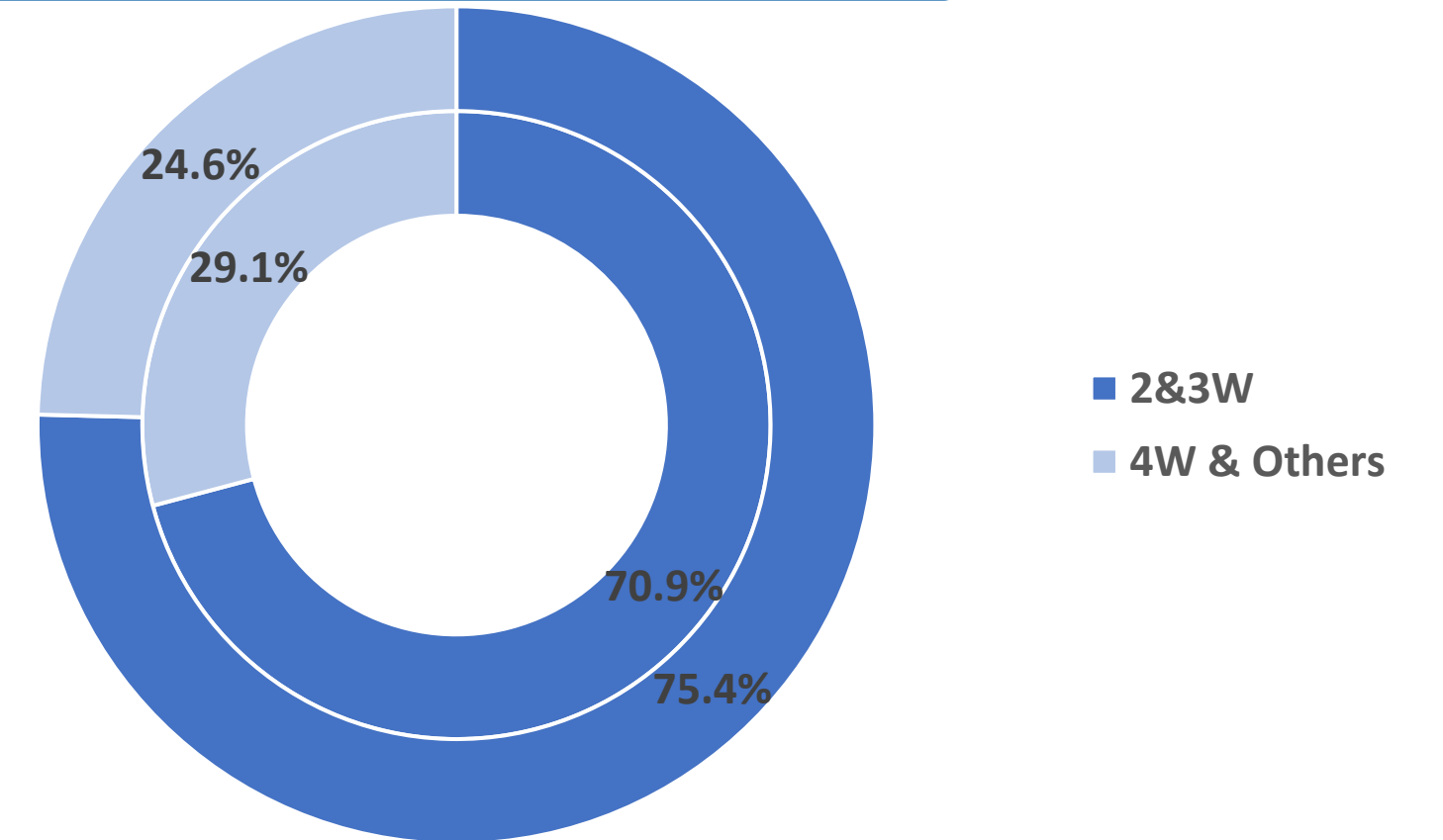


Revenue Breakdown for H1 FY25

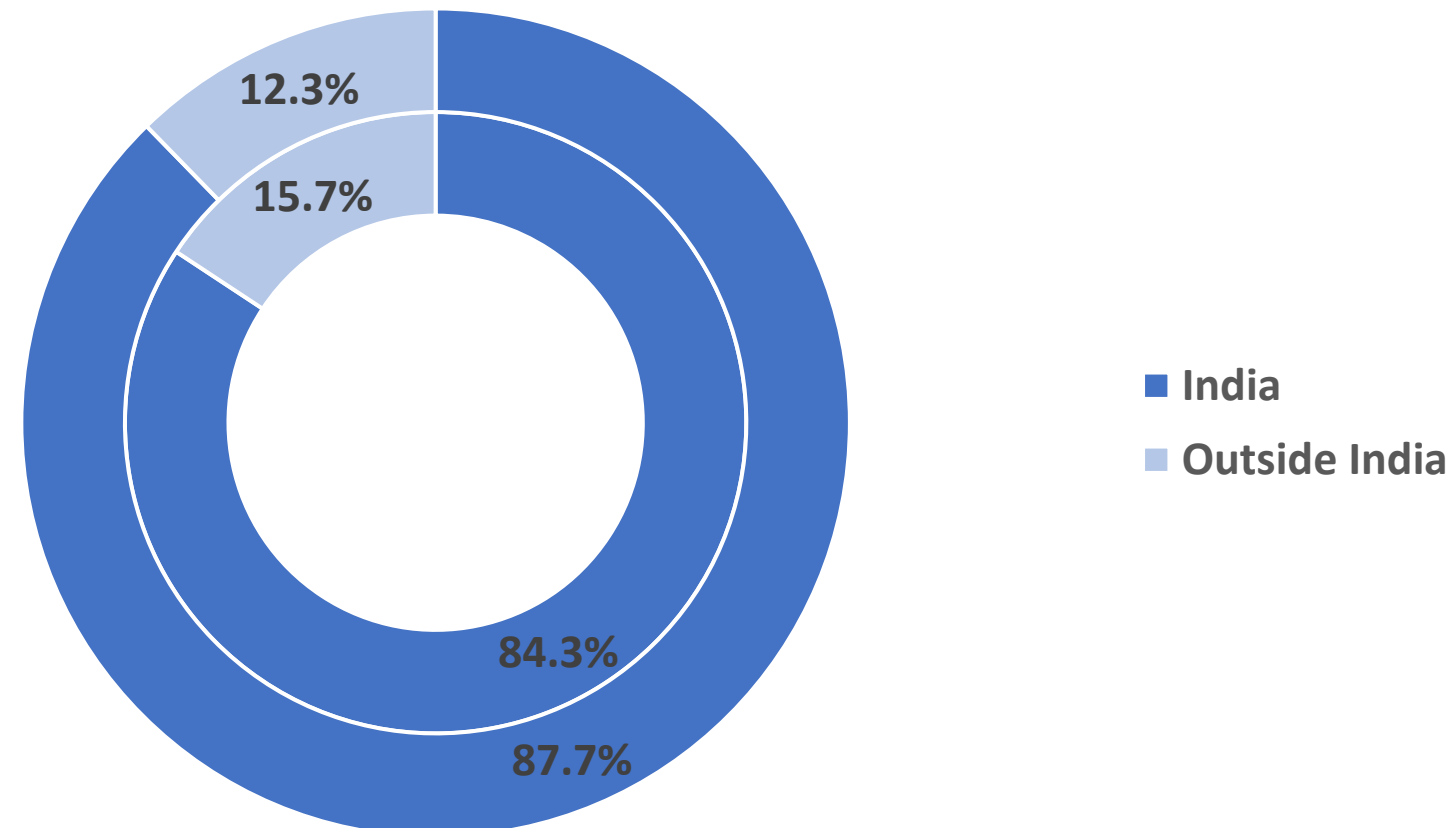
Business Unit



