

## Rane Engine Valve Limited – 51<sup>st</sup> Annual General Meeting – Transcript

**(14:00:00):** Start of the event

**Host (00:08):** Good afternoon all. we are on live. Sir, you can start your proceedings please.

**CS (00:19):** Good afternoon to all, I welcome the members of Rane Engine Valve Limited to the 51<sup>st</sup> Annual General Meeting which is being conducted through video conferencing in compliance with the Companies Act, 2013 and circulars issued by SEBI & MCA. The notice of this AGM & Annual Report for the financial year 2022-23 were sent by email to all members whose email IDs are registered and also public notices have been issued in English and Tamil newspapers as per MCA & SEBI circulars. The transcript of the proceedings of the meeting would be made available on the website. Members who have pre-registered as speaker shareholders would be allowed to speak 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 request CDSL to confirm whether the quorum is present.

**Host (01:28):** Currently 40 members have joined sir.

**CS (01:31):** Yeah, thank you, that forms the quorum. I confirm to the Chairman, that the members forming the requisite quorum, other Board members and the Auditors have also logged in. Now I handover the proceedings to the Chairman.

**LG (01:47):** Good Afternoon. I, L Ganesh, Chairman, welcome you all and confirm that the AGM has been duly convened and constituted with the presence of requisite quorum of members. I call the meeting to order. The authorizations in favour of the corporate representatives have been duly received. Prescribed statutory registers and necessary documents in connection with this AGM are available for inspection till the conclusion of the AGM. I have with me from the Board, Mr. Harish Lakshman, Mr. Ramesh Rajan, Mr. Anil Kumar Epur, Mr. Pradip Kumar Bishnoi and Mrs. Vasudha Sundararaman joining this meeting. I place on record the presence of representatives from M/s. Varma & Varma, Statutory Auditors., Mr Georgy Mathew & Ms. Rasiga, M/s. S Krishnamurthy & Co., Secretarial Auditors - Mr. Sriram & Ms. Sharanya Sriram, Internal Auditors - M/s. Capri Assurance and Advisory Services – Mr K V Sriram & Mr V Periyasamy and M/s. AK Jain & Associates, Practising Company Secretary, Scrutinizer – Mr. Balu Sridhar. On behalf of the Board, I once again welcome you all to this 51<sup>st</sup> Annual General Meeting of your Company. Few remarks on the industry and the Company's performance before we turn to the business on the agenda.

The global economy grew by 3.4% in 2022 hindered by the US and European economic slowdown and lockdowns in China particularly resulting from their Government's zero covid policy. Global manufacturing and trade activities weakened amidst slowing demand due to aggressive global rate hiking cycle adopted by Central Banks to curb inflation. Indian economy continued to be one of the fastest growing major economies despite growing at a slow pace at 7.2% in FY 23 and has shown higher resilience to global shocks on the back of strong government capital spending and good private demand. The Indian automobile industry witnessed a robust growth during FY23 after having faced slight hiccups in the previous year due to pandemic induced supply chain disruptions and higher commodity cost.

## **Rane Engine Valve Limited**

### **51<sup>st</sup> Annual General Meeting**

Turning to the Company's performance, the financial turnaround of the Company is driven by strong top line growth and improved operational performance. The revenue from operations increased by 30% to Rs. 497.57 crores in FY 23 from Rs. 382.06 crores in FY 22. Export sales to OEM customers increased by 38% due increase in offtake by customers in Europe mainly Germany. EBITDA increased to Rs. 36.22 crores in FY 23 from Rs. 16.43 crores in FY 22. REVL is strategically focusing on enhancing sales to EV insulated segments which accounts for 44% of their sales. The Company is also working with customers on several projects on alternate fuel technologies including hydrogen and CNG, etc. The Company continue to win various accolades from their customers. In terms of outlook, adoption of electric vehicles (EV) Is expected to accelerate in the coming years as EV becomes more and more affordable. To address the threat if EV migration, the company would be strategically focusing on non-ICE products with similar manufacturing process. However, in the mid short term, we feel that the growth will continue with focus on non-automotive applications. The demand environment remains favourable for FY 24. The Indian automotive industry is likely to witness sustained growth momentum going forward despite minor headwinds in the form of rising interest rates and cost increases due to new emission and safety norms. The global economic scenario faces headwinds on inflation, slower growth and geo-political situation because of the war in Europe. Though, India remains as relatively shielded the spill overs of the global scenario can't be ruled out. We navigate this macro environment scenario cautiously prioritising operational improvement, cost reduction measures to balance out any risk on growth. We thank you for your patience, it has been few years where REVL has not performed well and finally we have been able to turn around and we hope, going forward from this year onwards we will be able to let the results to the shareholders. Thank you for your attention and once again welcome you once again to this AGM.

With the permission of the members, the AGM notice as is being taken as read. In view of the unmodified reports issued by the statutory auditors and the secretarial auditors for the financial year 22-23, they are not being read. The businesses proposed to be transacted at this AGM are as follows. The detailed objectives and implications of resolutions under special business are available in the explanatory statement annexed to the notice.

