

# RANE HOLDINGS LIMITED

CIN: L35999TN1936PLC002202



Expanding Horizons

## Half Yearly Performance Review (H1 FY18)

Dear Shareholders,

On behalf of Rane Holdings Limited(RHL), I am pleased to share with you the key highlights of the performance of your Company in the first six months (H1 FY18) of fiscal 2018 (April 1, 2017, to September 30, 2017). Let me take you through the highlights of the industry, followed by the Company's performance vis-à-vis industry.

### INDUSTRY HIGHLIGHTS

Indian automobile industry ended H1 FY18 on a positive note supported by robust festive demand, normal monsoon along with increased farm income and new product launches. The passenger vehicles segment experienced decent growth on the back of new launches as well as refreshes and facelifts of existing models. In the passenger vehicles segment, utility vehicles saw the highest demand. The demand in the M&HCV segment was significantly affected in Q1 following the ban on BS 3 vehicles and subsequently in Q2 there was a pick-up in demand. Demand for last-mile connectivity and e-retail goods boosted growth in LCV goods carriers. Two-wheelers experienced low double digit growth.

### RANE GROUP'S SALES BY VEHICLE SEGMENT VS INDUSTRY (H1 FY18)

Vehicle Segment	Industry's Production Growth	Rane Group's Revenue Split	Rane Group's Sales Growth
PC	3%	45%	28%
MUV	13%	21%	19%
MPV	-2%	1%	15%
SCV	5%	2%	36%
LCV	5%	7%	13%
M&HCV	-20%	12%	-2%
Tractors	17%	7%	10%
2-Wheelers	11%	3%	11%

### RHL'S CONSOLIDATED H1 FY18 PERFORMANCE

During the first half of fiscal 2018, consolidated total net revenue increased by 4.2% to ₹1,053.6 Crore as compared to ₹1,010.8 Crore during the same period last year. We expanded by 8.0% at EBITDA level and registered EBITDA of ₹119.5 Crore in H1 FY18 vis-à-vis ₹110.7 Crore in H1 FY17. Our EBITDA margins for H1 FY 18 was 11.3% as against 11.0% in H1 FY17. We closed the six months period with a net profit of ₹73.5 Crore as compared to ₹116.9 Crore in H1 FY17.

### KEY OPERATING HIGHLIGHTS OF GROUP COMPANIES

#### Rane(Madras) Limited

- Strong demand for Steering products from Indian and International customers
- Lower demand for Die-casting products from International customers
- Good traction and commencement of new orders for HSU
- Maintaining healthy capacity utilization to meet increased demand for Steering products
- Significant improvement in quality and delivery performance with key customers in Die-cast division
- Ramp up of Production of Rack & Pinion at Varanavasi Plant

#### Rane Engine Valve Limited

- Muted growth in Indian OE segment. Demand from Indian OE customers could not be capitalized as certain plants experienced delivery issues
- Experienced lower off take in Indian Aftermarket segment
- Successfully installed a new line at Trichy plant for enhanced business volume with International OE customer
- Experienced higher rejections with ramp up of volumes
- Executed cost reduction projects and achieved material cost savings



Expanding Horizons

### **Rane Brake Lining Limited**

- Sales to Indian OE customers grew with favourable off take in Passenger Vehicles segment
- Sales to Indian Aftermarket segment was affected owing to GST implementation
- Realized cost savings through various operational and strategic initiatives
- Certified as 'Great Workplace' by GPTW Institute, India
- RBL team won Gold Award in International Quality Circle Convention held at Philippines

### **Rane TRW Steering Systems Private Limited**

- Robust demand for occupant safety products
- Continued to focus on cost reduction and improvement in operational performance
- Capacity expansion underway for ramping up volumes in seat belts and airbags
- Successfully commissioned Side Airbag line and ramped up supplies

