



RANE (MADRAS) LIMITED
16th Annual General Meeting
August 07, 2020

Attendees:

Directors:

L Ganesh – Chairman

Harish Lakshman – Vice Chairman

Anita Ramachandran - Independent Director

Pradip Kumar Bishnoi - Independent Director, Chairman of Audit Committee

Management: S Subha Shree – Secretary

B Gnanasambandham - Senior Vice President – Finance &CFO

Gowri Kailasam - Manager & President – Steering and Linkage Division (SLD)

Siva Chandrasekaran – EVP – Secretarial &Legal,RHL, Authorized Person

Auditors: **M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditor**

Ananthi Amarnath, Partner

Prasanna Kumar

Harsha Mohta

M/s. S Krishnamurthy & Co. Company Secretaries, Secretarial Auditor

K Sriram, Partner

Sharanya, Partner

M/s. Capri Assurance & Advisory Services, Internal Auditor

K V Sriram, Partner

Paneerselvam

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

Host: Sir, session is live, we can start.

C Siva: Good afternoon, I am Siva Chandrasekaran, Group Company Secretary of Rane Group. I welcome you all to the 16th Annual General Meeting of Rane (Madras) Limited. In view of the government advisory issued on travel and public gatherings to combat the Covid-19 pandemic and to support the health and wellbeing of all stakeholders, this 16th AGM of Rane (Madras) Limited is being conducted through video conferencing means in compliance with the MCA circular dated May 05, 2020.

In accordance with the circulars, the notice of this AGM and the Annual Report for the year ended 31-Mar-2020 were sent to the shareholders through email to those shareholders whose email IDs are registered with the system and also public notices were issued in English and Vernacular Newspapers on the date of this meeting. At the end of the meeting the transcript of the proceedings would be made available on website of the Company.

Members who have pre-registered themselves as speaker shareholders during the meeting, would be unmuted and allowed to ask questions when indicated by the chairman. Members are requested to keep their questions brief and not exceed 2 to 3 minutes in the interest of time. I got the confirmation from CDSL that we have the required quorum to start this meeting. We also have presence of Independent Directors, the Statutory and the Secretarial Auditors and the Internal Auditors. Now I hand over to the Chairman to conduct the proceedings of this AGM.

L Ganesh: Thank you Siva. Good Afternoon, ladies and gentleman, welcome to this AGM. The meeting has been duly convened and the presence of requisite quorum confirmed, so I call the meeting to order. The authorizations in favour of the corporate representatives has been duly received by e-mail and the Register of Directors & KMP and register of contracts and necessary documents in connection with this AGM are available till the end of the AGM for inspection.

I would like to confirm the presence of all the Directors through video conference except Mr. M.Lakshminarayanan and Mr. L Lakshman. Due to urgent pre-occupation both of them could not attend today. Mr. Pradip Kumar Bishnoi, Independent Director, Chairman of Audit Committee, Ms.Anita Ramachandran, Independent Director, Mr. Harish Lakshman, Vice-Chairman are present. I would also like to confirm the presence of the auditors, Ms. Ananthi Amarnath, Partner, Ms. Harsha Mohta and Mr. Prasanna Kumar of Deloitte Haskins & Sells, who are the Statutory Auditors. Mr. KV Sriram, Partner and Mr. Paneerselvam of Capri Assurance and Advisory Services who are the Internal Auditors. Mr. K.Sriram and Ms.Sharanya, Partners of Krishnamoorthy and Company who are the Secretarial Auditors. Mr. C Ramasubramaniam, Practising Company Secretary will be the Scrutinizer today.

On behalf of the Board, I would like to once again welcome you all to this 16th Annual General Meeting. The Covid-19 pandemic has disrupted the lives globally and created hardships for all of us across all walks of life, the resultant economic crisis has created a very challenging business environment including the automotive industry. We hope some kind of normalcy will return by end of this year 2020. However, as a Company we are bracing ourselves for a very difficult year to continue in 2020-21.

Few remarks on the Company's performance, before that on the economic scenario. The Global economy grew at a slower pace in 2019 compared to 2018. There was increased uncertainty driven by rapid shift in trade policies resulting in deteriorating business confidence and dampened the investment and growth across most regions of the world. The Indian GDP dipped to 4.2% growth in FY20 compared 6.8% in FY19. The economic slowdown negatively impacted the manufacturing sector including of course the industry. Lower finance availability higher purchase prices on account of insurance regulation in India, the rapid transition to BSIV and the confusion around the Electronic Vehicle policy were some of the reasons for the drop in demand.

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The passenger vehicle segment declined by 15%, commercial vehicle segment declined by 33% and farm tractors and two wheelers by 14%, so all segments had negative growth during last year.

