

Registered Office Tel: 91 44 2811 2472
"Maithri" Fax: 91 44 2811 2449
132, Cathedral Road, URL: www.ranegroup.com
Chennai 600 086, India.
CIN: L65993TN2004PLC052856

Rane (Madras) Limited



//Online Submission//

RML / SE/11/2020-21

June 18, 2020

BSE Limited Listing Centre Scrip Code: 532661	National Stock Exchange of India Ltd. NEAPS Symbol: RML
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Dear Sir / Madam,

Sub: Outcome of Board Meeting held on June 18, 2020 - under Regulation 30 of SEBI LODR

Ref: Our letter no. RML/SE/04/2020-21 dated May 07, 2020

This is to inform that the Board of Directors have, inter alia, approved the audited financial results of the Company (standalone & consolidated for the year ended March 31, 2020) as recommended by the audit committee at their respective meeting(s) held today (**June 18, 2020**).

The audited financial results (standalone & consolidated) of the Company is enclosed along with the Independent Auditor's Report on both standalone & consolidated results issued by M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors. Further, declaration in respect of unmodified opinion on the audited financial results (standalone & consolidated) for the year ended March 31, 2020 is enclosed (**Regulation 33**).

The extract of the audited financial results (standalone & consolidated) will be published in newspapers, i.e., 'Business Standard' and 'Dinamani' in the format prescribed (**Regulation 47**). The standalone and consolidated financial results shall be available on the website of the company at www.ranegroup.com and stock exchanges at www.bseindia.com and www.nseindia.com (**Regulation 46 & 47**). An 'earnings release' for the above results and a communication to shareholders of the Company are also enclosed (**Regulation 30**).

The meeting of the Board of Directors commenced at 13:00 hrs and concluded at 14:40 hrs(IST).

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We request you to take the above on record and note the compliance under above referred regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

Thanking you.

Yours faithfully

For **Rane (Madras) Limited**

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 by S SUBHA
SHREE SHREE
 Date: 2020.06.18
 14:44:23 +05'30'

Subha Shree S
Secretary

Encl: a/a

1. *Audited financial results (standalone & consolidated) for the quarter & year ended March 31, 2020.*
2. *Extract of the audited financial results(standalone & consolidated) for Newspaper publication.*
3. *Independent Auditor's Report on the audited financial results (standalone & consolidated) for the quarter & year ended March 31, 2020.*
4. *Declaration under Reg 33(3)(d) of SEBI LODR.*
5. *Earnings release for the year ended March 31, 2020.*
6. *Communication to Shareholders FY20*



Dear Shareholder,

The world has changed drastically with the coronavirus pandemic. This is an extreme event – one for which there is no precedence. Your company started experiencing the adverse impact of the pandemic from March 2020 with Government announcing lockdown to contain the spread of coronavirus. This came after six quarters of decline in automotive market which created an even more challenging business environment. Even with the lockdown eased in various parts of the country, it will take considerable time before true normalcy returns.

Through this communication, I would like to share details around your company's performance in FY2020 and the outlook for the business in these unprecedented times.

Economic and Industry Review

The global economy grew at slower pace in 2019 compared to 2018. Increasing uncertainty in the economic environment amid rising tariffs and rapid shifts in trade policies resulted in deteriorating business confidence and dampened investment growth across most region. The Indian GDP growth dipped to 4.2% in FY20 significantly slower than 6.8% in FY19¹. This slowdown is attributable to credit squeeze negatively impacting consumption, investments and exports. The manufacturing sector remained flat in FY20.

Globally automotive sales demonstrated resilience despite trade woes, increasing popularity of ride hailing services and rising prices. US Auto sales declined slightly in 2019, however sold more than 17 million vehicles² for the fifth consecutive year. The European new-car registrations increased by 1.2% across the European Union, the seventh consecutive year of growth, reaching more than 15.3 million units³.

