

Issue Highlights:

Issuer: Varroc Engineering Limited IPO

Issue Type: 100% Book Built Issue IPO

Issue Open: Tuesday, Jun 26, 2018

Issue Close: Thursday, Jun 28, 2018

Offer Details: 2,01,21,730 Equity Shares. (Rs.1941.75 crs. @ lower price band & Rs.1945.77 crs @ upper price band)

Face Value: Rs.1 per Equity Share

Price Band: Rs.965 - Rs.967 per Equity Share

Minimum Order Quantity Retail: 15 Equity Shares and in multiples thereof

Maximum Bid amount for Retail: Rs. 2 Lakhs

Listing: NSE & BSE

Issue Size and Investor Category Allocation

QIB: 50% of the issue size

NIB: 15% of the issue size

Retail Individual: 35% of the issue size

Discount: Rs. 48/- per share to Eligible Employees

Book Running Lead Managers:

Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited, Credit Suisse Securities (India) Private Limited, IIFL Holdings Limited

Registrar:

Link Intime India Private Limited

Key Business Strategies:

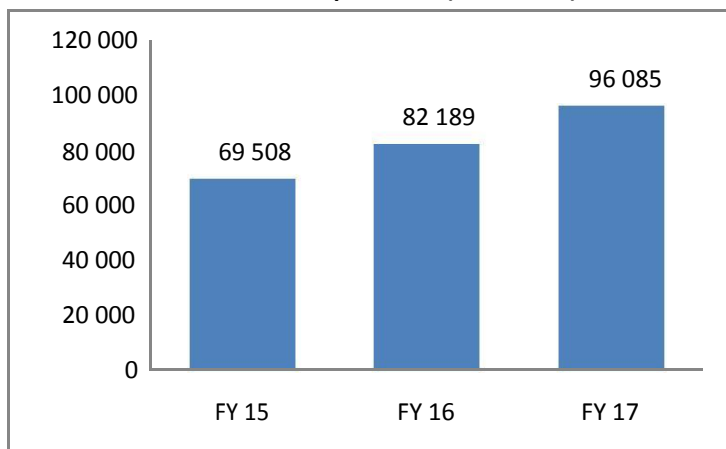
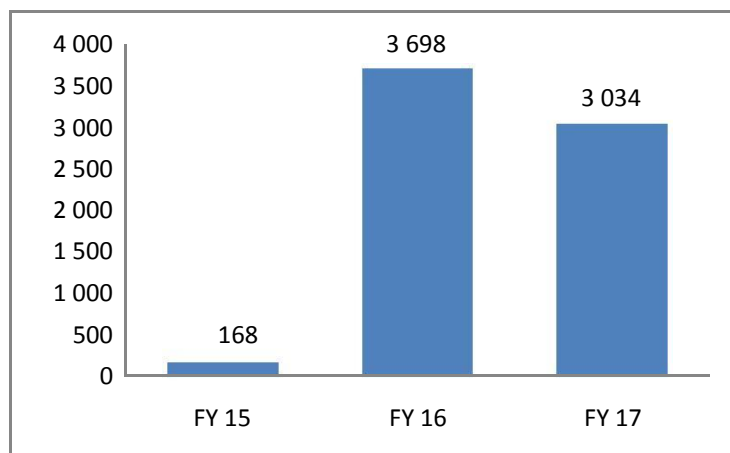
- Strong competitive position in attractive growing market
- Strong, long-standing customer relationships
- Comprehensive product portfolio
- Low cost, strategically located manufacturing and design footprint
- Robust in-house technology, innovation and R&D capabilities
- Consistent track record of growth and operational and financial efficiency

Key Strengths:

- Focus on high growth markets for Global Lighting Business
- Focus on increasing customer revenue for India Business
- Continue to invest in our R&D, design, engineering and software capabilities in order to capitalize on future trends
- Pursue strategic joint ventures and inorganic growth opportunities
- Focus on operational efficiency

About the Issuer:

- Varroc Engineering Limited commenced operations with polymer business in 1990.
- Company is a global tier-1 (tier-1 companies are companies that directly supply to original equipment manufacturers ("OEMs")) automotive component group.
- Company designs, manufactures and supplies exterior lighting systems, plastic and polymer components, electrical-electronics components, and precision metallic components to passenger car, commercial vehicle, two-wheeler, three-wheeler and off highway vehicle ("OHV") OEMs directly worldwide.
- Company is the second largest Indian auto component group (by consolidated revenue for FY2017) (Source: CRISIL Research) and a leading tier-1 manufacturer and supplier to Indian two-wheeler and three-wheeler OEMs (by consolidated revenue for FY2017) (Source: CRISIL Research).
- Company is the sixth-largest global exterior automotive lighting manufacturer and one of the top three independent exterior lighting players (by market share in 2016) (Source: Yole). From FY2016 to FY2018 Company had a compound annual growth rate ("CAGR") of 12.37% in terms of revenue.