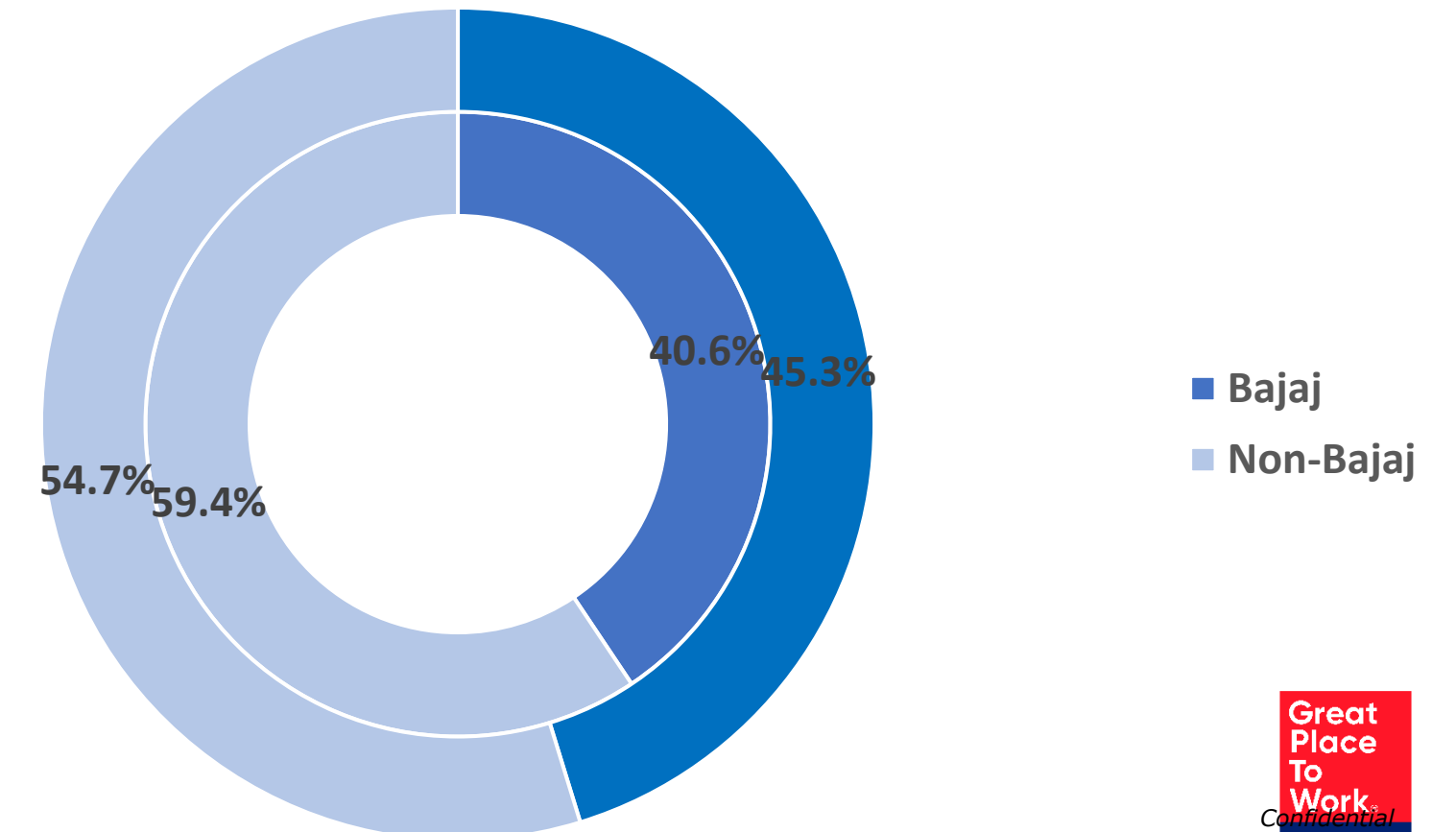
Segment



Geography



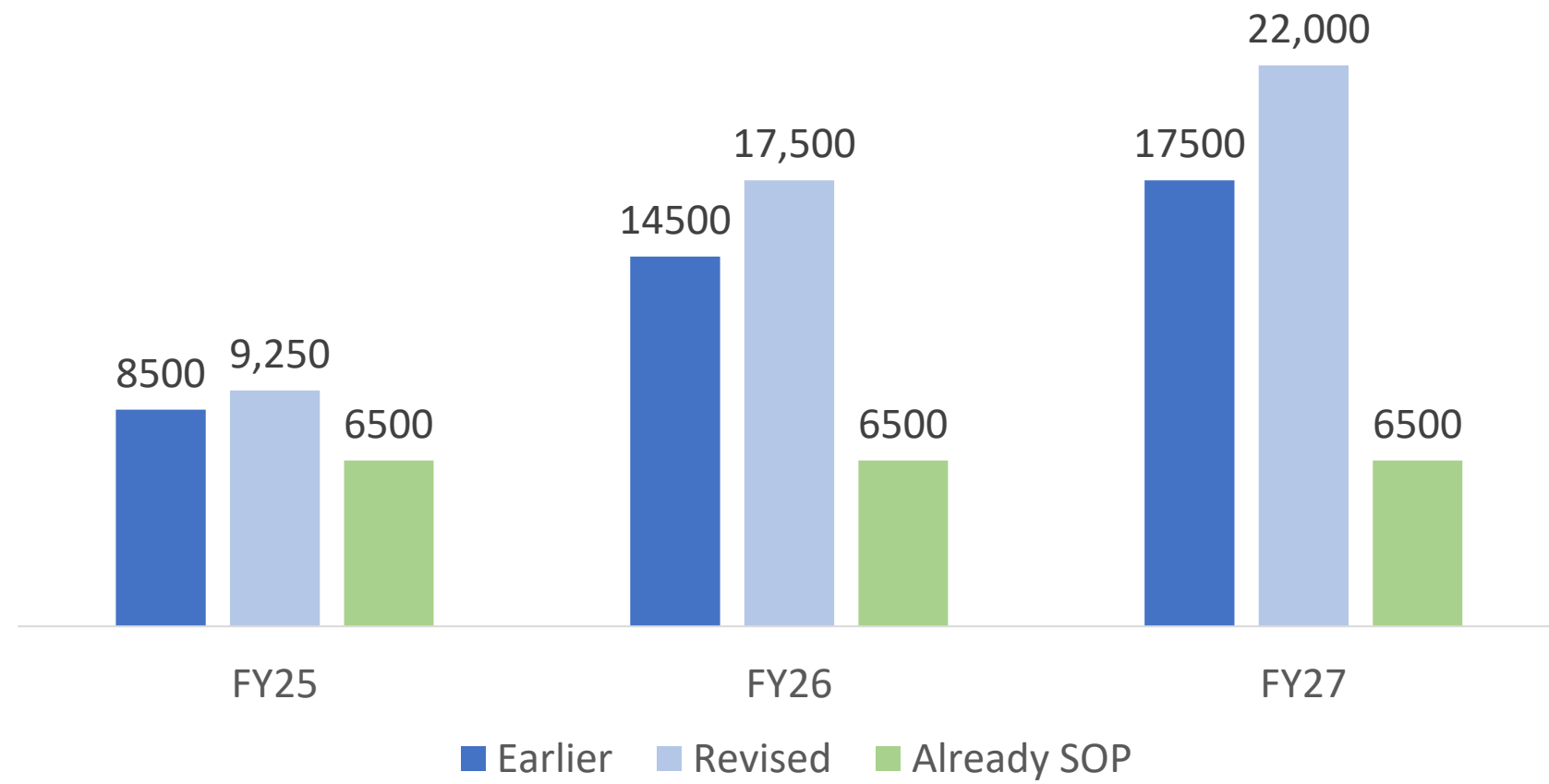
Customer



