



RANE BRAKE LINING LIMITED
15th Annual General Meeting
August 05, 2020

Attendees:

Directors:

L Ganesh – Chairman
Harish Lakshman – Vice Chairman & Chairman of SRC Committee
L Lakshman – Chairman of CSR Committee
Anil Kumar V Epur - Independent Director
S Krishna Kumar - Independent Director
S Sandilya - Independent Director, Chairman of NRC & Audit Committee

Management: Venkatraman – Secretary

M A P Sridhar Kumar - Senior Vice President – Finance & CFO
R Balakrishnan - President & Manager
P A Padmanabhan - President – Finance & Group CFO, RHL
Siva Chandrasekaran – EVP – Secretarial & Legal, RHL, Authorized Person
J Ananth – Vice President – Finance & CFO, RHL
S Subha Shree - Deputy General Manager- Secretarial, RHL
R S Prasad - Deputy General Manager – Business Development, RHL

Auditors: **M/s. Varma & Varma, Chartered Accountants, Statutory Auditor**

Georgy Mathew, Partner
Rasiga Raghupathy, 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.

C Siva: Good afternoon everyone, I am Siva Chandrasekaran, Group Company Secretary of Rane Group. I welcome all of you to the fifteenth Annual General Meeting of Rane Brake Lining Limited. Given this kind of a Covid situation there is a provision from the Ministry Of Corporate Affairs to conduct this AGM through video conferencing (VC). So, we have engaged the services of CDSL to provide us this e-voting and the VC services.

In accordance with the circulars, the notice and Annual Report of this AGM were sent by e-mail to all members whose e-mail IDs were available and also public notices were issued in English & Tamil newspapers. The proceedings of this meeting after the meeting will be made available in the form of a transcript in the website of the Company, members who have pre-registered themselves as speakers will be allowed to speak when the chairman asks such speakers to speak. I would request the members to keep their questions short, say two to three minutes in the interest of time.

We have got the confirmation from CDSL that the number of members required to start the meeting is present. Now, I hand over the proceedings to the Chairman to conduct the meeting.

L Ganesh: Thank you Siva. The quorum is present as mentioned by Mr. Siva. I call the meeting to order. The authorizations in favour of the corporate representatives have been duly received through e-mail. The Register of Directors & Key Managerial Personnel shareholdings, Register of contracts and necessary documents in connection with this AGM are, I am told, available for inspection on the website till the conclusion of the AGM.

I would like to confirm the presence of the Directors, Mr. Anil Kumar V Epur, Mr. S Krishna Kumar, Mr. S Sandilya, Chairman of Audit Committee and Nomination and remuneration Committee all of course through the video conference and here with me are Mr. L Lakshman, Chairman of CSR Committee and Mr. Harish Lakshman, Chairman of Stakeholder's Relationship Committee and we have Mr. Georgy Mathew and Ms. Rasiga Ragupathy from Varma and Varma, Statutory Auditors and we also have Mr. K Sriram and Ms. Sharanya Sriram from S Krishnamoorthy & Co., Secretarial Auditors and Mr. KV Sriram from Capri Assurance & Advisory Services our Internal Auditors and Mr. Balu Sridhar, Practising Company Secretary, Scrutinizer. Ms. Ranjana Kumar and Mr. Yasuji Ishii, Directors expressed their inability to attend the AGM due to their other preoccupations.

Good Afternoon once again, I would like to welcome you all on behalf of the Board to the 15th Annual General Meeting of your Company. The Covid-19 pandemic has disrupted lives globally creating hardship for people across all walks of life, the resultant economic crisis has been big challenge for the business environment globally and India and of course the automotive industry. We are hoping that normalcy will return in sometime at least by end of this year and therefore we are expecting a very tough year in the ongoing current 20-21. A few remarks on the state of the industry and your Company's performance in FY 2020 and near-term outlook before we start the other proceedings of the meeting.

The Global economy grew at a slower pace in 2019 compared to 2018, there was increase in uncertainty driven by rapid shift in trade policies and resulted in deteriorating business confidence and it also dampened the investment growth across most regions of the world. The Indian GDP growth dipped to 4.2% FY20, significantly lower than the 6.8% in FY19. The economic slowdown negatively impacted the manufacturing sector particularly the automotive segment. Lower finance availability, higher purchase prices on account of insurance regulation and rapid transition to BSIV and some confusion around the EV policy were some of the reason why there was drop in demand especially in the commercial vehicle sector.

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The passenger vehicle segment also declined by 15% especially during the last quarter and last month was severely affected because of the lockdown and commercial vehicle segment had a bad year with a drop of 33%. Farm tractors and two wheelers also had a negative growth last year of around 14% each, returning to the company's performance the total sales declined by about 7.6%, from Rs.521 crores in FY 2018-19 to Rs.481.4 crores in FY 2019-20. Despite the adverse market condition, RBL was able to reduce the impact of the sales drop with some initiative in the aftermarket segment. We focused on new product launches and range expansion across Brake Linings, Disk Pads including some newly introduced two wheeler products.