Revenue from Operations (Rs. Million)

Net Profit After Tax (Rs. Million)

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
(` in million)

Particulars	As at December 31, 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
ASSETS				
Non current assets				
Property, plant and equipment	24,234.91	22,512.05	19,748.54	17,208.36
Capital work-in-progress	2,761.09	2,464.58	2,635.97	1,487.98
Investment properties	141.92	146.34	152.13	157.92
Goodwill	334.72	150.82	150.82	150.82
Other Intangible assets	1,476.99	1,146.00	1,209.63	1,068.06
Intangible assets under development	750.66	460.80	517.05	286.99
Investments accounted for using the equity method	3,225.83	2,927.07	2,643.13	1,959.16
Financial assets				
Investments	3.41	0.20	0.20	0.20
Loans	101.34	82.59	63.76	58.52
Other financial assets	220.93	759.19	827.70	1,169.18
Income tax assets (Net)	96.46	153.03	161.50	144.18
Deferred tax assets	614.53	130.21	132.44	-
Other non-current assets	831.49	486.09	628.91	420.61
Total non-current assets	34,794.28	31,418.97	28,871.78	24,111.98
Current assets				
Inventories	8,503.87	7,534.72	6,828.87	5,861.03
Financial assets				
Investments	220.13	-	119.40	223.16
Trade receivables	15,446.16	11,382.85	11,852.03	10,714.49
Cash and cash equivalents	1,844.29	3,500.27	1,636.13	561.31
Other bank balances	13.25	40.27	134.67	129.02
Loans	56.02	42.29	39.79	36.59
Other financial assets	2,674.87	3,012.51	1,375.73	457.60
Other current assets	1,552.54	1,671.92	1,600.15	2,189.50
Total current assets	30,311.13	27,184.83	23,586.77	20,172.70
Total Assets	65,105.41	58,603.80	52,458.55	44,284.68
EQUITY AND LIABILITIES				
Equity				
Equity and Preference share capital	134.81	134.81	262.37	96.14
Other equity				
Reserves and surplus	24,768.28	21,683.36	15,609.23	10,741.21
Other reserves	1,219.62	35.58	1,757.17	(12.46)
Equity attributable to owners	26,122.71	21,853.75	17,628.77	10,824.89
Non-controlling interests	202.20	201.59	202.81	214.46
Total equity	26,324.91	22,055.34	17,831.58	11,039.35

(` in million)

Particulars	As at December 31, 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings				
(i) Borrowings other than covered under (ii) below	6,754.29	7,552.71	5,573.49	4,336.71
(ii) Liability portion of CCPS	-	-	2,060.40	5,894.77
Other financial liabilities	109.85	91.17	74.70	101.51
Provisions	902.09	740.04	765.35	754.62
Deferred tax liabilities (Net)	406.95	130.04	472.74	622.02
Other non-current liabilities	256.79	83.17	79.46	120.40
Total non-current liabilities	8,429.97	8,597.13	9,026.14	11,830.03
Current liabilities				
Financial liabilities				
Borrowings	7,145.15	5,991.90	6,418.73	3,830.46
Trade payables				
Total outstanding dues of micro enterprises and small enterprises	17.56	25.59	26.88	55.10
Total outstanding dues other than micro enterprises and small enterprises	15,698.56	15,036.43	12,139.72	9,773.87
Acceptances	400.01	434.92	524.10	464.26
Other financial liabilities	4,706.73	4,691.51	4,996.37	4,754.21
Provisions	537.06	597.32	258.27	139.78
Current tax liabilities (Net)	29.19	178.90	138.22	16.28
Other current liabilities	1,816.27	994.76	1,098.54	2,381.34
Total current liabilities	30,350.53	27,951.33	25,600.83	21,415.30
Total liabilities	38,780.50	36,548.46	34,626.97	33,245.33
Total equity and liabilities	65,105.41	58,603.80	52,458.55	44,284.68

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED
(` in million)

Particulars	For nine months period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Revenue				
Revenue from operations	73,939.01	96,085.40	82,189.00	69,507.70
Other income	215.20	937.29	206.20	876.94
Total income	74,154.21	97,022.69	82,395.20	70,384.64
Expenses				
Cost of materials consumed	44,461.07	59,731.20	49,906.32	41,911.02
Purchases of stock-in-trade	696.93	987.92	1,098.09	487.01
Changes in inventories of work-in-progress, stock-in-trade and finished goods	(289.44)	(351.60)	(511.93)	(467.43)
Excise duty	997.85	3,097.52	3,096.79	1,807.78
Employee benefits expense	9,590.77	12,037.50	10,399.27	9,022.48
Depreciation and amortisation expense	2,792.92	3,370.83	2,922.45	2,539.73
Other expenses	12,149.18	14,765.31	12,491.01	10,578.05
Finance costs				
(i) Finance costs other than covered under (ii) below	614.88	862.36	840.96	974.35
(ii) Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	41.60	(1,267.47)	3,780.43

(` in million)

Particulars	For nine months period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Total expenses	71,014.16	94,542.64	78,975.49	70,633.42
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax	3,140.05	2,480.05	3,419.71	(248.78)
Share of net profits of investments accounted for using the equity method	532.29	791.88	498.26	364.78
Profit before exceptional items and tax	3,672.34	3,271.93	3,917.97	116.00
Exceptional item	-	-	-	517.51
Profit before tax	3,672.34	3,271.93	3,917.97	633.51
Income tax expense				
Current tax	851.21	574.36	517.56	359.19
Deferred tax	(258.46)	(336.32)	(297.82)	106.23
Total tax expense	592.75	238.04	219.74	465.42
Profit for the period/ year	3,079.59	3,033.89	3,698.23	168.09
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences in translating the financial statements of foreign operations	1,179.28	(836.29)	880.81	(898.12)
Deferred losses on cash flow hedges (net of tax)	4.76	0.36	(9.30)	-
	1,184.04	(835.93)	871.51	(898.12)
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations(net of tax)	5.72	(25.92)	23.73	(60.46)
	5.72	(25.92)	23.73	(60.46)
Other comprehensive income for the period/ year (net of tax)	1,189.76	(861.85)	895.24	(958.58)
Total comprehensive income for the period/	4,269.35	2,172.04	4,593.47	(790.49)

Source for Note: DRHP
Disclaimer

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