

# Varroc on track to touch Rs 4k crore

Aurangabad-based Varroc Group is stepping up its R&D activities and investments to increase share of business from four-wheelers. **Sumantra Barooah** reports.

**E**xactly a year ago, Tarang Jain, managing director of the Varroc Group, sitting in his office had told *Autocar Professional* that he was targeting a turnover of Rs 4,000 crore by 2012-13. A year later, he has achieved close to 25 percent of the projected incremental business, as Varroc clocked a turnover of Rs 2,450 crore in the year ended March 31, 2011.

According to a company source, Jain may achieve half of the targeted incremental revenue in a year from now. New business from passenger and commercial vehicle OEMs is expected to contribute to Jain's dream of turning Varroc into an over Rs 4,000 crore group two years from now.

## Targeting four-wheeler manufacturers

Varroc is planning to invest 10 percent of last year's turnover, or Rs 245 crore, during this financial year. Most of it will be for a greenfield plant in Aurangabad. The new plant will facilitate Varroc's entry into the business of forged components for commercial vehicles. Talks are on currently with some commercial vehicle manufacturers and supplies may start from second half of 2011.

Varroc's stronger focus to garner more

Aluminium die-cast fuel tank was converted to plastic (right)...



... which cut down weight and cost.



Two-wheeler products still a major revenue driver for Varroc. Bajaj is its largest client.



Metal components are increasingly being replaced...



... by plastic parts like this one for three-wheelers.



Starter motor weight cut by a quarter-kilo to 700gm.

business from four-wheeler manufacturers is understandable as the average price and margin on four-wheeler components are higher than its components for two-wheeler clients. Hence, there's an extra thrust on R&D activities like new technologies and processes to offer lighter and more durable components.

## In sync with customers

As a concurrent design partner to customers for the advance sourcing programmes, Varroc says it is engaged with customers from the conceptual stage of many projects.

Recently Varroc's electrical/electronics vertical revamped its starter motor design to reduce its weight from



Tarang Jain: "We are investing in increasing brain power at Varroc."

**A greenfield plant in Aurangabad will drive Varroc's entry into forged components for commercial vehicles.**

950gm to 700gm. The team's target was to reduce the overall weight and ease in assembly while maintaining its performance level.

The team also brought down the number of assembled parts in the starter motor from three to two parts.

Besides concurrent design support, Varroc's engineers are also partnering OEMs in reverse engineering. An example of this effort was converting a fuel tank from aluminium die cast to a plastic injection moulded one.

Varroc manufactures 16 different product portfolios under its three product verticals: Polymers, Machined Forgings, Engine Valves and Catalytic Converter, and Auto Electricals & Electronics.

With additional

businesses in the pipeline for these verticals and the planned ones, Varroc is planning to spend upto Rs 120 crore this year to strengthen its R&D capabilities. As a company spokesperson puts it, the investment will also be used in "improving the brain power together with the muscle power". Along with improving the "brain power", investment will also go into increasing the automation level at its plants.

With projected growth rate of at least 15 percent during this year and the resurgence in commercial vehicles, Jain's team has got its job cut out. As for the business development, *Autocar Professional* will be tracking Varroc's drive towards the Rs 4,000 crore destination ■