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CIN : L65993TN2004PLC052856

Rane (Madras) Limited



//Online Submission//

RML / SE / 31 / 2017-18

August 31, 2017

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

Sub: Earnings Conference Call – presentation on Unaudited Financial Results for the quarter ended June 30, 2017

Ref: Our letter no. RML/SE /28/2017-18 dated August 24, 2017

With reference to our aforementioned letter intimating Earnings Conference Call scheduled on Friday, September 1, 2017 at 14: 00 hrs (IST) to discuss unaudited financial results for the quarter ended June 30, 2017, we enclose herewith copy of the Earnings presentation for the analysts and investors proposed to be made thereat.

The same is also being available on the website of the company, www.ranegroup.com.

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**


S Subha Shree
Secretary



Encl: a/a



Expanding Horizons

Rane Group

Earnings Presentation | Q1 FY18



S e p t e m b e r 2 0 1 7

www.ranegroup.com



- › **Industry Performance Review – Q1 FY18**
- › Rane Group Performance Review – Q1 FY18
- › Group Companies Performance Highlights – Q1FY18

Industry Performance Review (Q1 FY18)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth Q-o-Q in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	8%	32%	45%
Utility Vehicles (MUV)	15%	27%	22%
Vans (MPV)	(6%)	33%	1%
Small Commercial Vehicles (SCV)	(6%)	17%	2%
Light Commercial Vehicles (LCV)	(0.1%)	4%	7%
Medium & Heavy Commercial Vehicles (M&HCV)	(45%)	(17%)	12%
Farm Tractors (FT)	15%	10%	7%
2-Wheeler (2W)	9%	(1%)	3%

* Negligible presence in 3-wheeler. Other segments such as Stationary Engines, Rail & Defense contributes less than 1%

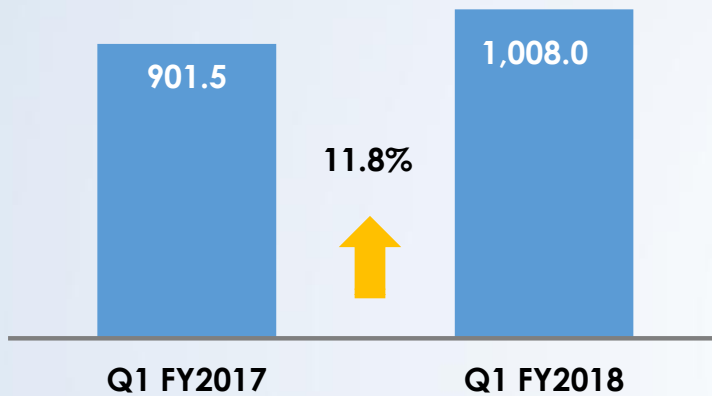
Source: SIAM

- › Registered superior growth in passenger vehicle segment as we commenced supplies to certain new customer programs
- › Share of business improvement with key customers in CV segment helped beat sluggish demand and post better growth
- › In the Farm Tractors segment,
 - Growth of steering products is inline supported by commencement of new order for power steering application
 - Production shortfall of valve train products resulted in drop in sales
- › Performance in 2-Wheeler segment was subdued due to higher growth in unserved models and delivery bottleneck on served models

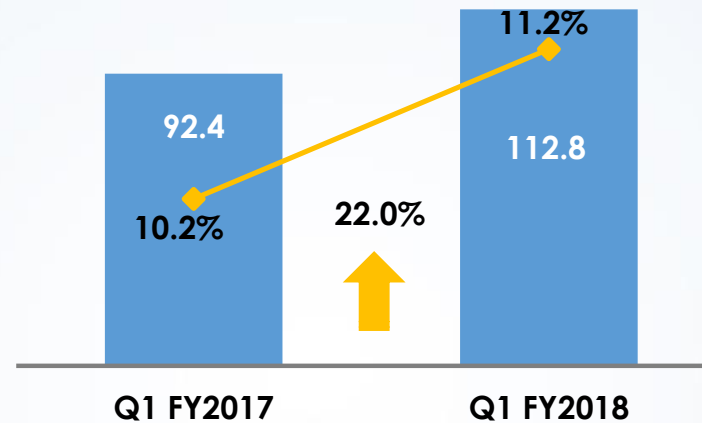
- › Industry Performance Review – Q1 FY18
- › **Rane Group Performance Review – Q1 FY18**
- › Group Companies Performance Highlights – Q1 FY18

