



RANE HOLDINGS LIMITED
84th Annual General Meeting
August 14, 2020

Attendees:

Directors: L Ganesh – Chairman & Managing Director
Harish Lakshman – Vice Chairman & Joint Managing Director
L Lakshman – Chairman of CSR & SRC Committee
Rajiv Gupta - Independent Director
P K Bishnoi- Independent Director
Dr. Sheela Bhide - Independent Director
Dr. V Sumantran - Independent Director, Chairman of NRC & Audit Committee

Management: Siva Chandrasekaran – Secretary
S Subha Shree - Deputy General Manager- Secretarial, Authorized Person

Auditors: **M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditor**
Ananthi Amarnath, Partner
M/s. S Krishnamurthy & Co. Company Secretaries, Secretarial Auditor
K Sriram, Partner
Sharanya Sriram, Partner
M/s. Capri Assurance & Advisory Services, Internal Auditor
K V Sriram, Partner

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(03:00 PM): Start of the event.

Host: We are on a live session, we can start, thank you.

S Subha Shree: Good afternoon, I am S Subha Shree, Deputy General Manager – Secretarial and Authorized Person. On behalf of Rane Holdings Limited, I welcome the members to this 84th Annual General Meeting. In view of the government advisory to travel and public gatherings to combat the Covid-19 pandemic and to support the health and wellbeing of all stakeholders, this 84th AGM is being conducted through video conferencing.

In compliance with MCA circular dated May 05, 2020, notice of this 84th AGM and Annual Report for FY 2019-20 have been duly sent by email to all members whose email IDs are available and also public notices have been issued in English and Tamil Newspapers. Transcript of proceedings of this AGM would be made available on website. Members who have pre-registered themselves as speaker shareholders during the window provided would be unmuted and allowed to ask questions. When indicated by the Chairman, speaker shareholders are requested to ask questions and keep them very brief and not exceed 2 to 3 minutes in the interest of time.

CDSL has confirmed that members to constitute requisite quorum have logged in and that the Independent Directors and Auditors have also logged into the VC. Now, I hand over the proceedings to the Chairman.

L Ganesh: Being confirmed that the quorum is present, I call the meeting to order. The authorizations in favour of the corporate representatives has been duly received through e-mail. The Register of Directors & KMP and register of contracts etc. are available for inspection till the conclusion of the AGM.

I welcome the Directors who are participating today, Dr. V Sumantran, Chairman of Audit Committee and Nomination & Remuneration Committee, Mr. Rajiv Gupta, Mr. P K Bishnoi, Dr. Sheela Bhide and Harish Lakshman, Vice-Chairman and Joint Managing Director and Mr. L Lakshman, Chairman of Corporate Social Responsibility & Stakeholders Relationship Committee. The Auditors Ms. Ananthi Amarnath and Ms. Harsha Mohta of M/s. Deloitte Haskins & Sells, who are the Statutory Auditors, Mr.K Sriram and Ms. Sharanya Sriram of M/s. S. Krishnamoorthy and Co., Secretarial Auditors, Mr. KV Sriram of M/s. Capri Assurance and Advisory Services, Internal Auditors and of Mr. C Ramasubramaniam, Practising Company Secretary who will be the Scrutinizer later.

In view of the unmodified reports issued by the Statutory Auditors and the Secretarial Auditors for the financial year 2019-20, they are not being read at this AGM. The notice convening the AGM is being taken as read.

We have the following ordinary business to be conducted,

- 1) Consideration and adoption of the (standalone and consolidated) audited financial statement for year ended March 31, 2020, together with reports of Board of Directors and the Auditor thereon,
- 2) Declaration of Dividend,
- 3) Appointment of a Director in the place of Mr. Harish Lakshman who retires by a rotation and being eligible offers himself for re-appointment.
- 4) Appointment BSR & Co. LLP, Chartered Accountants as Statutory Auditors,

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Special business,

5) Approve the re-appointment of Ganesh Lakshminarayanan as Chairman and Managing Director and his remuneration,

6) Approve under the SEBI listing and obligation disclosures requirements a remuneration payable to Mr. L Lakshman, Chairman Emeritus exceeding fifty per cent of the total annual remuneration payable to all non-executive Directors of the Company and

7) Approve under the SEBI LODR the remuneration payable to L Ganesh and Mr. Harish Lakshman, Chairman and Vice Chairman.

In compliance with the Companies Act, the Company has engaged CDSL for providing remote voting facility and e-voting at the AGM. The remote e-voting opened on August 11, 2020 and was concluded on August 13, 2020.

Members who have not voted earlier can vote at this meeting. Meeting shall conclude once the voting is completed. Mr. C Ramasubramaniam, Company Secretary appointed as Scrutinizer for the meeting.

I now invite any questions the members may have on AGM, if nobody has registered. I also have few questions here which I will answer.

Host: We have a speaker shareholder Sir, Mr. Shyam Sundar on behalf of Sundaram Mutual Fund.

L Ganesh: Okay.

S Subha Shree: Host may unmute the speaker.

Speaker Shareholder: Hi, Hello Sir, Good Afternoon, I am Shyam Sundar Sriram from Sundaram Mutual Funds. Sir, Thank you very much for giving me this opportunity.

Q1-Sir, my question are on from the Rane NSK perspective, Rane NSK in FY 20 provided about Rs.106 crores, so firstly, is there any requirement that you foresee for further provisions required here? Secondly, some of these costs that we have incurred to replace the steering can be recovered from the customers or is there is an insurance recovery that is possible along with that. Has it impacted our new order wins from Maruti that is on the Rane NSK side?

