

RANE HOLDINGS LIMITED

CIN : L35999TN1936PLC002202

Registered Office : " Maithri", 132, Cathedral Road, Chennai - 600 086

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Statement of unaudited standalone financial results for the quarter and nine months ended December 31, 2023



Rs. Lakhs

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income						
Revenue from operations	2,631	6,894	2,364	12,079	9,237	11,766
Other income	170	34	16	222	38	53
Total income	2,801	6,928	2,380	12,301	9,275	11,819
2. Expenses						
Employee benefits expense	715	662	597	2,093	1,715	2,321
Finance costs	116	119	148	364	434	561
Depreciation and amortisation expenses	130	122	128	373	309	437
Professional charges	139	204	213	459	432	725
Information systems expenses	210	202	194	608	575	774
Other expenses	252	306	185	805	612	806
Total expenses	1,562	1,615	1,465	4,702	4,077	5,624
3. Profit before exceptional item and tax (1-2)	1,239	5,313	915	7,599	5,198	6,195
4. Exceptional item (refer note 7)	-	-	-	(296)	-	(292)
5. Profit before tax (3+4)	1,239	5,313	915	7,303	5,198	5,903
6. Tax expense						
Current tax	182	787	171	1,124	957	1,118
Deferred tax	3	(13)	(2)	(12)	(40)	(45)
Total tax expense	185	774	169	1,112	917	1,073
7. Profit for the period (5-6)	1,054	4,539	746	6,191	4,281	4,830
8. Other comprehensive income						
Items that will not be reclassified to profit or loss						
(i) Re-measurement gains / (losses) on defined benefit plans, net	15	3	10	(50)	(57)	(42)
(ii) Net gain / (loss) on fair value through other comprehensive income equity instruments	(371)	180	(217)	(187)	(136)	(21)
(iii) Income tax relating to items that will not be reclassified to profit or loss	90	(45)	53	60	49	39
Other comprehensive income / (loss) for the period	(266)	138	(154)	(177)	(144)	(24)
9. Total comprehensive income for the period (7+8) (Comprising profit and other comprehensive income / (loss) for the period)	788	4,677	592	6,014	4,137	4,806
10. Paid-up equity share capital (face value of Rs.10/- each fully paid up)	1,428	1,428	1,428	1,428	1,428	1,428
11. Other equity						52,208
12. Earnings per share (EPS) (face value of Rs.10/- each) (not annualised for quarters and year to date periods)						
Basic (in Rs.)	7.37	31.79	5.22	43.35	29.98	33.82
Diluted (in Rs.)	7.37	31.79	5.22	43.35	29.98	33.82