Group Aggregate Performance Review

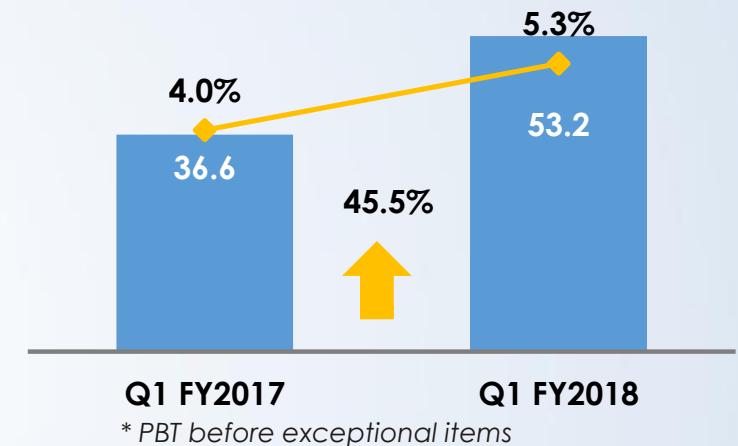
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Net Sales increased by 11.8% to Rs 1,008.0 Cr in Q1 FY18 from Rs 901.5 Cr in Q1 FY17**

- Revenues from Indian OE customers went up by 17% YoY supported by increased offtake and commencement of supplies to new passenger vehicle programs
- Revenues from international customers grew 20% YoY driven by new businesses for Occupant safety products
- Indian aftermarket business was affected as dealers reduced offtake in preparation for GST implementation

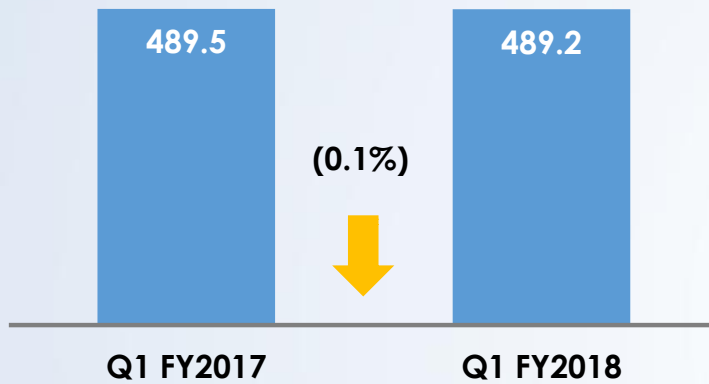
› **EBITDA increased by 22.0% to Rs 112.8 Cr in Q1 FY18 from Rs 92.4 Cr in Q1 FY17**

- Various cost control initiatives across group companies helped in improving the overall profitability

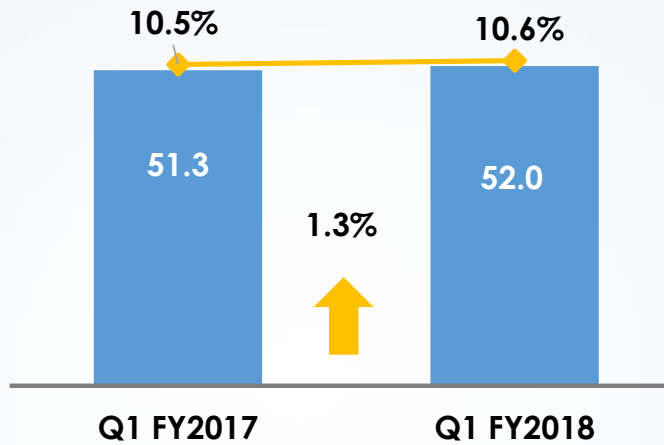
› **PBT increased by 45.5% to Rs 53.2 Cr in Q1 FY18 from Rs 36.6 Cr in Q1 FY17**

