



RANE HOLDINGS LIMITED
85th Annual General Meeting
August 06, 2021

Attendees:

Directors:

L Ganesh, Chairman & Managing Director
V Sumantran, Independent Director,
Chairman of Audit Committee & Nomination and Remuneration Committee
Sheela Bhide, Independent Director,
Chairman of Stakeholders Relationship Committee
Pradip Kumar Bishnoi, Independent Director

Management:

Siva Chandrasekaran – Secretary
J Ananth – Vice President – Finance & Chief Financial Officer
S Subha Shree – Deputy General Manager – Secretarial

Auditors:

M/s. BSR & Co., Chartered Accountants, Statutory Auditors

Manoj R S
Karthikeyan M

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

K Sriram
Sharanya Sriram

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

K V Sriram

(03:00 PM): Start of the Event

CDSL Host (03:00 PM): Sir, we are live and good to go.

Siva Chandrasekaran (03:00 PM): Thank you, Good afternoon to all. I, Siva the Secretary of Rane Holdings Limited welcome the members to the 85th AGM of the Company. In view of the Covid-19 pandemic this 85th AGM is being conducted through video conferencing in compliance with the Companies Act. In accordance with the MCA circulars, the notice for this AGM and the Annual Report were sent by email to all members whose email IDs are available and also public notices were issued in the English and Tamil newspapers. The transcript of the proceedings of the meeting would be made available after the meeting in the website of the Company. 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. Members are requested to keep their questions very brief and not to exceed two to three minutes per speaker in the interest of time. I confirm to the Chairman, that the members forming the requisite quorum have logged in, Independent Directors and Auditors have also logged in. Now, I handover the proceedings to the Chairman, over to you Sir.

L Ganesh (03:02 PM): Thank you Siva, good afternoon to all. The meeting has been duly convened and constituted with presence of requisite quorum and I call the meeting to Order. The Authorisations in favour of corporate representatives has been duly received and the prescribed statutory registers and necessary documents in connection with this AGM are available for inspection till the conclusion of the AGM. I would like to welcome and introduce the Board of Directors who are participating, Mr. Pradip Kumar Bishnoi, Dr. Sheela Bhide, Dr. V Sumantran. I would also like confirm the presence of Mr. Manoj & Mr. Karthikeyan representatives of M/s. BSR & Co., Statutory Auditors, Mr. K Sriram and Ms. Sharanya Sriram from M/s. S Krishnamoorthy & Co., Secretarial Auditors, Mr. K V Sriram from M/s. Capri Assurance and Advisory Services, Internal Auditors and Mr. C Ramasubramaniam Practicing Company Secretary / Scrutinizer.

On behalf of the Board, I welcome you all to this 85th Annual General Meeting of your Company.

As you are aware, India is just coming out of the second wave of corona virus which was much more severe than the first wave we saw last year. We see signs of economic recovery, however this will sustain if we are able to vaccinate as per plan and people are also reasonably cautious. I would like to make a few remarks on the state of the industry, your company's performance in FY 2021 and the near term outlook.

The global economy which was already facing a slowdown received another setback due to the Covid-19 outbreak which caused major economic disruption leading to a contraction of global growth by

3.5% in FY21. India's economy is estimated to have contracted by 7.5% in FY21 as lockdowns and other containment efforts to control Covid-19 pandemic reduced domestic consumption. However, there was a sharper recovery in the second half of the fiscal.

Indian automobile industry which had been struggling for growth even before the Covid-19 hit us, led by cyclical downturn and BS-VI disruption faced a severe blow due to the onset of the pandemic. Post lifting of lockdown restrictions, the auto industry witnessed a demand recovery led by pent-up demand, low interest rates, improving financial availability, gradual pick-up in the business, economic activity, increasing preference for personal mobility and high disposable income in the rural markets. However due to the Q1 effect, the Passenger Vehicle segment declined by 11%, Commercial Vehicle segment declined by 17% and Two wheelers declined 13%. Farm tractors however grew by 24% despite the Q1 effect.

Turning to the Group's performance, the Group aggregate total revenue decreased 6.7% from ₹ 4,436 Cr to ₹ 4,140 Cr in 2020-21. The economic slowdown and resultant impact on automotive industry especially in Q1 led to volume drop across all served market segments in India. Export sales also declined compared to 2019-20. EBITDA declined by 40% from ₹ 350.9 Cr to ₹ 299.9 Cr. Volume drop and Material cost increase resulted in this EBITDA drop. This was partially offset by lower employee cost and reduction in fixed cost.

Let me share some of the Company highlights for the year:

Rane (Madras) Limited - (RML)

RML's steering business executed various cost saving projects to minimize the impact of inflationary pressures. They secured various orders for Rack & Pinion gear, steering and suspension products from both global and domestic customers. Also they increased the share of Hydraulic Steering Units with Farm Tractor segment. The operational performance of Light Metal Castings India significantly improved. The capacity utilization of this business improved to about 86% in Q4 after nearly two years of very low utilization. The Light Metal Castings India business won several new businesses which will enhance the performance of this business in the next couple of years.