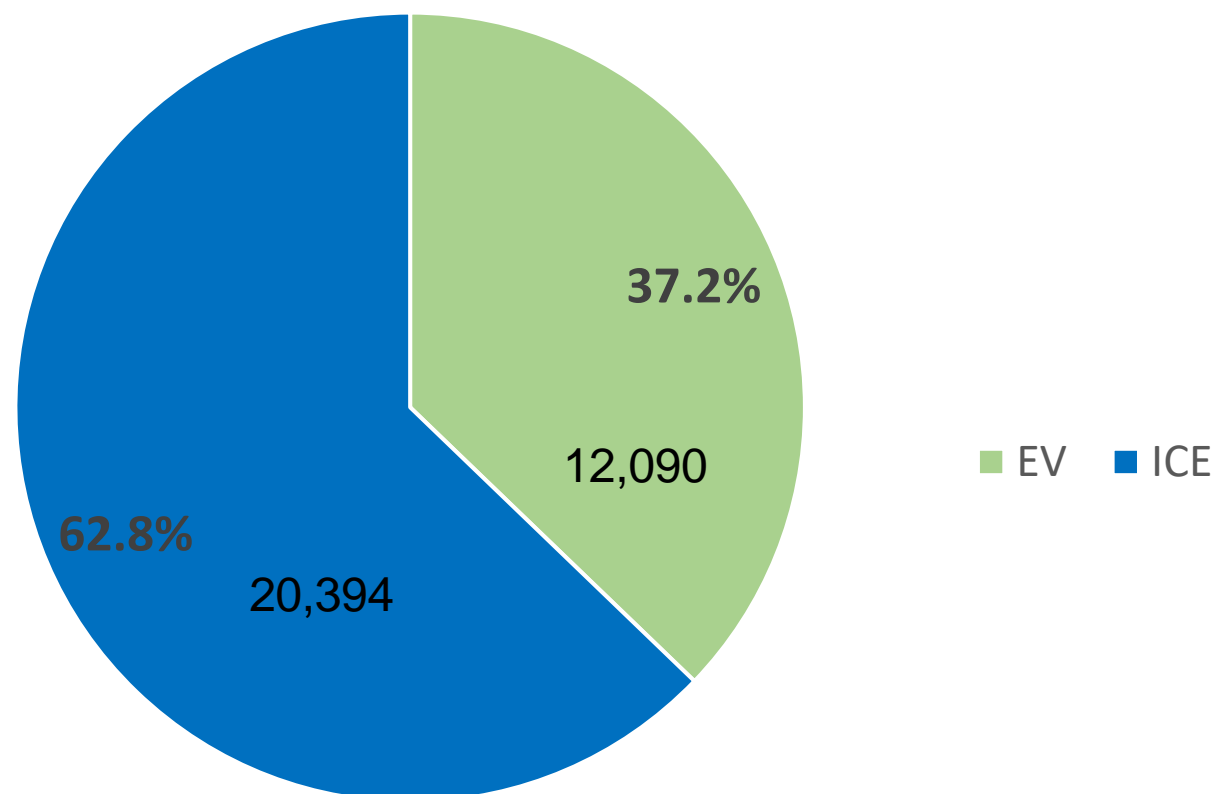
New Lifetime Order Win in H1 FY25

(Lifetime Value is 32,484 million and Annual Peak