RHL Consolidated Performance Review

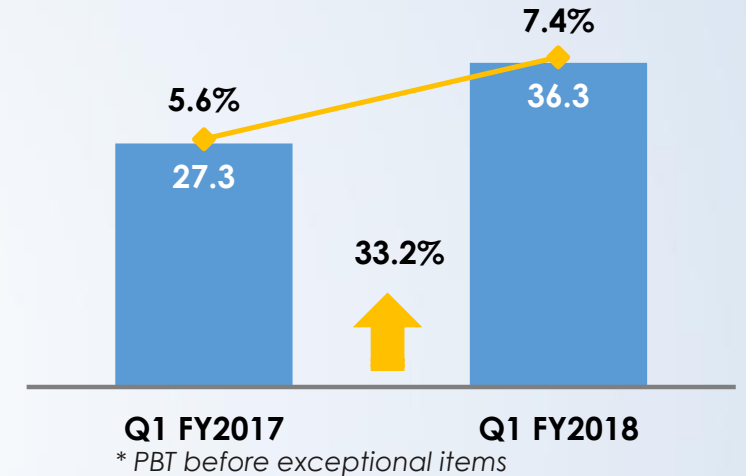
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › Net Sales declined marginally by 0.1% to Rs 489.2 Cr in Q1 FY18 from Rs 489.5 Cr in Q1 FY17
- › EBITDA increased by 1.3% to Rs 52.0 Cr in Q1 FY18 from Rs 51.3 Cr in Q1 FY17
- › PBT increased by 33.2% to Rs 36.3 Cr in Q1 FY18 from Rs 27.3 Cr in Q1 FY17

- › Industry Performance Review – Q1 FY18
- › Rane Group Performance Review – Q1 FY18
- › **Group Companies Performance Highlights – Q1 FY18**

Rane (Madras) Ltd.

(RML)

RML – Standalone Operational Performance Review

Market Environment

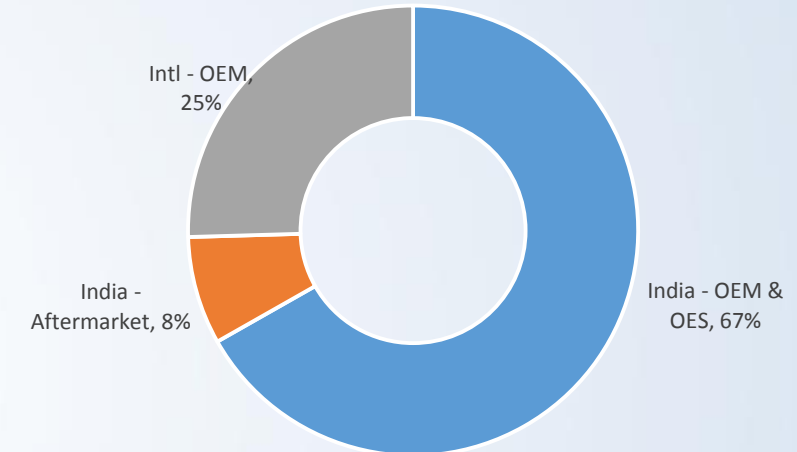
- › Strong demand from Passenger Car segment for the Steering Gear Products
- › Continued to experience good traction in Farm Tractor segment
- › Lower demand for Die-casting products from International customers
- › Lower demand from Indian Aftermarket business as dealers lowered stocking owing to GST implementation

Operational Highlights

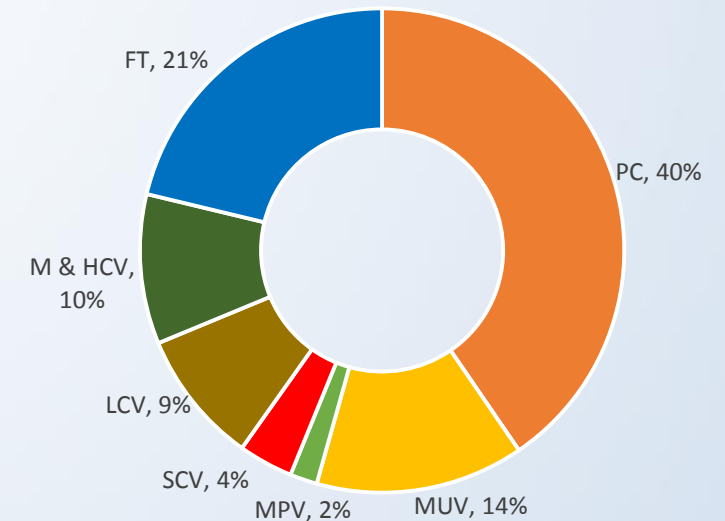
- › Good traction and commencement of new orders for HSU. Capacity enhancement in progress to meet customer revised demand
- › Production of Rack & Pinion at Varanavasi Plant has been ramped up

Business Split (Q1 FY18)

By Market (%)

