



Rane (Madras) Limited
17th Annual General Meeting
July 20, 2021

Attendees:

Directors:

L Ganesh, Chairman

Harish Lakshman, Vice Chairman,
Chairman of Stakeholders Relationship Committee

Pradip Kumar Bishnoi, Independent Director,
Chairman of Audit Committee

S Sandilya, Independent Director

N Ramesh Rajan, Independent Director

Management:

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

B Gnanasambandam – Senior Vice President – Finance & Chief Financial Officer

S Subha Shree – Secretary

Siva Chandrasekaran - EVP- Secretarial & Legal, Rane Holdings Limited (RHL),
Authorised Person

Auditors:

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

Manoj RS

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.

Siva Chandrasekaran (03:00 PM): Good afternoon to all, I welcome the members to the 17th AGM of Rane (Madras) Limited. In view of the COVID-19 pandemic this AGM is being conducted through video conferencing in compliance with the Companies Act, 2013. In accordance with the MCA circulars, the notice for this AGM & Annual Report for the financial year 2020-2021 were sent by email to all members whose email IDs are available and also public notices were issued in English and Tamil newspapers. The transcript of the proceedings of the meeting would be made available 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, not to exceed two to three minutes per speaker in the interest of time. I confirm to the Chairman, the members forming the requisite quorum have logged in, Independent Directors and Auditors have also joined. Now, I handover the proceedings to the Chairman.

L Ganesh (03:02 PM): Thank you Siva. 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 have 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 introduce the Board of Directors present today, Mr. Harish Lakshman who is the Vice Chairman, Mr. Pradip Kumar Bishnoi, Mr. Sandilya and Mr. Ramesh Rajan. I also confirm the presence of Mr. Manoj, Mr. Karthikeyan from 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, the Internal Auditors and Mr. C Ramasubramaniam, Practicing Company Secretary / Scrutinizer.

On behalf of the Board, I would like to welcome you all to this 17th 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 recovery, however this will sustain if we are able to vaccinate as per plan and people are reasonably cautious. I would like to make a few remarks on the state of the industry and your company's performance for the year 2021.

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 reduced domestic consumption. However, there was a sharp recovery in the second half of the fiscal.

Indian automotive industry which had been struggling for growth even before Covid-19 led by a cyclical downturn and BS-VI transition faced a severe blow due to the onset of the pandemic and

the consequent lockdown. Post lifting of lockdown restrictions, the auto industry witnessed demand recovery led by a pent-up demand, low interest rates, improving financial availability, gradual pick-up in the business and economic activity, increasing preference for personal mobility and high disposable income in the rural market due to good monsoon last year. However, due to the Q1 pandemic effect, the Passenger Vehicle segment declined by 11% for the year and Commercial Vehicle segment declined by 17%. Farm tractors grew by 24% despite the Q1 effect.

Turning to the Company's performance, revenue from the sales increased to ₹ 1,123 crores in FY21 from ₹ 1,077 crores in FY20, an increase of 4%. EBITDA decreased to ₹ 93.22 crores in FY21 from ₹ 98.50 crores in FY20.

The Company's Steering and Linkages business executed significant cost saving projects to minimize the impact of lower volumes and the inflationary pressures. It secured various orders for Rack & Pinion gear, steering and suspension products from both global and domestic customers. We have also made some significant progress on increasing our share of Hydraulic Steering Units for Farm Tractors.

The Light Metal Castings India business continued its operational improvement that resulted in reduction in manufacturing cost. The capacity utilization of this business improved significantly to about 86% in Q4 after nearly two years of very low capacity utilization. The Light Metal Castings India business has won several new businesses both globally and in India, which will enhance its performance in the next couple of years.

Turning to Rane Light Metal Castings America (RLMCA), the Operational performance of the US subsidiary, Rane Light Metal Castings Inc. has improved with the introduction of TQM best practices, preventive maintenance and tool management. It was evident from the significant reduction in expedited freight, repairs and maintenance, consumable and tooling cost. The internal and customer quality also has improved significantly.

During FY 2020-21, the launch of key new businesses were deferred by customers to early FY 22 due to Covid-19 pandemic. RLMCA continued to face challenges of lower off take from existing customers resulting in significant drop in sales.

The US market has recovered strongly in Q1 of current year. With the launch of new businesses, RLMCA is expected to improve its performance from this year onwards. Based on the new orders procured, above mentioned operational improvements and the emerging demand for Aluminium components in the Auto industry particularly due to electrification, the Board has decided to stay invested in this business for strategic reasons.

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 a meaningful uptrend after a long period of sluggish growth is likely to witness positive momentum on the back of revival in the overall economy and with an increasing need for personal mobility. Both Steering and Light Metal Casting divisions have a strong order book for FY22. Steering business has also gained entry into all major OEMs for hydraulics product line and this will also further strengthen the performance during FY21. The new schemes like PLI and labour reform is likely to enhance the growth of Indian economy and auto sector. We believe your company is well poised to take advantage of the same.

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

With the permission of the members, I would like to take the AGM notice as read and in view of the unmodified reports issued by the statutory auditors and the secretarial auditors for the FY 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 reports of the Board of Directors and the Auditor thereon.
2. Appointment of a Director in the place of Mr. Harish Lakshman, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Approval under Regulation 17(6)(ca) of SEBI LODR, the remuneration payable to Mr. Ganesh Lakshminarayan, Chairman exceeding fifty percent of the total annual remuneration payable to all Non-Executive Directors.
4. Approval for payment of commission to Mr. Ganesh Lakshminarayan, Chairman for a period of three years.
5. Re-appointment of Mr. Pradip Kumar Bishnoi as an Independent Director for a second term.
6. Appointment of Mr. S Sandilya as an Independent Director.
7. Appointment of Mr. Ramesh Rajan Natarajan as an Independent Director.

