

Rane (Madras) Limited – 18th Annual General Meeting - Transcript

Host (00:06): Sir, we are on live now, you can start your proceedings.

CS (00:15): Thank you, good morning to all, I am Siva Chandrasekaran in charge of Secretarial functions, I welcome the members to this 18th AGM of Rane (Madras) Limited which is being conducted through video conferencing in compliance with the Companies Act, 2013 & circulars issued by MCA. Notice of this AGM and Annual Report for the FY 2021-22 were sent by e-mail to all members whose e-mail IDs are available and also public notices were issued in English & Tamil newspapers, as per the MCA & SEBI directions. The transcript of the proceedings of this meeting would be made available on the website. Members who have pre-registered as speaker shareholders during the window provided would be unmuted to ask questions when indicated by the Chairman. Members are requested to keep their questions very brief and not exceeding 2-3 minutes per speaker in the interest of time. I confirm to the Chairman that the members forming requisite quorum have logged-in and Independent Directors & Auditors have also logged-in. Now I handover the proceedings to you, over to you.

LG (01:32): Thank you Siva. Good morning, the meeting has been duly convened and constituted with the presence of requisite quorum of members. I call the meeting to order. Authorizations in favour of corporate representatives have been duly received and 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 who are present, Mr. Pradip Kumar Bishnoi, Mr. S Sandilya, Mr. N Ramesh Rajan. Also, I would also like to take this opportunity to inform the members that Ms. Anita Ramachandran is completing her second term as Independent Director of the Company and therefore will cease to hold office at the conclusion of this Annual General Meeting. On behalf of the Board of Directors, I would like to thank her for the valuable advice and guidance to the Board during her tenure as an Independent Director. I also confirm the presence of Mr. Aswath, representing M/s. BSR & Co, Statutory Auditors, Mr. K Sriram and Ms. Sharanya Sriram from M/s. S Krishnamurthy & Co., Secretarial Auditors, Mr. Sujoy and Mr. Prashanth from Deloitte, Internal Auditors and Mr. C Ramasubramaniam, Practicing Company Secretary, Scrutinizer.

On behalf of the Board, I would like to welcome you all to this AGM and make few comments about the state of the industry and the Company's performance. FY 22 was an eventful year with India weathering two waves of COVID-19. Despite the challenges, the demand environment remained largely favourable. I would like to make few remarks on the Company's performance but before that on state of the Industry. The global economy is projected to have grown 5.9% in 2021, the fastest rate recorded in over four decades. The global inflation shock especially in the United States and some emerging market economics have resulted in a global monetary policy normalization by most central banks. After recovering from a historic contraction of 7.3% in the preceding year, India's economy is estimated to have grown by 9% in FY 22 surpassing the pre-pandemic level although on

a low base. The economic damage on account of COVID-19 waves fortunately were short-lived, thanks to buoyant government spending and pickup in investments post lifting up of the restrictions. The Indian automobile industry has been witnessing a strong recovery on account of the low interest rate regime coupled with pent-up demand. We faced some temporary head winds specially in the second half of the last year and during the start of this fiscal year due to the supply chain challenges. Turning to the Company's performance, the revenue was ₹1,528 crores compared to ₹1,123 crores, a healthy growth of 36%. EBITDA increased to ₹133 crores from ₹93 crores the previous year. The steering and linkage business which is a main division in the Company posted robust growth in sales driven by strong recovery in demand in India, strong demand for rack and pinion products from export customers and new businesses added in the previous year contributed to this.

The Company was able to recover the commodity price increase from customers, though with a lag. The inflationary increase in the logistics and other costs were somewhat offset by several cost reduction measures across all the plants.

The Company secured various orders for rack and pinion gear and steering and suspension products from global and domestic customers.

As you may be aware, during the year Rane (Madras) acquired M/s. Yagachi Technologies Private Limited. This Company manufactures steering and suspension components such as inner ball joints and outer ball joints. This is a long term strategy of the Company and good acquisition for the division, as their main customers are Hyundai & KIA with whom we had very negligible presence in the past.