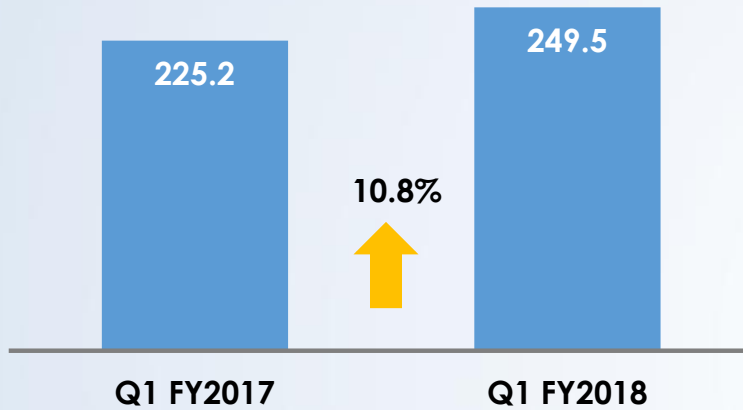


By Vehicle Segment (%)

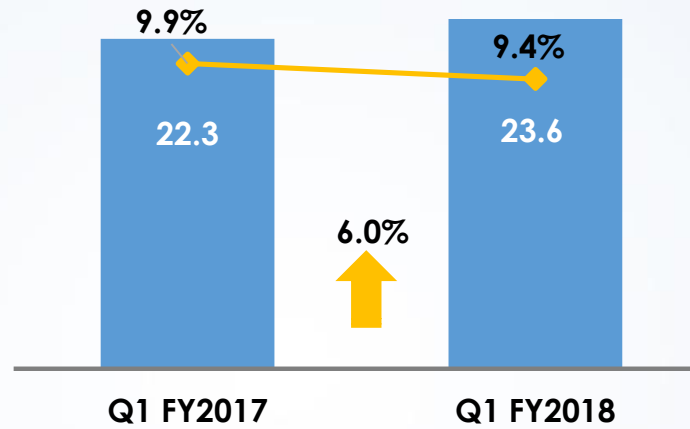


RML – Standalone Financial Performance Review

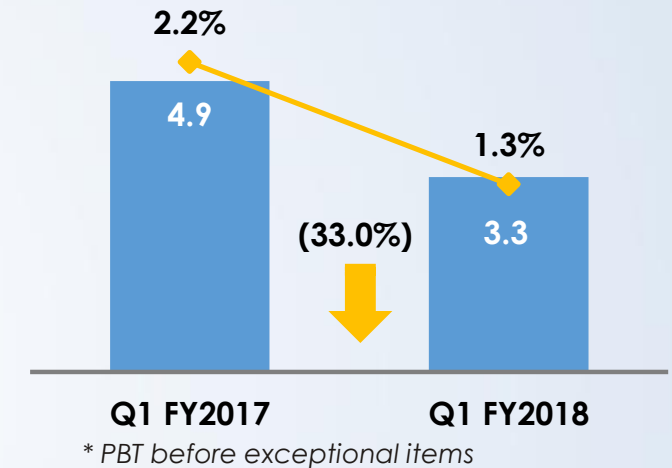
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Net Sales increased by 10.8% to Rs 249.5 Cr in Q1 FY18 from Rs 225.2 Cr in Q1 FY17**
 - Strong demand from Indian passenger car segment and commencement of supplies for new passenger car programs
- › **EBITDA increased by 6.0% to Rs 23.6 Cr in Q1 FY18 from Rs 22.3 Cr in Q1 FY17**
 - EBITDA margins witnessed a slight drop on account of unfavorable product mix
- › **PBT declined by 33.0% to Rs 3.3 Cr in Q1 FY18 from Rs 4.9 Cr in Q1 FY17**
 - Drop in PBT margin due to higher finance cost and depreciation

Rane Engine Valve Limited

(REVL)