### **Rane NSK Steering Systems Private Limited**

- Select MSC customers lines transferred from Chennai plant to Uttarakhand plant based on proximity to customer location
- Continuous improvement in EPS testing and validation capability – Column EPS system durability rig and Anechoic Chamber for noise validation installed
- Continued to achieve cost savings through localization in EPS products

### **OUTLOOK FOR H2 Fy18**

We expect a positive demand environment in the Indian automotive industry in H2FY18, mainly due to anticipated increase in government spend and increase in rural demand and normal monsoon. Passenger vehicles and two-wheelers are likely to continue their growth momentum. Government-led boost for infrastructure is expected to continue aiding demand in commercial vehicles.

We continue to work on improving our operational performance with a focus on cost control measures. We expect the market environment to remain favorable in the upcoming quarters and as such, we remain optimistic on the growth prospects.

In the end, I would thank you for reposing your faith in the Company and its growth outlook for the future. I attach a copy of the financial results of Rane Holdings Limited for your reference. A detailed presentation highlighting the performance of Rane Group made to investors and analysts is available at our website: <http://www.ranegroup.com>

Thanking you,

Sincerely,

**L Ganesh**

**Chairman & Managing Director**

December 8, 2017

If you have any questions or require further information, please feel free to contact us at [investorservices@ranegroup.com](mailto:investorservices@ranegroup.com)

***Green initiative: As a part of our efforts in reducing carbon foot print, going forward we intend sending the shareholder and investor related communications only by email to their respective registered email addresses. We encourage your participation and request your support in this regard. To receive further communications from the Company in electronic form, please register your e-mail address with your Depository Participant/ Registrar and Share Transfer Agent.***

***Certain statements in this document that are not historical facts are forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological hazards, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. The Company will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances***

**Registered Office:**

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Chennai 600 086  
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Statement of Standalone & Consolidated Unaudited financial results for the Quarter and Half Year Ended September 30, 2017