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Particulars	Quarter ended			Nine months ended		Rs. Lakhs
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	Year ended March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Income						
Revenue from operations	83,704	92,813	87,425	265,963	257,068	350,833
Other income	430	240	3,165	993	1,857	2,913
Total income	84,134	93,053	90,590	266,956	258,925	353,746
2. Expenses						
Cost of materials consumed	48,518	53,795	52,214	153,182	153,365	204,875
Purchases of stock-in-trade	253	262	228	793	703	907
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(814)	(743)	(2,384)	(2,351)	(5,282)	(2,918)
Employee benefits expense	11,594	13,686	13,711	39,856	39,689	52,717
Finance costs	1,828	1,712	1,372	5,396	3,277	4,982
Depreciation and amortisation expenses	3,210	3,495	3,563	10,240	10,183	14,173
Other expenses	15,134	18,786	15,872	50,669	47,020	63,304
Total expenses	79,723	90,993	84,576	257,785	248,955	338,040
3. Profit before share of profit / (loss) of joint venture / associate entities, exceptional items and tax (1-2)	4,411	2,060	6,014	9,171	9,970	15,706
4. Share of profit / (loss) of joint venture / associate entities (includes share of exceptional items, net of taxes) (refer note 6)	1,467	1,590	1,315	4,097	4,192	(92)
5. Profit before exceptional items and tax (3+4)	5,878	3,650	7,329	13,268	14,162	15,614
6. Exceptional items (refer note 7)	-	(8,217)	(509)	(10,205)	(729)	(1,832)
7. Profit / (loss) before tax (5+6)	5,878	(4,567)	6,820	3,063	13,433	13,782
8. Tax expense (refer note 7)						
Current tax	595	972	2,192	2,104	4,841	5,860
Deferred tax	480	(10,646)	(517)	(10,161)	(945)	(809)
Total tax expense	1,075	(9,674)	1,675	(8,057)	3,896	5,051
9. Profit for the period (7-8)	4,803	5,107	5,145	11,120	9,537	8,731
10. Other comprehensive income						
Items that will not be reclassified to profit or loss						
(i) Re-measurement gains / (losses) on defined benefit plans, net	(50)	136	46	(138)	(102)	131
(ii) Net gain / (loss) on fair value through other comprehensive income equity instruments	(371)	180	(217)	(187)	(136)	(21)
(iii) Share of other comprehensive loss of equity accounted investees	-	(36)	-	(36)	(34)	(59)
(iv) Income tax relating to items that will not be reclassified to profit or loss	109	(88)	44	75	56	58
	(312)	192	(127)	(286)	(216)	109
Items that will be reclassified to profit or loss						
(i) Exchange differences on translating financial statements of foreign operations	9	993	(2,930)	1,154	(1,190)	(1,776)
	9	993	(2,930)	1,154	(1,190)	(1,776)
Other comprehensive income / (loss) for the period	(303)	1,185	(3,057)	868	(1,406)	(1,667)
11. Total comprehensive income for the period (9+10)	4,500	6,292	2,088	11,988	8,131	7,064
(Comprising profit and other comprehensive income / (loss) for the period)						
Profit for the period attributable to:						
(a) Owners of the Company	3,896	4,064	4,097	9,237	8,112	6,227
(b) Non-controlling interest	907	1,043	1,048	1,883	1,425	2,504
	4,803	5,107	5,145	11,120	9,537	8,731
Other comprehensive income / (loss) attributable to:						
(a) Owners of the Company	(292)	864	(2,237)	559	(1,064)	(1,230)
(b) Non-controlling interest	(11)	321	(820)	309	(342)	(437)
	(303)	1,185	(3,057)	868	(1,406)	(1,667)
Total comprehensive income attributable to:						
(a) Owners of the Company	3,604	4,928	1,860	9,796	7,048	4,997
(b) Non-controlling interest	896	1,364	228	2,192	1,083	2,067
	4,500	6,292	2,088	11,988	8,131	7,064
12. Paid-up equity share capital (face value of Rs.10/- each fully paid up)	1,428	1,428	1,428	1,428	1,428	1,428
13. Other equity						79,360
14. Earnings per share (EPS) (face value of Rs.10/- each) (not annualised for quarters and year to date periods)						
Basic (in Rs.)	27.28	28.46	28.69	64.68	56.81	43.61
Diluted (in Rs.)	27.28	28.46	28.69	64.68	56.81	43.61

- 1 The above financial results were reviewed and recommended by the Audit Committee and thereafter approved by the Board of Directors of Rane Holdings Limited ('the Company') at their respective meetings held on February 8, 2024.
- 2 The Statutory auditors have carried out a limited review of the above financial results for the quarter and nine months ended December 31, 2023. The financial results of the subsidiaries and joint venture / associate entities were reviewed by the respective statutory auditors, as applicable.
- 3 The above financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 4 The Company holds strategic investments in subsidiaries (the Company and its subsidiaries collectively referred to as 'the Group') and joint venture / associate entities that are engaged primarily in manufacturing / marketing of components and providing technological services for the transportation industry, mainly the automotive sector. The Company also provides management, information technology and business development services to its subsidiaries and joint venture / associate entities.
- 5 The Group is primarily engaged in manufacture and supply of auto components and providing technological services for transportation industry which in the context of Indian Accounting Standard (Ind AS) 108 Operating Segments, is considered as the only operating segment.
- 6 Share of profit / (loss) of joint venture / associate entities disclosed in the unaudited consolidated financial results includes the share of exceptional item, recorded by Rane NSK Steering Systems Private Limited ("RNSS") towards warranty provision amounting to Rs. 3,626 Lakhs for the year ended March 31, 2023. RNSS has recorded an exceptional income of Rs. 297 Lakhs for the quarter ended December 31, 2023, Rs. 148 Lakhs for the quarter ended September 30, 2023, and Rs. 445 Lakhs for the nine months ended December 31, 2023 in relation to sale of scrapped parts. These claims were incurred by RNSS towards incremental warranty claims with respect to certain specific lots of products sold by RNSS to one of its customers. RNSS has determined the amount based on technical estimates and is currently in discussions with various parties to determine and conclude on certain aspects that may impact the quantum of the final warranty liability to be borne by RNSS. Based on its assessment and pending final outcome of such discussions and negotiations, RNSS believes that the cumulative provision carried by them towards such special warranty obligations as at December 31, 2023, is adequate.
- 7 Exceptional items in the above financial results includes the following:
 - a. In respect of, Rane t4u Private Limited ("Rt4u") an erstwhile subsidiary company, the Company assessed the carrying value of its investments and considered the fair value changes thereto resulting in a reduction in the carrying value aggregating to Rs. 296 Lakhs for the nine months ended December 31, 2023; and Rs. 292 Lakhs for the year ended March 31, 2023 being shown as an exceptional charge in the standalone financial results.