Turning to the light metal castings business, the Indian division, Light Metal Casting India significant focus was placed on operational improvements and that continued during the year. The capacity utilization of this division has improved significantly after 2 years of challenge. The Light Metal Castings India business own several new businesses which will enhance the performance of this division at least for next 2 to 3 years. Light Metal Castings America has been able to sustain operational performance with continuation of TQM practices which we have introduced there. LMCA continued to face challenges in the global supply chain shortage leading to deferment with launch of some key new businesses and lower off take from existing customers, The focus for the year 2022-23 will be to build on this operational improvement and try to secure some new businesses and hope for volume enhancement of business to ensure long time sustainability of this division.

Turning to outlook, though we have been seeing headwinds in global economy and many supply chain challenges, we remain optimistic about the demand environment in India for FY 23. The Indian automotive industry is back on a strong footing and on course to reach pre-pandemic levels of sales on the back of buoyant demand. We are working across the supply chain to mitigate the challenges.

Steering business is witnessing good demand across all segments and a strong order book position. Light metal casting business in India has further strengthened the customer portfolio and which has improved its capacity utilization and the sales growth. The US subsidiary is still facing some challenges with delayed program launches and reduced off take due the semi-conductor chip shortages. We will review the overseas subsidiary closely for long term sustainability. Thank you for your attention.

With the permission of the members, I would like to take the Notice as read and in view of the unmodified reports issued by the Statutory Auditors and the Secretarial Auditors for the Financial Year 21-22, they are not being read. The businesses proposed to be transacted at this AGM are as follows:

Since this meeting is held through electronic mode, there is no proposer or seconder for the resolutions proposed.

Ordinary Business:

1. Consideration and adoption of Audited Financial Statement of the Company for year ended March 31, 2022, along with the reports of the Board of Directors and the Auditor thereon.
2. Appointment of a Director in the place of Mr. Ganesh Lakshminarayan (DIN: 00012583), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

3. Approval under Regulation 17(6)(ca) of SEBI(Listing Obligation and Disclosure Requirements), Regulations, 2015, the remuneration payable to Mr. Ganesh Lakshminarayan (DIN: 00012583), Chairman (Non-Executive Director) exceeding fifty percent of the total annual remuneration payable to all Non-Executive Directors.
4. Appointment of Ms Vasudha Sundararaman (DIN: 06609400) as Independent Director.

I now invite any questions or comments from members who have pre-registered as speakers, on the audited financial statements and other businesses of the AGM.

CS (10:27): Karthik, are there any registered speaker shareholder present?

Host (10:36): Yes, we have Mr. Manoj Kumar Gupta. I'm enabling him to speak.

Mr. Manoj Kumar Gupta, you can speak now.

Mr. Manoj Kumar Gupta (10:47): Yeah, good morning respected Chairman, Board of Directors, and fellow Shareholders.

My name is Manoj Kumar Gupta and I'm an equity shareholder of Rane (Madras) Limited. Namaskar, how are you, sir?

LG (11:01): I am fine, thank you.

Mr. Manoj Kumar Gupta (11:04): After three years I am looking at you. We are missing you in Calcutta at the EIH AGM. I have great respect and regards to you Sir. I am a proud that I am shareholder of your group, Rane (Madras) & Rane Holdings and I believe that the group will progress under your leadership and reach new heights. I thank the secretarial department for helping me to join this meeting through VC. Thanks for your CSR, you are doing a lot for the community and the society during the COVID-19 pandemic.