Q2-Secondly, from Rane (Madras) we have write off about Rs.38 crores to the Rane Light Metal Casting and further I think Rs.34 crores is pending loans with them. So is there a risk to further write off there? Also, if you can please comment on the frame work that we will use to evaluate its performance and what will trigger us to hold on to the investment or possibility of exit therein that is the next question Sir.

Q3-Lastly, from a TRW perspective on the export opportunities, so given Korean market is growing how are we, seeing the share in business? Are we getting more business from Hyundai for say, already expanded seat belt stitching and Airbag last year? What is the growth outlook there for TRW and any plans for equity raising that may be required Sir not with TRW and Rane Holdings perspective, thank you.

L Ganesh: So, let me try to answer these questions.

A1- On the warranty, we believe that there will be no further major provision required. Some minor adjustments here and there may be there, but we believe that there will be no major provision required as the warranty claims we believe are as per the technical forecast done with help of NSK, Japan and that it will start slowing down and we have adequate provision. For your information in Q1 of this year, we have not made any provision. Therefore, in terms of customer

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impact yes, customer is bit an unhappy with this warranty issue. We have been discussing with them, it is very unusual and complex problem so to some extent NSK has also helped us in discussion with Suzuki, Japan and here for us Maruti in India. They understand it is a very complex problem and the operating condition etc., are also contributing to some extent but nevertheless we are kind of maintaining a very close rapport with the customer, making sure that our market actions are very prompt and we are completely open with them in the discussions, counter measures and questioning any warranty claims so far. So we are trying our best to limit if at all any damage on this account. We are getting new Request For Quotations (RFQs) for new businesses so that is a good sign. I hope there will be no permanent damage because of this. In terms of insurance, yes we have logged the insurance claim under product performance and guarantee. We have an insurance cover so being again a large amount and a very complex technical problem, it is probably going to take a long time to resolve this but, we have already lodged the claim with the insurance company.

A2- Second question regarding the US subsidiary of Rane (Madras) the impairment was taken based on the valuation. As you know this company has been incurring losses last two-three years. So based on the valuation methodology, we had to take an impairment. What the board of Rane (Madras) has decided is, say by next march or so they will take a view on the future of this business. We will definitely take in to account some of the order books in next two-three years forecast. There is some positive movement in terms of RFQs etc coming but having said that we will take a very serious view of how next two to three years is going to be and we are very clear that whatever is the decision, it will be taken in the long term interest of the shareholders. The board will take a decision sometime by March next year.

A3- In terms of the Rane TRW seatbelt and airbag exports, yes this is going very well in fact even during the lockdown export began to Korea. Korea not being so much affected, the negative impact was somewhat limited compared to other divisions, so this is going very well and exports back to ZF in Germany is also going well. So this business is growing and the exports business will continue to grow. In terms of capital raising, we are watching the situation closely and we are doing some sensitivity analysis and seeing how things go. As of now we see some positive trends in the auto industry especially in domestic and exports starting from July, so we will watch the situation closely and if there is a requirement then we will probably do it in sometime end of the year but as of now we have not made any concrete plans for capital raising, I hope I have answered all your questions.

Speaker Shareholder: Sir May I ask follow up,

Q4- You did mention this RPDC, the RML board will take a serious view by Mar'21. Sir, any metrics you have you will use internally to evaluate whether to continue this business?

L Ganesh:

A4-See, having waited so long, we would certainly like an early turnaround. How fast we can turnaround, break-even and make profits and how say the next 3 to 5 years looks in terms of return on capital employed etc., I would say are the couple of metrics and we will do a detailed analysis based on the order books and the forecast and see how this looks and then Board will take view on this.

There are couple of more questions which have come, I think basically it is the same questions. Rane NSK I have answered,

Q5- In terms of Korean exports, is it going well?

A5-I have already answered, we continue to expand this capacity and it is going very well.

Two more questions were there on Rane Holdings, let me address that,

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Q6-Can you explain the Consultancy charges?

A6- So this is professional charges. Let me explain what this consultant charges is. Rane Holdings has a panel of consultants for all group companies, this includes legal, technical, tax, TQM, lean production etc. Based on this, we debit the companies as per their usage. So this is not technically an expenditure of Rane Holdings. Although it is shown here, we recover this from the Companies based on their usage, so actually it has come down by 1 crore compared to last year.

Q7- What are the auditor's other services, costing 14 lakhs?

A7- This I understand is for their representing us in all the tax appeals and proceeding before the tax and the tribunal etc. However, like every other cost we are closely looking at all this costs and if there is any opportunity we will certainly look at this for reduction going forward.

I think I have answered all the questions.

The results of the voting on this AGM together with results of remote e-voting will be announced within 48 hours and will be hosted on the website of the Company. The requisite quorum was present throughout the meeting and now I handover to Mr. C Ramasubramaniam the scrutinizer.

Scrutinizer: Thank you Sir. Members who have not exercised their vote by remote e-voting can cast their vote now. E-voting facility will be open for further 15 minutes and the meeting shall stand concluded thereafter. I repeat, the e-voting facility will remain open for further 15 minutes and thereafter the meeting shall stand concluded.

Scrutinizer: The 15 minutes time for e-voting has elapsed, the electronic facility may now be disconnected. Thank you.

S Subha Shree: Host may confirm disconnection.

Host: Thank you.

(03:31 PM): End of the event.