Rs. in lakhs

Particulars	Standalone					Consolidated				
	Quarter ended			Half-Year ended		Quarter ended			Half-Year ended	
	30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2017
	(Unaudited)			(Unaudited)		(Unaudited)			(Unaudited)	
<b>1. Revenue</b>										
(a) Revenue from operations (refer note 7)	-	-	-	-	-	53,682.97	51,474.27	52,996.47	105,157.24	105,079.70
(b) Dividend Income	1,954.79	53.19	795.49	2,007.98	861.33	-	-	-	-	-
(c) Other Operating Income	1,585.73	1,450.94	1,371.46	3,036.67	2,587.22	2,280.68	2,141.67	2,508.08	4,422.35	3,977.54
(d) Other Income	110.35	14.36	49.07	124.71	62.64	239.66	244.99	1,226.92	484.65	1,369.14
<b>Total Revenue</b>	<b>3,650.87</b>	<b>1,518.49</b>	<b>2,216.02</b>	<b>5,169.36</b>	<b>3,511.19</b>	<b>56,203.31</b>	<b>53,860.93</b>	<b>56,731.47</b>	<b>110,064.24</b>	<b>110,426.38</b>
<b>2. Expenses</b>										
(a) Cost of materials consumed	-	-	-	-	-	27,049.20	26,357.86	24,558.77	53,407.05	49,394.99
(b) Purchase of stock-in-trade	-	-	-	-	-	195.68	216.04	213.48	411.72	368.14
(c) Changes in inventories of finished goods, work-in-progress	-	-	-	-	-	971.12	(1,575.40)	134.50	(604.28)	(699.48)
(d) Excise Duty (refer note 7)	-	-	-	-	-	4,700.52	4,700.52	4,750.80	4,700.52	9,352.98
(e) Employee benefits expense	316.67	346.52	374.18	663.19	687.50	9,971.34	9,512.70	9,158.00	19,484.04	17,977.46
(f) Finance costs	45.96	36.97	71.17	82.93	144.21	1,143.46	1,106.75	1,130.49	2,250.21	2,292.94
(g) Depreciation and amortisation expense	33.32	36.41	32.88	69.73	65.08	2,773.81	2,737.17	2,690.34	5,510.98	5,347.04
(h) Professional charges	192.92	109.14	69.96	302.06	114.33	647.32	438.60	623.01	1,085.92	1,163.75
(i) Information Systems expenses	152.30	158.73	153.74	311.03	310.51	195.55	193.37	168.49	388.92	333.52
(j) Other expenses	206.67	171.93	244.67	378.60	471.20	10,420.58	8,815.09	11,192.52	19,235.67	21,468.45
<b>Total Expenses</b>	<b>947.84</b>	<b>859.70</b>	<b>946.60</b>	<b>1,807.54</b>	<b>1,792.83</b>	<b>53,368.06</b>	<b>52,502.70</b>	<b>54,620.40</b>	<b>105,870.75</b>	<b>106,999.79</b>
<b>3. Profit / (Loss) before share of profit / (loss) of Joint venture and associate and Exceptional items (1-2)</b>	<b>2,703.03</b>	<b>658.79</b>	<b>1,269.42</b>	<b>3,361.82</b>	<b>1,718.36</b>	<b>2,835.25</b>	<b>1,358.23</b>	<b>2,111.07</b>	<b>4,193.49</b>	<b>3,426.59</b>
<b>4. Share of Profit / (loss) of Joint Ventures and Associate</b>										
(i) Joint Ventures	-	-	-	-	-	3,246.06	2,267.14	1,894.20	5,513.20	3,246.31
(ii) Associate	-	-	-	-	-	-	-	130.71	-	190.95
<b>5. Profit Before exceptional items and tax (3+4)</b>	<b>2,703.03</b>	<b>658.79</b>	<b>1,269.42</b>	<b>3,361.82</b>	<b>1,718.36</b>	<b>6,081.31</b>	<b>3,625.37</b>	<b>4,135.98</b>	<b>9,706.69</b>	<b>6,863.85</b>
<b>6. Exceptional Items (Note 8)</b>							<b>1,573.39</b>	<b>9,390.00</b>	<b>1,573.39</b>	<b>9,390.00</b>
<b>7. Profit before tax (5+6)</b>	<b>2,703.03</b>	<b>658.79</b>	<b>1,269.42</b>	<b>3,361.82</b>	<b>1,718.36</b>	<b>6,081.31</b>	<b>5,198.76</b>	<b>13,525.98</b>	<b>11,280.08</b>	<b>16,253.85</b>
<b>8. Tax expense</b>										
Current Tax (Net of Mat Credit)	540.81	107.51	260.50	648.32	373.16	2,615.45	1,684.41	3,007.38	4,299.86	3,873.88
Tax relating to earlier year	-	-	-	-	-	-	-	0.48	-	-
Deferred Tax	(83.00)	(3.28)	(15.36)	(86.28)	(22.49)	(284.33)	(84.22)	723.02	(368.55)	685.01
<b>Total Tax Expenses</b>	<b>457.81</b>	<b>104.23</b>	<b>245.14</b>	<b>562.04</b>	<b>350.67</b>	<b>2,331.12</b>	<b>1,600.19</b>	<b>3,730.88</b>	<b>3,931.31</b>	<b>4,558.89</b>
<b>9. Profit / (Loss) for the period (7-8)</b>	<b>2,245.22</b>	<b>554.56</b>	<b>1,024.28</b>	<b>2,799.78</b>	<b>1,367.69</b>	<b>3,750.19</b>	<b>3,598.57</b>	<b>9,795.10</b>	<b>7,348.77</b>	<b>11,694.96</b>
Profit for the period attributable to:										
(a) Owners of the company	-	-	-	-	-	3,068.36	3,333.55	5,788.27	6,401.93	7,310.14
(b) Non-controlling interest	-	-	-	-	-	681.83	265.02	4,006.83	946.84	4,384.82
<b>10. Other Comprehensive Income (Net of Tax Expenses)</b>	<b>(13.69)</b>	<b>(31.90)</b>	<b>1.47</b>	<b>(45.59)</b>	<b>2.94</b>	<b>(214.70)</b>	<b>(112.29)</b>	<b>(38.23)</b>	<b>(326.99)</b>	<b>(87.82)</b>
Other Comprehensive Income (OCI) attributable to:										
(a) Owners of the company	-	-	-	-	-	(143.57)	(84.93)	(33.37)	(228.50)	(63.79)
(b) Non-controlling interest	-	-	-	-	-	(71.13)	(27.36)	(4.86)	(98.49)	(24.03)
<b>11. Total Comprehensive Income for the period (9+10) (Comprising profit / (loss) and other comprehensive income for the period)</b>	<b>2,231.53</b>	<b>522.66</b>	<b>1,025.75</b>	<b>2,754.19</b>	<b>1,370.63</b>	<b>3,535.49</b>	<b>3,486.28</b>	<b>9,756.87</b>	<b>7,021.78</b>	<b>11,607.14</b>
Total Comprehensive Income (OCI) attributable to:										
(a) Owners of the company	-	-	-	-	-	2,924.79	3,248.62	5,754.89	6,173.42	7,246.35
(b) Non-controlling interest	-	-	-	-	-	610.70	237.66	4,001.98	848.36	4,360.79
<b>12. Details of equity share capital</b>										
Paid-up equity share capital (Face Value of Rs.10/- per share)	1,427.78	1,427.78	1,427.78	1,427.78	1,427.78	1,427.78	1,427.78	1,427.78	1,427.78	1,427.78
<b>13. Earnings per share (EPS) (of Rs.10/- each) (Amount in Rs.)</b>										
(a) Basic	15.73	3.88	7.17	19.61	9.58	21.49	23.35	40.54	44.84	51.20
(b) Diluted	15.73	3.88	7.17	19.61	9.58	21.49	23.35	40.54	44.84	51.20