Sir, what's your future outlook for the Company in next 2 to 3 years with Capex? How will you take the Company into a new direction? There are a lot of challenges, I am looking as a shareholder of several automobile Companies. I have heard that there is a shortage of a semi-conductor and there is a problem to import that semi-conductor. Earlier, Tata Motors have faced a lot of problem to supply their vehicles to customers due to shortage of semi-conductor. So, how will you fulfil this shortage and what is your outlook for this semi-conductor shortage? Because, Tata's are planning to start manufacture of semi-conductor and also our Government under the leadership of Prime Minister Narendra Modi is focusing to support the Companies to start production of the semi-conductor in the Country and sir, how much are your exports? And try to increase the export with a logo of make in India and thanks to you for the new acquisitions. Just now you have informed that you have acquired the new Company that will boost the Company's performance and profitability in coming time and is there any impact due to Russia and Ukraine war on our Company Sir? Is the impact direct or indirect? Or is there any impact that will come due to Srilanka's financial crisis? Srilanka is our neighbouring country and nearer to Chennai, so is there any impact on our Company? Nothing to say more Sir, I pray to the almighty for your healthy and prosperous safe long life and make a plan to come to Calcutta, if I come to Chennai I will definitely meet you sir. Thank you.

LG (13:38): Thank you Mr. Manoj Gupta, just to answer your questions for the next 2 to 3 years fortunately I am happy to share that our order books are very strong, the steering business order books are extremely strong both domestic and export we won several new orders, so I think the growth will be very healthy, the capex will be according to the requirement for the new programs and we will be gradually increasing the capex to meet this requirement. The aluminium die casting products again as I said in my opening remarks, the Indian division has got very good orders after a long struggle of three to four years. We have now got good order books to have a healthy growth in next three years, I think that division also post significant growth. The US aluminium die casting business is still facing challenges and the Board is addressing how to resolve this challenges so that in the long term this issue is completely resolved for the Company going forward. In terms of the semi-conductor chip shortage, yes this has been a significant problem as you would have read

globally some 7 to 8 million units production were lost last year because of semi-conductor chip shortage. In India, fortunately the impact was not that high, although it was there and as we understand the gap between demand and supply is narrowing and I think going forward this may not be that severe an impact in the Indian market. In overseas, yes in the US it is still impacting but Mar'23 or so the gap will be completely closed. In terms of export, the steering gear division did about 26% of total sales as exports and aluminium die casting Indian division did about 35% exports, so we are in the 30-35% range and our plan is to increase this further no doubt. So we would like to have a very healthy exports mix. In terms of Russian impact there is no direct impact other than of course the global impact of inflation, oil and food shortage now that if it affects global GDP growth and spills in to India that could affect all of us, but we are not able to estimate the impact of that at this stage. There is no direct impact on us otherwise. Srilanka, no as a group we have very small export in the aftermarket in Srilanka which is affected but that is very insignificant part of the total group business, thank you.

Host (16:35): Sir, one more speaker shareholder registered as Abishek J but he has not joined, so request you to kindly continue with your proceedings please.

LG (18:43): Okay, so 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 26th Jun and ended on 28th Jun. The members who have not exercised their vote by remote e-voting, can do so at the AGM. The e-voting facility will be kept open up to the end of this meeting for 15 minutes and the meeting shall stand concluded thereafter.

Mr. C Ramasubramaniam, Practicing Company Secretary, appointed as Scrutinizer for the remote e-voting facility, will also act as Scrutinizer for the e-voting conducted at the AGM.

Voting results will be available within 2 working days, on the website of the Company.

I confirm, the requisite quorum was present throughout the meeting. Thank you all for your participation. The meeting stands closed at the end of the e-voting process. I now handover the proceedings to Mr. Ramasubramaniam.

Host (18:02): Ramasubramaniyam Sir, we can't hear you, it seems you are speaking.

Scrutinizer (18:14): Am I audible now ?

Host (18:17): Yes Sir.

Scrutinizer (19:00): The e-voting facility will remain open for further 15 minutes. The electronic facility will automatically be disconnected after the said period.

Host (19:30): Thank you, with the permission of the Chairperson we are concluding this meeting. The remote e-voting system will remain open as informed. Thank you every one for joining, thank you. Good day.

(35:00): End of event.