Revenue is Rs.6,046 million)

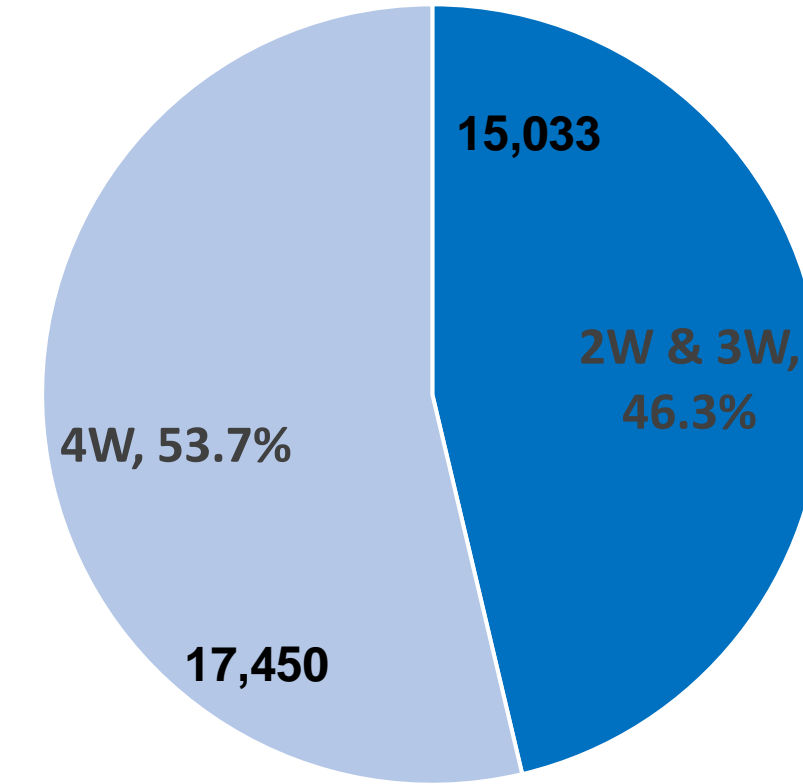
New business win adding to our revenue* in next 3 years