Returning to the Company's performance in terms of standalone the revenue was Rs.1119.2 crores compare to Rs.1380.8 crores a drop of nearly 19% in this year. The slowdown and the resultant impact led to a volume drop across the market segments. For us the sales to international customers also declined especially because US market also had the Covid-19 impact. Therefore the EBITDA drop by 35.1% from Rs.152 crores to about Rs.98.5 crores during the year. This was the volume affect and some unfavourable product mix also caused this drop in the EBITDA.

Returning to the various divisions of the Company, the Steering and Linkage division of course strengthened the market position despite the volume drop across all product segments and we won new businesses from both domestic and export customers. We are very well placed in the BSIV transition and our products are applicable in all the new models. During April 2020, the R&D facilities were upgraded at both Chennai and Puducherry to meet the increased product performance requirements and we continued to focus R&D to keep our leadership in the market.

The Light Metal Casting Division in India, the operational performance continued to improve. However, we had a severe affect during the end of the year particularly in February and March due to the Covid and our export to the US severely was affected. Specific initiatives were taken to improve productivity, reduce cycle time and create the flexibility. As the customer base increased during the year, much of the new businesses coming from new customers and partners, the Light Metal Casting business in India, therefore, we hope that going forward in the next year this division will have much better capacity utilization and performance.

The Light Metal Casting America, the performance continued to be under severe challenge, despite taking several measures to revive the business and the operations. The Covid-19 was another significant blow to our turnaround plans on this business. The board is reviewing the performance of this business closely and in next twelve months we will take an appropriate decision keeping in view the long term interest of all the shareholders.

The automotive segment sector which is going through its worst slowdown with the slump coupled with a weak consumer sentiment is expected to face further headwinds in 2020-21 due to the Covid-19 impact. Exports also to some extent are affected by this because our main market continues to be US. The Company is working on various cost saving initiatives to reduce this impact apart from improving productivity optimising manufacturing cost and management staff and management is taking a salary reduction ranging from 10% to 35% from Junior to Senior levels.

Thank you, for your attention. We now move to the formal business of the AGM. 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. The notice convening the AGM is being taken as read.

The following businesses proposed as ordinary business,

- 1) Consideration and adoption of the audited financials for the year ended March 31, 2020.
- 2) Appointment of a Director in the place of Mr. L. Lakshman who retires by a rotation and being eligible and offers himself for an reappointment. and
- 3) Appointment of Statutory Auditors.

Special businesses,

- 4) To approve the appointment of Ms. Gowri Kailasam as a Manager under the Companies Act, she is the President of the operations of in the Steering and Linkage Division of the Company. and

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5) Approve under regulation 17(6)(ca) of SEBI(LODR), 2015 which is payable to me as Chairman and non-executive Director which exceeds 50% of the total remuneration payable to all non-Executive Directors.

In compliance with the Companies Act, 2013, the Company has engaged CDSL for providing remote e-voting facility and e-voting at the AGM to enable members to participate electronically on all the subjects of the AGM.

The remote e-voting opened on August 04, 2020 and was concluded on August 06, 2020. Members who have not voted earlier, can vote today and the meeting shall conclude once the voting is closed by the scrutinizer. Mr. C Ramasubramaniam, Practising Company Secretary is appointed as scrutinizer for the remote e-voting.

Now, before we move to the e-voting, I invite questions from the members who have pre-registered as speakers. The host may please unmute the speakers one by one and allow them to speak.

Host: There was only one member who had registered as speaker but has not connected.

L Ganesh: So I have received few questions which have been sent in advance, let me try to answer the questions.

Q: Can you explain about the Auditors appointment?

A: I just want to explain that the outgoing Auditors, Deloitte have been auditors of the Company for a long time. Our association goes back many years. They were also the Statutory Auditors of the holding company, Rane Holdings. In Rane Holdings Limited, as per the mandatory rotation after 10 years, they had to step down as Auditors this year. Now under the new regulations, the Statutory Auditors is expected to cover 60% of all its subsidiary accounts in their review of the holding company. Therefore, in order to save cost and also to avoid duplication, since Rane (Madras) Limited, is the major subsidiary of Rane Holdings, we requested Deloitte to step down ahead of their time which anyway should have come one and half years from now. They kindly agreed, so we hope that in the future again, we have opportunity to associate with Deloitte. I take this opportunity to thank them for their very professional behaviour all these years with the Company.

The voting results will be announced in 48 hours and will also be hosted on the Company website. Since the requisite quorum was present throughout the meeting, the meeting stands closed now and I would like to thank all the shareholders and the Directors for their participation. I now hand over to the Scrutinizer, Mr. C Ramasubramaniam.

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

Scrutinizer: I confirm that the 15 minutes time for e-voting has elapsed, Thank you.

C Siva: The electronic facility may now be disconnected.

Host: Thank you Sir, for your time.

(03:32 PM): End of event.