REVL – Operational Performance Review

Market Environment

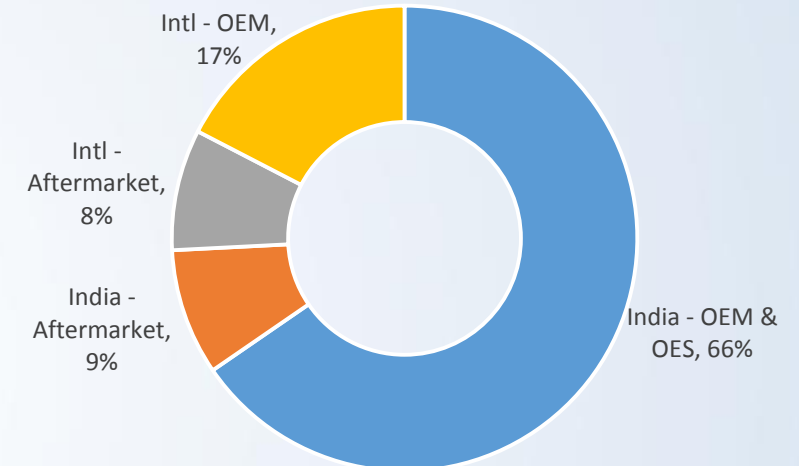
- › Growth in Indian OE segment could not be capitalized as plants experienced delivery bottlenecks. Also, the served market growth was lower
- › GST implementation impacted Indian Aftermarket business
- › Lower offtake by International customers particularly for Extra Large Valves
- › Lower schedules on certain international aftermarket customers
- › Delay in securing certain defense contracts

Operational Highlights

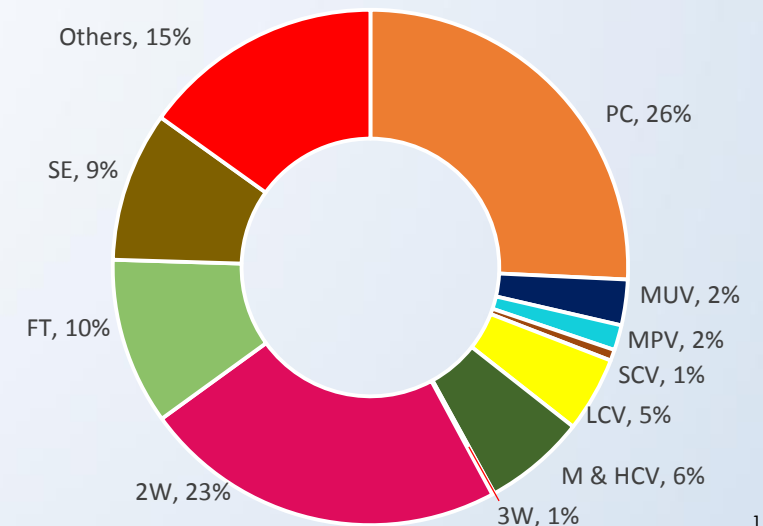
- › Experienced delivery bottlenecks and higher operational cost
- › Experienced higher rejections in the new program launches
- › Executed cost reduction projects and achieved material cost savings

Business Split (Q1 FY18)

By Market (%)

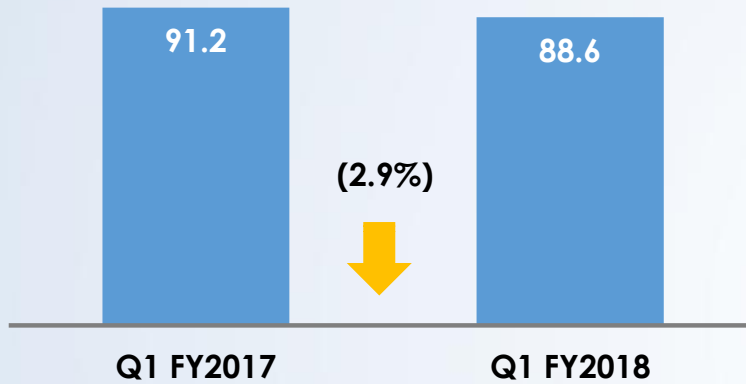


By Vehicle Segment (%)