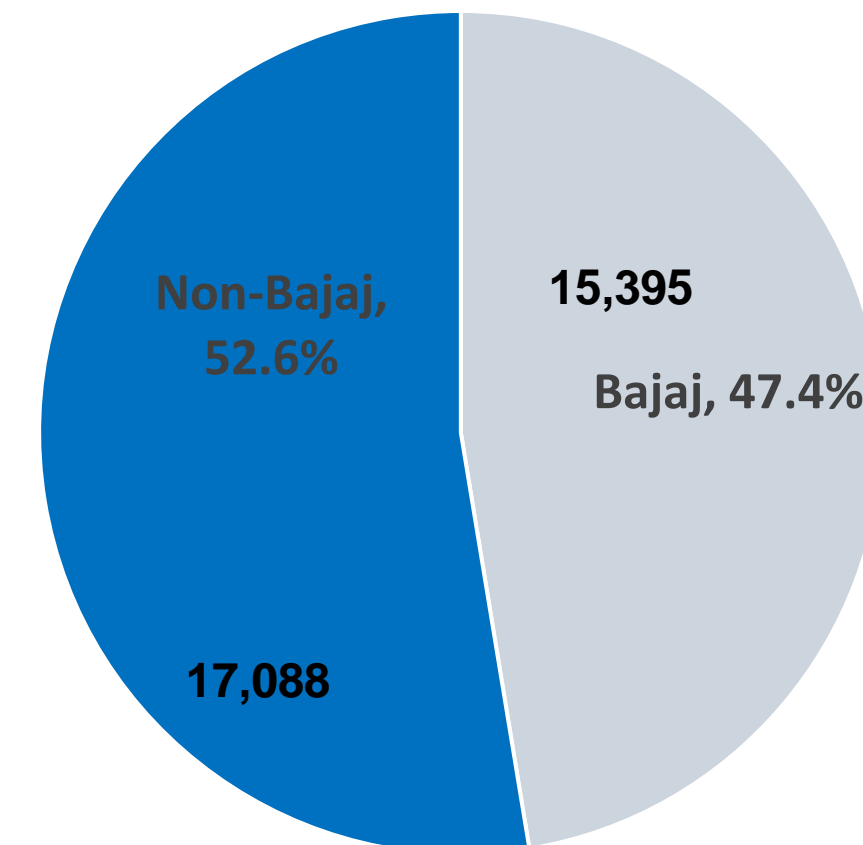
Lifetime Revenue win from ICE & EV Players



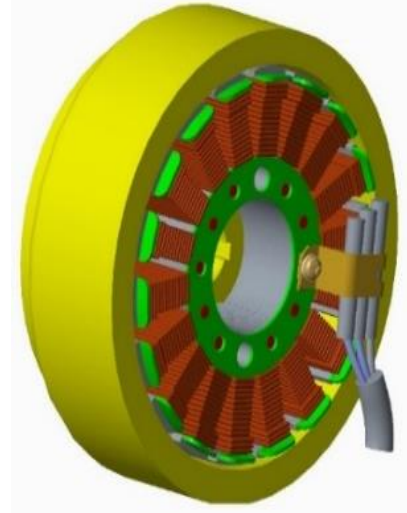
Lifetime Revenue win from 2&3W and 4W Players



Lifetime Revenue win from Customers



Technological new age products SOP in H1 FY25



Integrated Starter Generator (ISG)

ISG System (Motor Generator + Controller) combines engine cranking, electrical generation and rectification functionality. It replaces following components

- Starter motor
- ACG (Magneto)
- Gear pinion arrangement with chain
- One-way clutch
- Regulator Rectifier

ISG Advantage :

- Smooth Start and lower noise
- Increase Mileage
- Frequently Start Stop
- Higher Reliability