The automotive industry in India went through challenging phase in FY20 with volumes declining double digit across vehicle segments. The industry was impacted by several factors including the slowdown in the economy, challenges on credit availability and rising cost of vehicle ownership. This was unprecedented and the company has not seen such volume decline across segments in the recent history.

India business – Volume drop impacting business performance

The company's business was affected by slowdown in the Indian automotive market. Despite these odds, your company continued to strengthen the market position, win new business and customer accolades.

The company continued to enhance its market position in India across product segments. In the aftermarket, new product introduction, range expansion and improving the market reach helped to sustain the business despite the slowdown. The exports revenue declined on account of lower

¹ Ministry of Statistics and Programme Implementation (MOSPI), India

² National Automobile Dealers Association (NADA), US

³ European Automobile Manufacturers' Association (ACEA)

Steering business: Strong operational performance and healthy order book

Light metal casting business (India): Operational issues addressed; capacity utilization challenges remain but order book visibility is high

offtake in served segments and end of life in some customer programs. In the steering business, the export order book remains healthy with the company securing order to supply ball joints and the business won in earlier years for steering gear. For the light metal casting products, the company is pursuing both new customers and new applications, which will enhance future growth potential.

On the operational front, the Steering and Linkages business responded well by optimizing the resources and

sustaining efficiency levels. The team continued to enhance lean measures to improve utilisation, productivity and optimize manpower. In addition, significant cost saving projects were executed to minimize the impact due to lower volumes and the inflationary pressures. Similarly, Light Metal Casting India business continued its emphasis on operational improvement and reduced manufacturing cost. Specific initiatives have been taken to improve the availability of the machines and cycle time reduction in casting and machining to improve productivity.

Performance of US Subsidiary affected by lower volumes

The company's acquisition of Rane Light Metal Castings America (earlier known as Rane Precision Die Casting) in 2016 was done with an objective to establish global manufacturing footprint and serve the demand for aluminium components as global automotive majors were prioritizing light weighting. However, the desired results could not be achieved in the planned timeframe. Rane Light Metal Castings America could secure only limited new business which resulted in widening of losses and restricting the capacity to invest on operational improvements. Also, the implementation of operational excellence did not make much progress given the resource constraints.

The Covid-19 pandemic has significantly impacted the future of this business and this has forced the management to revisit the strategy and limit the investments. The board will review the performance of the business closely in next 12 months and take an appropriate decision, keeping in view the long term interest of shareholders.

The performance of US subsidiary is severely affected by the Covid-19 induced slowdown.

Impairment

The investments made in/loans and guarantees given to the subsidiary companies is evaluated for impairment every year based on the estimated sales volumes and cash flow projections of the subsidiary. The estimation of sales volume is based on management assessment of securing new businesses and also considers the economic impact of Covid-19. Based on the valuation as per the current projections, an impairment of Rs. 37.58 Crores is recognized during the fiscal year 2019-20.

Outlook

The world is currently facing unprecedented situation on account of the coronavirus pandemic and this adversity has created further difficulties for people across the globe. By staying true to purpose and values of the company, we committed and prioritized on employee's safety and health.

Though the Covid-19 related business slowdown is real, it is difficult to predict the duration and extent of this slowdown both in India and across the globe. The company anticipates significant decline in revenues in FY 2020-21 and accordingly drafted measures to mitigate the impact. These measures are targeted at improving productivity, optimizing manufacturing cost and includes

management staff taking salary reductions ranging from 10% to 35% from Junior to Senior levels. The capital expenditure requirements have been drastically reduced and only vital new program related investments and strategic R&D investments are being planned.

An excellent, dedicated and professional team of employees continue to drive forward your company's efforts on winning new orders and improving the operational performance. Our inherent resilience to market fluctuations and prudent conservatism will help the company tide over this critical period and put us in stronger footing when the market recovers.

I thank you for reposing your faith in the Company and look forward to reporting good results in the coming years.

-sd-

L Ganesh