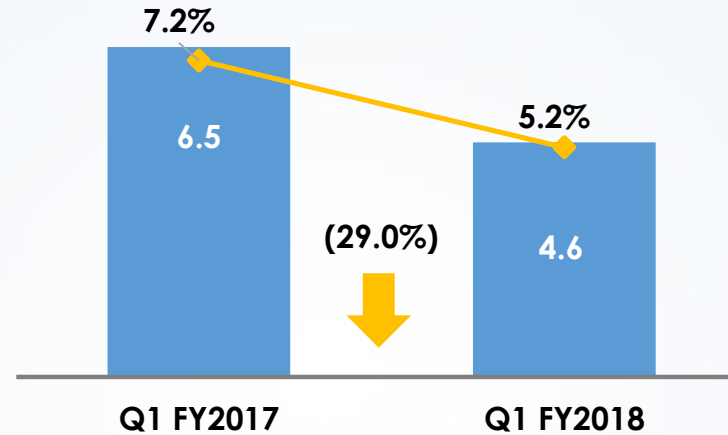


REVL – Financial Performance Review

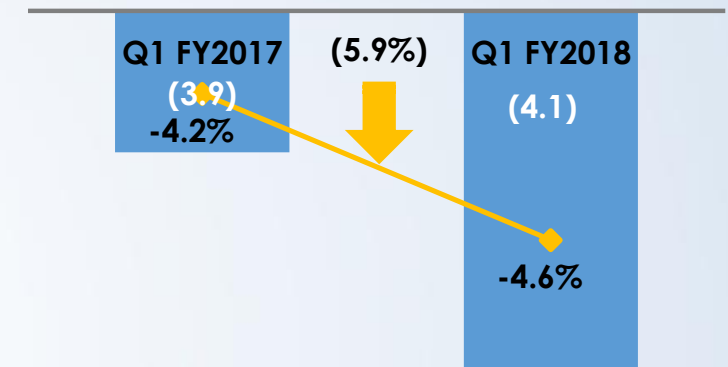
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Net Sales declined by 2.9% to Rs 88.6 Cr in Q1 FY18 from Rs 91.2 Cr in Q1 FY17**
 - Lower offtake from Indian Aftermarket customers and International customers affected sales performance
- › **EBITDA declined by 29.0% to Rs 4.6 Cr in Q1 FY18 from Rs 6.5 Cr in Q1 FY17**
 - Experienced higher operational cost as we were not able to meet the increased demand
- › **Loss before tax for Q1 FY18 was Rs 4.1 Cr as against loss of Rs 3.9 Cr in Q1 FY17**
 - Lower finance cost due to reduction in borrowings helped to minimize the loss for the current quarter

Rane Brake Lining Limited

(RBL)

Market Environment

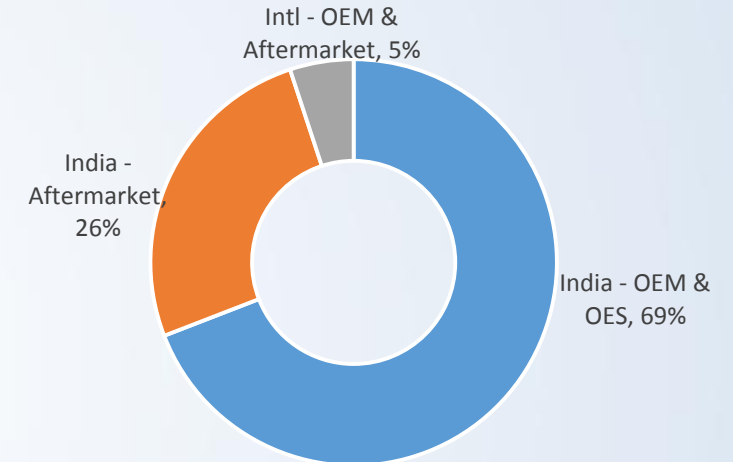
- › Experienced strong demand from Indian OE customers particularly from passenger vehicle segment
- › Lower offtake from aftermarket segment owing to GST implementation
- › Demand drop and selective participation in rail tenders

Operational Highlights

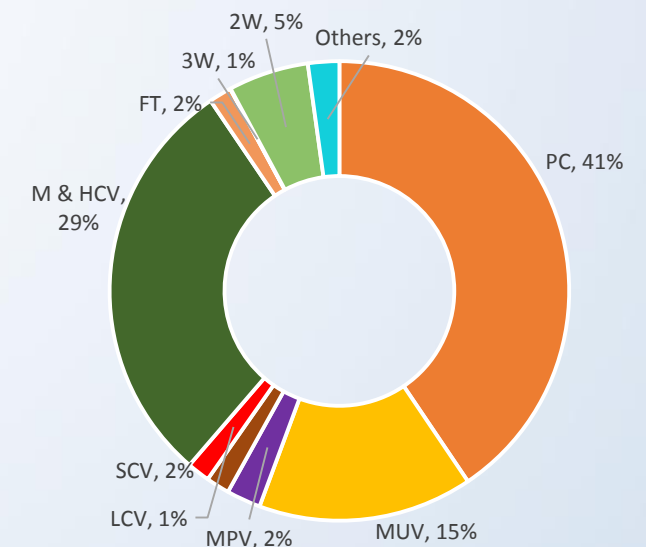
- › Certified as ‘Great Workplace’ by GPTW Institute, India
- › Stringent cost control initiatives helped to lower operational costs
- › Commenced Solar power generation from Captive Solar investment of 2MW and achieved output inline with the projections