SOP



Two Stage Soft Covering Process with Hot Press Lamination

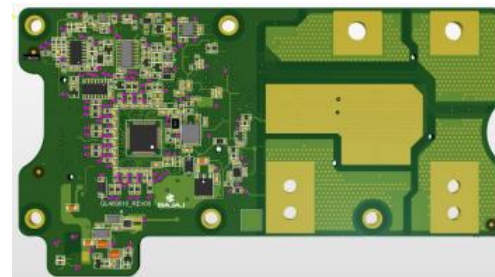
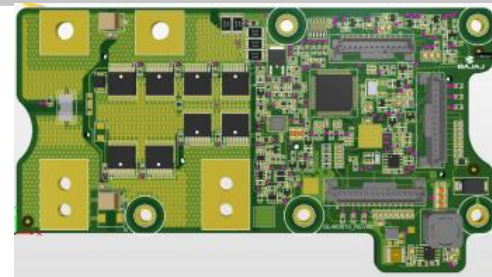
This covering process required high skilled manpower as Soft wrapping is man dependent. **Two Stage covering process made up of following parts.**

- Plastic Substrate
- Muller Mesh foam
- Leather wrapped skin
- Thread
- PU Foam
- Glue

Advantages.

- Premium look
- Better Fit & Finish
- Soft touch & feel

Technological new age products win in H1 FY25



Battery Management System (BMS)

BMS ensure battery cells are free from imbalance also collects data and communicates with charger and vehicle about state of battery pack and makes decision based on predefined necessary conditions.

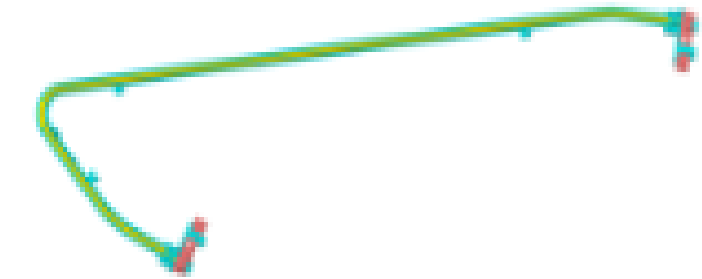
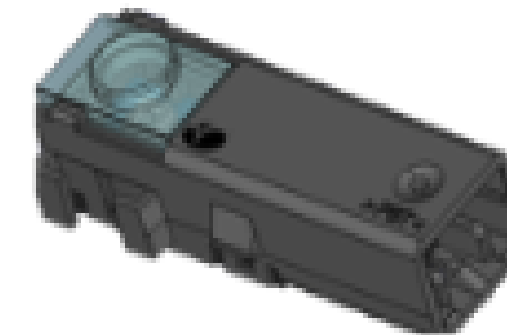
Main components are,

- Over current protection
- CAN based communication
- Temperature sensor
- Pressure sensor
- Battery cell charge monitoring

BMS Advantages:

- Prevents overcharging
- Limits excess discharging
- Overload current protection
- Over heat protection during charging

NEW WIN



Interior Ambient Lighting

Interior ambient lighting products delivers an emotional atmosphere within the vehicle and also take over functional tasks like warning functions.

They are used for

- Steering wheels
- Doors
- Roof Lamps
- Glove boxes
- Footwell

Varroc Interior Ambient Lighting Advantages:

- Standardization of light engines
- Flexibility of using it for different applications
- Competitive cost approach