EBITDA drop by 5.2% from Rs. 74.9 crores to Rs. 71 crores adverse forex movement, material price and inflationary pressure on employee cost, were offset by a favourable product mix and various cost saving measures. The company expanded its reach and introduced new products in the aftermarket segment. Energy conservation continued to be key focus area. In this regard company added 1.17 megawatts of solar capacity in its Puducherry plant during the financial year.

The Company continued to invest in validation and testing capabilities and development of new formulations to meet the future technology requirements.

People development initiatives continued to have specific attention and it yielded benefits in terms of getting certified once again as a great place to work for the fourth time in a row. Long term settlement with our team members at Puducherry plant were concluded well between the timelines.

Turning to the outlook of the year, the automotive sector which is going through its worst slowdown with slump in demand and weak consumer sentiment and an uncertain environment is likely to face further headwinds in the first half of this fiscal 20-21, this is going to be an adverse impact of Covid-19 and frequent lockdowns which the government is doing to contain the spread. The challenge which is being faced by the global auto industry in terms of demand, this is going to significantly affect the Indian industry too and the company is working on the various cost saving measures to reduce various cost line by line. These measures including targeting productivity improvement and optimizing all other manufacturing cost. Including the management staff taking a salary reduction during the year ranging from 10% to 35% from junior to senior levels.

Our inherent resilience to market fluctuations and prudent conservatism will help the Company tide over this critical period and put us in a stronger footing when the market recovers.

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

I now turn to the formal business, to be conducted at this AGM, in terms of ordinary business there are three resolutions

1. Consideration and Adoption of the Audited Financial Statement of the Company for year ended March 31, 2020, together with reports of Board of Directors and the Auditor thereon.
2. Declaration of dividend on equity shares and
3. Appointment of a Director in the place of Mr. Lakshminarayan Lakshman who retires by a rotation and being eligible, offers himself for re-appointment.

As a special business we have two resolutions,

4. Approving an appointment of Mr. R Balakrishnan as a Manager under the Companies Act, he is the President heading the operations of the Company and

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5. To approve under regulation 17(6)(ca) of SEBI(LODR), 2015, the remuneration payable to the Chairman, that is me, which exceeds 50% of the total annual remuneration payable to all other non-executive Directors.

These are the resolutions.

The notice convening the AGM is being taken as read. 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.

In compliance with the Section 108 of Companies Act, 2013, as Siva mentioned the Company has engaged CDSL for providing e-voting facility and e-voting at the AGM for members to participate electronically.

The remote e-voting opened on August 02, 2020 and was concluded on August 04, 2020 as scheduled. Those members who have not exercised their votes by remote e-voting can cast their vote at this AGM. The e-voting be open up to the end of the meeting for 15 minutes and meeting shall stand concluded thereafter.

I would also like to announce that Mr. Balu Sridhar, 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, on the audited financial statements of this AGM. The host may please unmute the speakers one by one and allow them to speak.

C Siva: We have not received any speaker registration, however some shareholders have sent questions that can be taken up and replied.

L Ganesh: So I have one question which has been sent in advance by Mr. Khandelwal and family, let me try to answer the questions.

Q 1-First is, what is the challenge of electric vehicle on our business?

A-The brakes system currently in the electric vehicles are still fully mechanical and in the future, as technology develops there will be mechanical and regenerative electrical braking. The application of the mechanical braking thereof will come down as the electric braking increases and this will reduce probably the wear and tear of the friction material. The current brake lining and brake pads are to have better noise reduction capability because of the silence of the electric vehicle.

We are working on that, we have upgraded our dynamometers. We can now test mph in our facility in Rane Brake Lining, so we are trying to create formulations which will be much more silent than what it is today. We are ready for electric vehicle products.

Q 2- Are we a supplier to an electric vehicle platform?

A-Yes we supply to TATA Motors for their electric car and we also are in consideration for electric vehicle programme which is going to be launched by Maruti Suzuki, so we are already supplying for electrical vehicles.

Q 3-The impact of electric vehicle on the conventional vehicle.

A-Well, we think the penetration will be slower in India than the global market, the penetration will depend on the pricing. The difference in price between the electric vehicle and the IC engine vehicle plus the infrastructure and the subsidies that the government can provide in the

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meanwhile, so the penetration level which we cannot accurately forecast, but yes, through various studies show that perhaps by 2030 the penetration globally could be somewhere between 20 to 25% of the global market, but we will have to wait and see how this happens.

Q 4- Is the braking mechanism different?

A-I think I have answered that. To start with there is a mechanical braking but as the vehicle technology improves there will be both mechanical and electrical regenerative braking.

So, I hope I answered all the questions. Since there are no other questions, I would like to first of all thank the members for participating in this meeting and we would now move to the voting. The results of the voting for this AGM together with results of remote e-voting, will be announced 48 hours and hosted on the website of the Company. The requisite quorum was present throughout the meeting, I conclude this meeting. The e-voting will remain open for further 15 minutes.

Scrutinizer: Members who have not cast their vote through remote e-voting prior to AGM may now cast their vote. The e-voting will remain open for further 15 minutes.

Scrutinizer: The time for e-voting has lapsed and voting has concluded.

C Siva: The electronic facility may now be disconnected.

(03:50 PM): End of the event.