Business Split (Q1 FY18)

By Market (%)

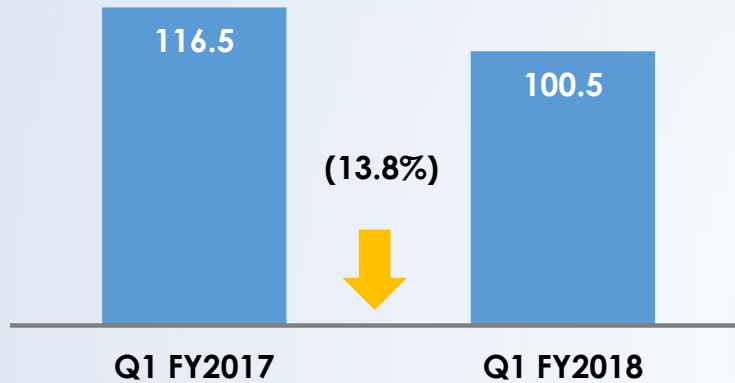


By Vehicle Segment (%)

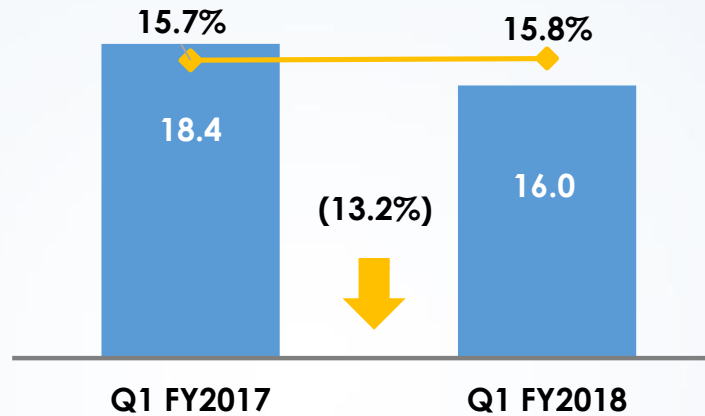


RBL – Financial Performance Review

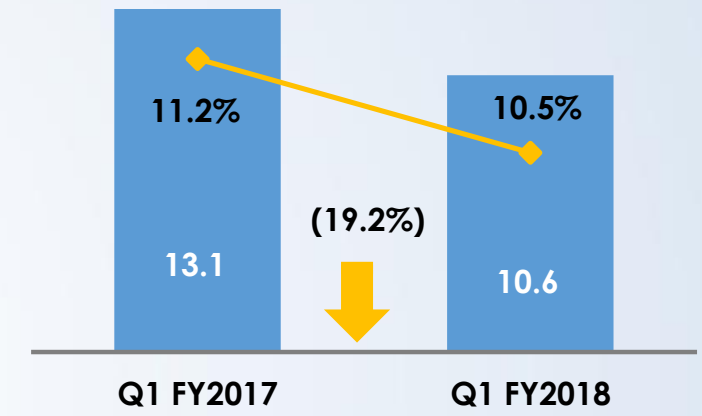
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Net Sales declined by 13.8% to Rs 100.5 Cr in Q1 FY18 from Rs 116.5 Cr in Q1 FY17**
 - Lower offtake from Indian Aftermarket customers as dealers lowered stocking owing to GST implementation.
- › **EBITDA declined by 13.2% to Rs 16.0 Cr in Q1 FY18 from Rs 18.4 Cr in Q1 FY17**
 - Favorable commodity, foreign exchange movement and higher cost savings realization supported in maintaining the EBITDA margins
- › **PBT declined by 19.2% to Rs 10.6 Cr in Q1 FY18 from Rs 13.1 Cr in Q1 FY17**
 - Capitalization of assets has resulted in higher depreciation and lower PBT

Rane TRW Steering Systems

(RTSS)