The performance of Rane Light Metal Castings America (RLMCA) was also affected significantly due to volume drop caused by the Covid-19. The operational performance of the business has however improved with the introduction of TQM practices. This was evident from the significant reduction in expedited freight cost, repairs and maintenance cost, consumable and tooling cost and the cost of poor quality.

The US market has recovered strongly in Q1 of current year. This with the launch of new businesses which we secured last year, RLMCA is expected to improve its performance from this year. Based on

the new orders procured, with operational improvements and the emerging demand for Aluminum components in the Auto industry particularly due to the electrification, the board of Rane (Madras) Limited has decided to stay invested in this business for strategic reasons.

Rane Engine Valve Limited - REVL

Rane Engine Valve Limited also saw a drop in demand for the same reasons. However, the management team continued to make progress in reducing the breakeven point, improving productivity and quality performance.

Rane Brake Lining Limited – RBL

RBL enhanced capacity with special focus on quality enhancement through the latest technologies at the Puducherry and Trichy Plants especially for two wheeler and four wheeler disc pads manufacturing. It also continued to improve coverage on vehicle parc and new launches for aftermarket products.

Turning to the Joint Venture.

Rane TRW Steering Systems Private Limited - RTSS

RTSS Steering business achieved a higher share of business because of the timely new product development for the BS-VI models. However, the industry CV volumes in India continued to be subdued. Exports contributed to 64% of the Occupant Safety products sales, this continues to grow well. We implemented various localization and alternate sourcing to bring material cost reduction which will serve business well in the upcoming years.

Rane NSK Steering Systems Private Limited - RNSS

Rane NSK commenced certain Software Engineering support to our partners in Japan which could showcase the skills of our R&D Team. We hope this will grow in the years to come. RNSS also initiated several cost reduction measures in line with the volumes drop and was also able to leverage the fixed costs in areas of flexibility.

The Company made further warranty provisions during the year for the continued claims due to some product defects caused in the previous years. We are confident that the countermeasure has adequately addressed the root cause and the returns still relate mostly to pre-countermeasure production and we are monitoring this trend very closely.

Turning to the outlook, the last 18 months have been a very turbulent time for the world and the effects of the global pandemic are manifesting in many ways. The industry which is seeing some meaningful uptrend after a long period of sluggish growth is likely to witness a positive momentum on the back of revival in overall economy and with an increasing need for personal mobility. However,

continuous increase in the commodity price and the shortage of semiconductor chips globally is somewhat affecting this growth momentum. In India, the new schemes like PLI and labour reform are likely to enhance the growth of our economy and auto sector. We believe your company is now well poised to take advantage of the same.

Thank you for your attention and I welcome you all once again to the AGM.

With the permission of the members, I will take the AGM notice as read and in view of the unmodified reports issued by the statutory auditors and the secretarial auditors for the financial year 20-21, they are not being read.

The businesses proposed to be transacted at this AGM are as follows:

ORDINARY BUSINESS:

1. Consideration and adoption of standalone and consolidated audited Financial Statements of the Company for the year ended March 31, 2021, together with the reports of the Board of Directors and the Auditor thereon.
2. Appointment of a Director in the place of myself, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Amendment of the Articles of Association of the Company.
4. Approval to appoint Mr. L Lakshman, as Chairman Emeritus.

I now invite questions from members who have pre-registered as speakers on the Audited financial statements and other Business agendas of AGM.

Siva Chandrasekaran (03:12 PM): Karthik (CDSL Host), could you please confirm if any registered speaker shareholder is present?

CDSL Host (03:12 PM): Sir, there are no speaker shareholders present for this meeting.

L Ganesh (03:13 PM): Thank you. In compliance with the Companies Act, the Company has engaged CDSL for providing remote e-Voting facility and e-voting at the AGM to enable members to participate electronically in this AGM. The remote e-Voting facility opened on 03rd August 2021 and ended on 05th August 2021 as scheduled. Those Members who have not exercised their votes by remote e-voting can cast their vote at this AGM. The e-Voting facility will be kept open at the end of this meeting for 15 mins and the meeting shall stand concluded there after.

Mr. C Ramasubramaniam, Practicing Company Secretary appointed as scrutinizer for the remote e-voting will also act as scrutinizer for the e-voting conducted at the AGM. The voting results will be available within two working days on the website of the Company. I confirm that the requisite quorum was present throughout the meeting. Thank you all for your participation, the meeting shall stand closed at the end of the e-voting process. I now handover the proceedings to Mr. C Ramasubramaniam Scrutinizer.

Scrutinizer (03:14 PM): Thank you Chairman, I'm Ramasubramaniam, Scrutinizer appointed for the purpose of e-voting. The e-Voting facility will remain open for 15 mins.

Scrutinizer (03:30 PM): The 15 mins time for e-Voting has elapsed and the electronic facility for the meeting is now being disconnected.

CDSL Host (03:31 PM): Thank you all for joining the meeting. With your permission we are concluding this meeting.

(03:31 PM): End of the Event