The Company had sold its entire investment in Rt4u for a consideration of Rs. 850 Lakhs in exchange for allotment of 862,505 equity shares in eTrans Solutions Private Limited ("eTrans") representing 11.94% stake in eTrans and Rt4u ceased to be a subsidiary of the Company effective July 19, 2023. The Group recorded an exceptional income of Rs. 338 Lakhs for the quarter ended September 30, 2023 and nine months ended December 31, 2023 on account of sale of Rt4u in the unaudited consolidated financial results.

- b. Rane Engine Valve Limited ("REVL"), a subsidiary company incurred Voluntary Retirement Scheme ('VRS') expenditure of Rs. 9 Lakhs for the quarter ended September 30, 2023 and nine months ended December 31, 2023; and Rs. 48 Lakhs for the quarter & nine months ended December 31, 2022 and year ended March 31, 2023.

Further, REVL had incurred a provision for customer quality claims for Rs. 113 Lakhs for the nine months ended December 31, 2023, Rs. 200 Lakhs for the quarter ended December 31, 2022, Rs. 420 Lakhs for the nine months ended December 31, 2022 and Rs. 619 Lakhs for the year ended March 31, 2023 towards estimated product liability costs, in respect of certain valves supplied to an overseas customer pending finalisation. REVL had initiated insurance claim in respect of the same, which is under process. The management is of the opinion that the provision carried as at December 31, 2023 is adequate to cover the estimated net liability.

- c. As at March 31, 2023, on account of changes in market conditions and rising cost of capital, the Group had assessed the recoverable amount of the net assets of Rane Light Metal Castings Inc., ('LMCA') the erstwhile step-down subsidiary in the U.S., which represents a single cash generating unit (CGU). Based on such assessment, the Group had recorded an impairment charge of Rs. 904 Lakhs as an exceptional item in the unaudited consolidated financial results during the year ended March 31, 2023.

Pursuant to the approval of the Board of Directors and Shareholders of Rane (Madras) Limited ('RML'), Rane Madras International Holdings B.V. (the Company's step down subsidiary) had sold its entire stake in LMCA (RML's erstwhile step-down subsidiary) on September 14, 2023 for a consideration of USD 4.9 million. Accordingly, for the quarter ended September 30, 2023 and nine months ended December 31, 2023, the Group had recorded loss on sale of the aforesaid RML's erstwhile step down subsidiary aggregating to Rs. 8,546 Lakhs in the unaudited consolidated financial results as an exceptional item.

Consequent to the sale of LMCA, Rane Madras International Holdings B.V., had carried out a reduction of capital in the non-convertible redeemable preference shares issued to the RML. RML had determined that it is eligible to claim the tax benefit arising from such losses and had accordingly recorded a deferred tax asset of Rs. 11,334 Lakhs in the quarter ended September 30, 2023 and nine months ended December 31, 2023. RML had also obtained legal advice on this matter and believes that it will have sufficient future taxable profits to fully utilize this deferred tax asset.

RML primarily incurred provision for one time warranty related costs and VRS expenditure of Rs. 1,875 Lakhs for the nine months ended December 31, 2023, and VRS expenditure of Rs. 261 Lakhs for the quarter & nine months ended December 31, 2022 and year ended March 31, 2023.

- 8 The Group has consolidated the financial performance of Rt4u till July 19, 2023 and the assets / liabilities of Rt4u were de-recognised in the consolidated balance sheet on July 19, 2023.
- 9 The Group has consolidated the financial performance of LMCA till September 14, 2023 and the assets / liabilities of LMCA were de-recognised in the consolidated balance sheet on September 14, 2023.
- 10 During the period ended December 31, 2023, ZF Rane Occupant Safety Systems Private Limited, a subsidiary of one of the joint venture / associate entity commenced operations.
- 11 During the quarter ended December 31, 2023, RML has set up a new subsidiary namely Rane Automotive Components S. de R.L. de C.V. and is currently in the process of setting up the manufacturing facility. Accordingly, the consolidated financial results include the financial performance of this step-down subsidiary effective from the quarter ended December 31, 2023.
- 12 During the period ended December 31, 2023, the Company acquired 171,821 equity shares of Rs.10 each fully paid-up in REVL pursuant to conversion of 171,821 share warrants for an aggregate consideration of Rs.500 Lakhs (including the share warrant exercise price of Rs. 125 Lakhs). Pursuant to such acquisition, the shareholding of the Company in REVL stands at 58.29%.
- 13 The unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2023, are being published in the newspaper as per the format prescribed under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015. The financial results are also being made available on the Stock Exchange websites: www.bseindia.com and www.nseindia.com and on the company's website: www.ranegroup.com.