CAPEX spent for focus products growth



Expanding our SMT lines from 10 to 15 to cater to our electronics need

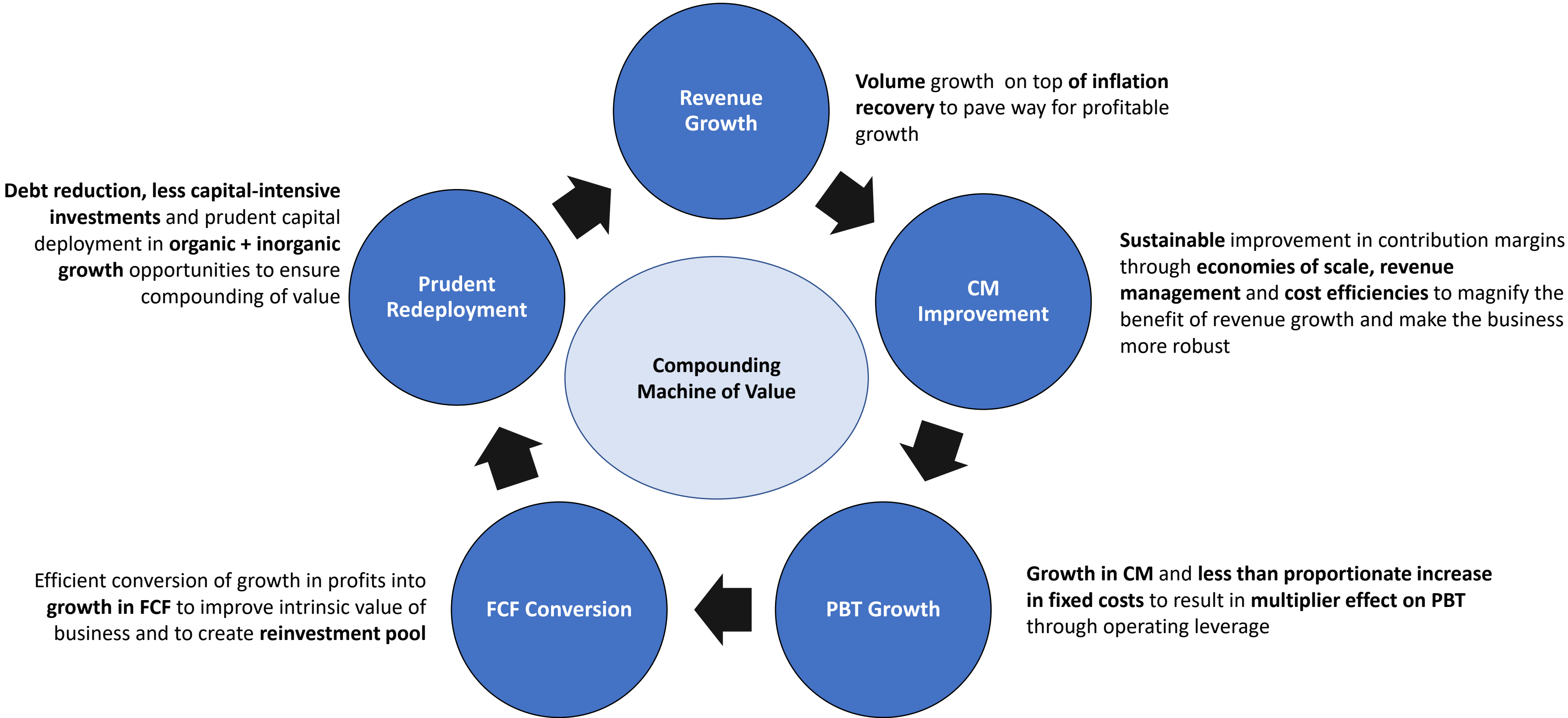


Extension of existing plant to cater to EV OEM

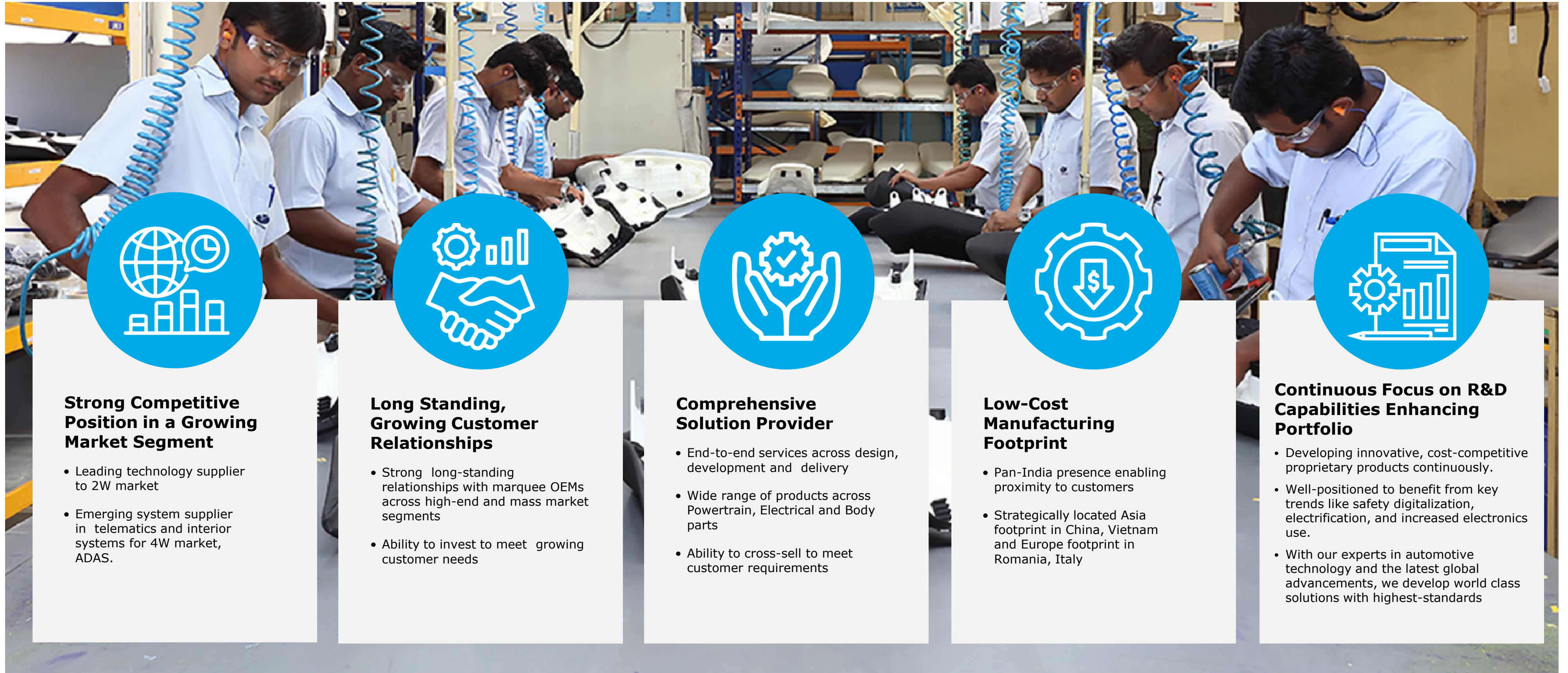


Acquired land in South & West India to further strengthen relationship with OEM's

Focus areas for Varroc



Why Varroc



Strong Competitive Position in a Growing Market Segment

- Leading technology supplier to 2W market
- Emerging system supplier in telematics and interior systems for 4W market, ADAS.