## Notes

### 1. Statement of Assets and Liabilities

Particulars	Standalone As at 30.09.2017 Unaudited	Consolidated As at 30.09.2017 Unaudited
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
(a) Property, Plant and Equipment	8,864.68	69,338.27
(b) Capital Work-In-Progress	250.12	5,234.80
(c) Investment property	-	35.32
(d) Goodwill (Note 10)	-	8,554.24
(e) Intangible Assets	33.24	1,865.03
(f) Financial Assets	-	-
<b>(i) investments</b>		
a. Investments in Subsidiaries	24,421.19	-
b. Investments in Joint ventures	3,380.24	31,890.28
c. Other Investments	653.10	749.65
(ii) Loans	1.36	1.36
(iii) Other Financial Assets	3.57	2,091.96
(g) Deferred tax assets (net)	39.22	1,084.38
(h) Tax Asset (Net of provision)	448.75	2,358.98
(i) Other non-current assets	-	2,194.19
<b>Total Non-Current Assets</b>	<b>38,095.47</b>	<b>125,398.46</b>
<b>Current Assets</b>		
(a) Inventories	-	22,984.54
(b) Financial Assets	-	-
(i) Other Investments	1,135.14	1,135.14
(ii) Trade Receivables	1,296.94	38,837.20
(iii) Cash and cash equivalents	80.89	1,301.75
(iv) Bank balances other than (iii) above	-	930.29
(v) Loans	7.71	48.38
(vi) Others Financial assets	9.12	2,115.96
(c) Other Current Assets	226.02	9,952.99
<b>Total Current Assets</b>	<b>2,755.82</b>	<b>77,306.25</b>
Assets classified as held for sale	-	77.46
<b>TOTAL ASSETS</b>	<b>40,851.29</b>	<b>202,782.17</b>