#### **Under Ordinary Business:**

1. Consideration and adoption of Audited Financial Statement of the Company for year ended March 31, 2023, together with reports of Board of Directors and the Auditor thereon.
2. Appointment of Director in the place of Mr. Harish Lakshman (DIN: 00012602), who retires by rotation and being eligible, offers himself for re-appointment.

#### **Under Special Business:**

3. Ratification of remuneration of the Cost Auditor for FY 2022-23.
4. Appointment of Ms. Vasudha Sundararaman (DIN: 06609400) as an Independent Director of the Company.

Before we go for the voting, I invite any questions from members who have pre-registered. I have one set of questions from our pre-registered shareholder, if the shareholder wishes to repeat the question we can unmute or I can straight away answer the questions, if you have any supplementary questions you can add.

**CS (09:13):** U can unmute the speaker, registered speakers.

**Host (09:20):** Ms Saloni, u can speak

## **Rane Engine Valve Limited**

### **51<sup>st</sup> Annual General Meeting**

**Saloni (09:22):** Hello, am I audible?

**CS (09:24):** Yes

**Saloni Hemnani (09:25):** Ok, hello sir, first of all congratulations on a wonderful year to the Rane Group of Companies. Sir, I had couple of questions regarding the improvement in the numbers. So my first question was, there was a considerable improvement in the numbers last quarter in terms of our top line as well as our margins. I could not understand any specific reason, why there has been a considerable shift in our top line. Is it the new kind of customers that we have bagged? Are we entering into new segment? What is it that caused such a good improvement basically and are these numbers going to be sustainable and why?

And second question is, I wanted to understand the thought process behind the management on the current key focus drivers of the Company. So going forward, how are we looking at the growth profile of the Company and how are we basically trying to find out new growth drivers of the Company as well. And on the margin profile sir, any specific reason why there was a shift in our margin as well in the last quarter.

**LG (10:45):** Yeah, Thank u for your questions. Rane Engine Valve has been going through challenging 4-5 years because of lack of volume growth, top line growth and increase in cost because of the legacy, we have old plants with permanent labour whose cost is very high and the top line was not growing. The last 3-4 years, the Company started focusing on 2 things. One is increasing growth, we will talk about each segment a little bit later and also on operational improvements. So, on the top line growth we started focusing a lot on exports. We started focusing on segments, market share and we could do better and also focusing on domestic aftermarket where we felt the potential to grow by better penetration, better delivery will help. So, this has been off for the last 3-4 years and the results of these efforts have started showing and last year because the automotive industry also did well and our export marketing efforts of the last 3-4 years started paying dividends. All the segments, did well, they grew in OEM, Domestic Aftermarket and exports and this kind of results in the strong top line growth and their initiatives are operational improvements which started giving results in both improvement and productivity.

Capacity utilisation decreased in downtime, etc. so plants could produce more and also some at low cost automation and increase in the productivity of man power. All these combinations have started giving us dividends now and therefore we have turned around in last quarter in 2022-23 and this momentum sustains and we think that in 2023-24 the current year we will do even better than 2022-23. The audit books are good, plants have performed quite well in the last quarter in terms of delivering these orders and the initiatives taken, operational improvements continue so we expect 2023-24 to be even better than 2022-23. Going forward our focus in the short-medium term is to focus on the non-automotive business in the engine valve business which is somewhat EV insulated. So currently about 44% of our sales come from this segment and we are trying to focus on this to insulate oversees more and more. And we believe that there is enough time by the time EV penetration starts reducing the growth rate in engine valve businesses itself. So the next 3-4 years, I think the basic organic growth continue and our focus on non-automotive segments will help us to grow better. So we think in the next 3-4 years something like 10-12% CAGR is a possibility. That's what we are working for. I hope I have answered your questions.

**Sanomi Hemnani (14:18):** Yes, sir, Thank u so much.

**Rane Engine Valve Limited**  
**51<sup>st</sup> Annual General Meeting**

**CS (14:24):** Are there any other shareholder registered as speaker?

**Host (14:32):** No sir

**CS (14:34):** So we can continue.

**LG (14:36):** 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 July 22, 2023 and ended on July 24, 2023 as scheduled. Those members who have not exercised their vote by remote e-voting, can do so at this AGM. The E-voting facility will be kept open up to the end of this meeting for 15 minutes thereafter and the meeting shall stand concluded. Mr. Balu Sridhar, Practicing Company Secretary, appointed as Scrutinizer for the remote e-voting, will also act as Scrutinizer for the E-voting for this AGM. Voting results will be available 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 stands closed at the end of the e-voting process. I now handover to Mr. Balu Sridhar, Scrutinizer for conducting the e-voting at the AGM. Thank you.

**Scrutinizer (17:51):** Thank you Chairman, e-voting facility will remain open for further 15 minutes. Electronic facility will automatically be disconnected after the said period.

**LG (17:08):** Others can sign off. Thank you very much for your participation. Thank you.

**(14:33:00):** End of event.