Long Standing, Growing Customer Relationships

- Strong long-standing relationships with marquee OEMs across high-end and mass market segments
- Ability to invest to meet growing customer needs



Comprehensive Solution Provider

- End-to-end services across design, development and delivery
- Wide range of products across Powertrain, Electrical and Body parts
- Ability to cross-sell to meet customer requirements



Low-Cost Manufacturing Footprint

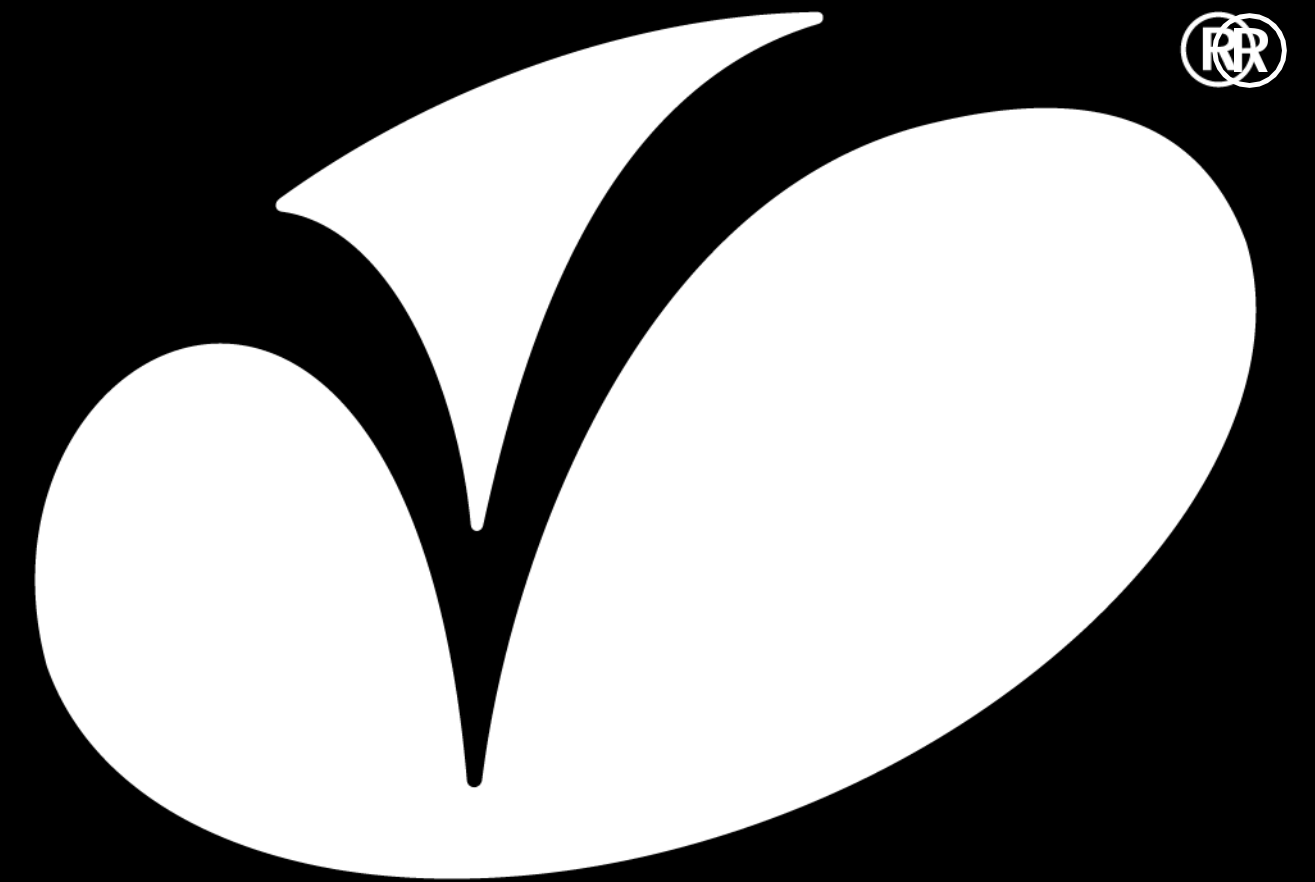
- Pan-India presence enabling proximity to customers
- Strategically located Asia footprint in China, Vietnam and Europe footprint in Romania, Italy



Continuous Focus on R&D Capabilities Enhancing Portfolio

- Developing innovative, cost-competitive proprietary products continuously.
- Well-positioned to benefit from key trends like safety digitalization, electrification, and increased electronics use.
- With our experts in automotive technology and the latest global advancements, we develop world class solutions with highest-standards

THANK YOU



Varroc
EXCELLENCE