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## Statement of Standalone & Consolidated Unaudited financial results for the Quarter and Half Year Ended September 30, 2017

Rs. in lakhs

### Notes

#### 1. Statement of Assets and Liabilities (Contd..)

Particulars	Standalone	Consolidated
	As at 30.09.2017 Unaudited	As at 30.09.2017 Unaudited
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	1,427.78	1,427.78
(b) Other Equity	35,463.87	77,938.71
<b>Equity attributable to owners of the Company</b>	<b>36,891.65</b>	<b>79,366.49</b>
Non-controlling interests	-	25,506.76
<b>Liabilities</b>		
(1) Non-Current liabilities	-	-
(a) Financial Liabilities	-	-
(i) Borrowings	2,500.62	21,963.58
(ii) Other financial liabilities	-	77.22
(b) Provisions	-	1,945.24
(c) Deferred tax liabilities (net)	-	854.64
(d) Other non-current liabilities	-	795.90
<b>Total Non-current liabilities</b>	<b>2,500.62</b>	<b>25,636.58</b>
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	-	23,964.52
(ii) Trade Payables	300.53	33,819.47
(iii) Other Financial Liabilities	812.41	6,427.86
(b) Other Current Liabilities	183.61	6,512.48
(c) Provisions	162.47	1,462.45
(d) Current Tax Liabilities	-	85.56
<b>Total Current Liabilities</b>	<b>1,459.02</b>	<b>72,272.34</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40,851.29</b>	<b>202,782.17</b>

**Note:** The balance sheet figures for the previous year ended March 31, 2017 is not provided as it is not mandatory in terms of SEBI Circular No. CIR/CFD/FAC/62/2016

- The above financial results and the statement of assets and liabilities were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on December 5, 2017.
- The Company holds strategic investments in subsidiaries and joint ventures (collectively called "the Group"), engaged primarily in manufacturing/marketing of components and providing technological services for the transportation industry, mainly the automotive sector, and also provides management, information technology and business development services to the Group.
- The company has adopted the Indian Accounting Standards (Ind AS) from April 1, 2017 and this financial results have been prepared in accordance with the recognition and measurement principles laid down in the said standards. The date of transition to Ind AS is April 1, 2016.
- In terms of the circular no. CIR/CFD/FAC/62/2016 dated July 05, 2016 issued by the Securities and Exchange Board of India, the Ind AS compliant unaudited financial results for the quarter and half year ended September 30, 2016 have not been subjected to limited review by the statutory auditors. However, the management has exercised necessary due diligence to ensure that the financial results for the said period provide a true and fair view of its affairs.
- The Group operates in single segment, namely, manufacture/marketing of components and providing technological services for Transportation industry.
- Consequent to introduction of Goods and Services Tax (GST) w.e.f July 2017, revenue from operations are required to be disclosed net of GST. The revenue from operations for the quarter ended June 30, 2017, quarter and half year ended September 30, 2016 are inclusive of excise duty, and are not comparable with the revenue from operations for the quarter and half year ended September 30, 2017 to that extent.
- Item 6- Exceptional items in the consolidated financial results include the following:
  - Share of profit recognised due to land swap transaction recorded at fair value by Rane NSK Steering Systems Pvt. Ltd, a Joint Venture company of Rs.1,573.39 Lakhs for the quarter ended June 30, 2017 and for the half year ended September 30, 2017.
  - During the current period Rane (Madras) Ltd. a subsidiary company, has recorded an aggregate claim of Rs.1,008 Lakhs from a customer towards certain product quality issues. The company has an insurance policy to cover product recall/guarantee claims/costs. The claim has been intimated to the insurer and has been considered as insurance claim receivable as the company is confident of recovering the sum under the insurance policy.
  - Profit on sale of land by Rane Engine Valve Limited (REVL), a subsidiary company, of Rs.9,390 lakhs for the quarter ended and half year ended September 30, 2016.
- The following significant investments were made during the quarter ended September 30, 2017.
  - During the quarter ended September 30, 2017, the Company has invested Rs. 6,500 lakhs in its subsidiary, Rane (Madras) Limited by way of subscription to a preferential allotment of equity shares and warrants compulsorily convertible in to equity shares.
  - During the quarter ended September 30, 2017, the Company has acquired 69.41% equity shares of Telematics 4U Services Private Limited (T4U). Consequently, T4U became a subsidiary of the Company and has been consolidated with effect from September 1, 2017. The Company has invested an aggregate sum of Rs. 1,350.72 lakhs upto the quarter ended September 30, 2017, by way of subscription to a preferential allotment of equity shares and compulsorily convertible preference shares. Hence, the results for the quarter and half year ended September 30, 2017 and corresponding period of the previous year are not strictly comparable.
- Goodwill on consolidation as at September 30, 2017 includes Rs. 314.01 Lakhs recognised on acquisition of T4U based on a provisional fair valuation report. In accordance with paragraph 45 of Ind AS 103, the group has a measurement period of one year from the date of acquisition to make adjustments, if any, to the fair value of net assets acquired and the corresponding goodwill on consolidation.
- Reconciliation of net profit reposted under Indian GAAP for the quarter and half year ended September 30, 2016 with Ind AS is furnished below:

Rs. in lakhs

Particulars	Standalone		Consolidated	
	Quarter Ended 30.09.2016	Half Year Ended 30.09.2016	Quarter Ended 30.09.2016	Half Year Ended 30.09.2016
Net Profit as per Indian GAAP	1,011.88	1,398.37	9,723.27	11,558.00
<b>Add:</b>				
a. Actuarial gain / (Loss) on employee defined benefits plans reclassified in other Comprehensive Income	(1.47)	(2.93)	77.52	133.51
b. Fair valuation of financial assets and liabilities (Net)	-	-	10.50	31.08
c. Amortisation of deferred Income relating to Government Grant (EPCG License) - Net of related depreciation on amount capitalised	-	-	11.20	22.37
d. Recognition of preference dividend as Interest income - FY 2016-17	13.87	27.74	-	-
e. Deferred tax impact on above adjustments	-	-	(24.44)	(50.39)
f. Others	-	-	(2.95)	55.88
<b>Sub-total</b>	<b>1,024.28</b>	<b>1,423.18</b>	<b>9,795.10</b>	<b>11,750.45</b>
<b>Less:</b>				
a. De-recognition of preference dividend from as Interest income - FY 2015-16	-	55.49	-	55.49
<b>Net Profit under Ind AS (A)</b>	<b>1,024.28</b>	<b>1,367.69</b>	<b>9,795.10</b>	<b>11,694.96</b>
Other Comprehensive income (net of tax)				
a. Actuarial loss on employee defined benefit plans	1.47	2.93	(74.59)	(127.46)
b. Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge reclassified in Other Comprehensive Income	-	-	27.15	36.47
c. Exchange gain / (loss) on Foreign Operation	-	-	6.11	(5.96)
d. Deferred tax impact on above adjustment	-	-	3.10	9.13
<b>Other Comprehensive income, net of income tax (B)</b>	<b>1.47</b>	<b>2.93</b>	<b>(38.23)</b>	<b>(87.82)</b>
<b>Total Comprehensive Income for the period under Ind AS (A+B)</b>	<b>1,025.75</b>	<b>1,370.62</b>	<b>9,756.87</b>	<b>11,607.14</b>

12. The consolidated financial results for the quarter and half year ended September 30, 2017 are being published in the newspaper as per the format prescribed under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The financial results are also available on the Stock Exchange websites: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) and on the company's website: [www.ranegroup.com](http://www.ranegroup.com).

Chennai

Dated: December 05, 2017

For RANE HOLDINGS LIMITED

L Ganesh  
Chairman & Managing Director