Before we move further, any questions or comments from members who are registered as speakers? I will try to answer, if any questions are there please go ahead now.

Siva Chandrasekaran (03:11 PM): Karthik (CDSL Host), can we have the speaker unmuted?

CDSL Host (03:11 PM): Yes Sir, with the permission of the Chairman.

Q: (Dinesh Kotecha) (03:13 PM): Sir, with Rane Madras going forward how are you going to take in all the group companies together for growth? Are we going to take all the group companies for growth together? If so, from where will the growth start for the group and the Company?

L Ganesh (03:13 PM): Ok. Any other questions?

Q: (Hetal Kothari) (03:14 PM): Thanks a lot Mr. Ganesh / Mr. Harish for this opportunity. I hope your family is doing well and also Rane as a corporate. My question is that as you clearly mentioned in your speech about we are staying invested in an US subsidiary, would like to understand the decision and the logic behind "staying invested" and also about the way we are using the money. I am very sure that you, as a Board member and Promoter of the group would be painful in losing money just like us. Almost 15-16 crores per quarter roughly around 60-70 crores per year at entity level are used in this unit. If you could make us understand the logic and the reason behind staying invested or is there any major reason that if we stop this operations then it will cost us very heavily. If you can explain a little more in details behind this logic of staying invested, I will be very grateful.

Second question is on the work strategy and preparedness for the electrification of the vehicles which has slowly started with the scooter and in future which might also get converted to bikes or cars. How are we prepared? What type of R&D or product development are we doing?

These are the two of my questions. We are long time investors of the Company but this investment in US subsidiary has given a pain to all of us. Request you to kindly explain to us a little more about that.

L Ganesh (03:16 PM): Sure. Any other questions?

CDSL Host (03:16 PM): Sir, that's it from the speaker shareholders. You may continue with your proceedings.

Ans: L Ganesh (03:16 PM): Regarding the growth initiative that Mr. Dinesh Kotecha asked, growth initiative of the group and Rane Madras is based on our strategy which we revisited few years ago. The set focus will be on increasing our international presence and also on being a leader in various product lines while continuing to be a leader in India. Based on this, we have improved our presence in North America and Europe, we also have business development offices in both the places. In the last two years those efforts are paying us good dividends. Our export order books are very good now, both these regions are continuously improving. Compared to about 24 to 25% international business what we setup, we are very close to that and may be going forward we will even improve

and do better than 25% and improve our global presence, that will be one of our initiative, In terms of domestic, all our product lines are fortunately one of the top 3 in India. As the Indian auto market, whether its passenger cars or commercial vehicles or farm tractors, as they grow we continue to get new businesses and new platforms which will add to the growth. Third is in the domestic market, we are focusing a lot on the aftermarket business, we have also regrouped our aftermarket strategy and tried to have a healthy growth in that segment. I think with these three initiatives we would have a healthy future.

In terms of Mr. Kothari's question, as we have been discussing this over a quite few quarters in the last couple of year, the Board of Rane Madras met about a week ago and deliberated various options for the US subsidiary. There is a confidence based on the performance. The worst is already over for this business and there is a good possibility in growth of this business in the US market. Achieving profitability for the same is not very far from now. With the increasing aluminium content in vehicles and with electrification, the Board has decided that we should take a longer term view of the future of the business and taking any short term decision on exiting the business will not be in the financial interest of the Company. In fact, the current book business will increase the revenue to about 30 million dollars in the next 24 months. This growth along with the continued operational improvements will definitely improve the financial situation of the Company in the upcoming 24 months. The unit is also expecting to bare any unforeseen dissurgence of Covid or any worsening of the chip shortage. This unit is expected to become EBITDA positive from FY23, any further support from India will only be for capex growth of the business or for repayment of loans. We see light at the end of the tunnel, as we say it we think that in the next 24 months this business is worthwhile to stay invested in. Therefore the Board took a decision that we will continue to be invested in the business.

in terms of EV strategy for Rane Madras, I am happy to share that we have entered the EV market quite some time ago, in the last couple of years the steering gear division had been supplying rack and pinion steering to electric vehicles in the US. This is successfully happening for more than 2 years now. We continue to quote and get other businesses for this steering gear division. From the light metal castings India division, we are already supplying electrical two wheelers and globally also we have won some very significant order in electric vehicles for aluminium castings, which will commence from the year 2022 onwards. We are very much on track to participate in the electrification of passenger vehicle segment. I hope I have answered both your questions, thank you.

If there are no other questions we can move to the voting process. In compliance with Companies Act, the Company has engaged CDSL for providing remote e-Voting facility for the AGM and to enable members to participate electronically in this AGM. The remote e-Voting facility opened on 17th July, 2021 and ended on 19th July, 2021 as scheduled. Those 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 once again 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 (03:22 PM): Thank you sir and good evening to all. I'm Ramasubramaniam the Scrutinizer appointed for the purpose of e-voting,. The e-Voting facility will remain open for 15 mins.

Scrutinizer (03:39 PM): The 15 mins time for e-Voting has elapsed and the electronic facility for the meeting is being shortly disconnected.

CDSL Host (03:40 PM): Thank you all for joining the meeting. With the permission of chairman we are concluding this meeting.

(03:41 PM): End of the event.