RTSS – Operational Performance Review

Market Environment

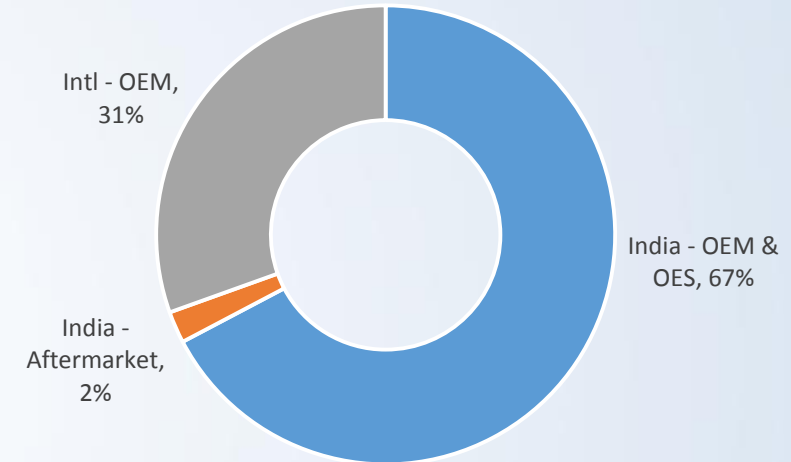
- › Occupant Safety Division: Robust demand for occupant safety products
- › Steering Gear Division
 - Higher demand from served market of utility vehicle segment
 - Migration to BS IV and BS III ban of M&HCV vehicles impacted the OEM's production plans

Operational Highlights

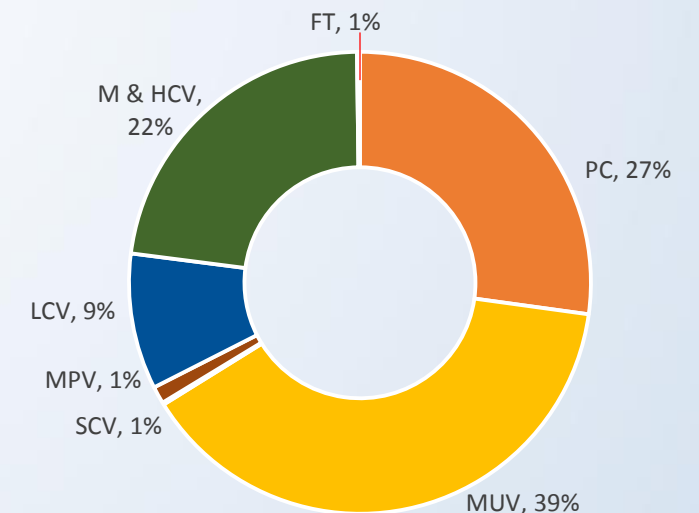
- › Increased share of business in LCV segment and with select customers in M&HCV segment for steering products
- › Successfully commissioned Side Airbag line and ramped up supplies

Business Split (Q1 FY18)

By Market (%)

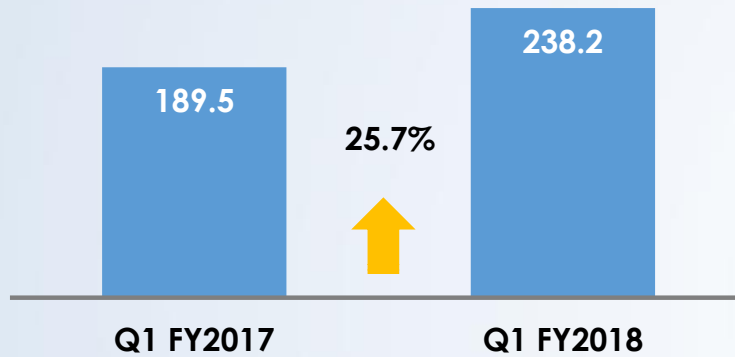


By Vehicle Segment (%)

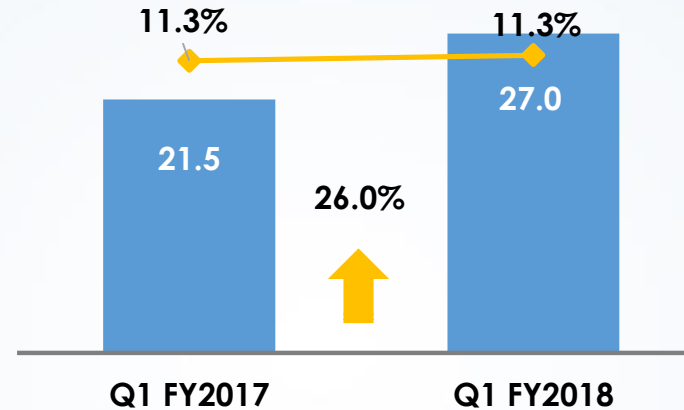


RTSS – Financial Performance Review

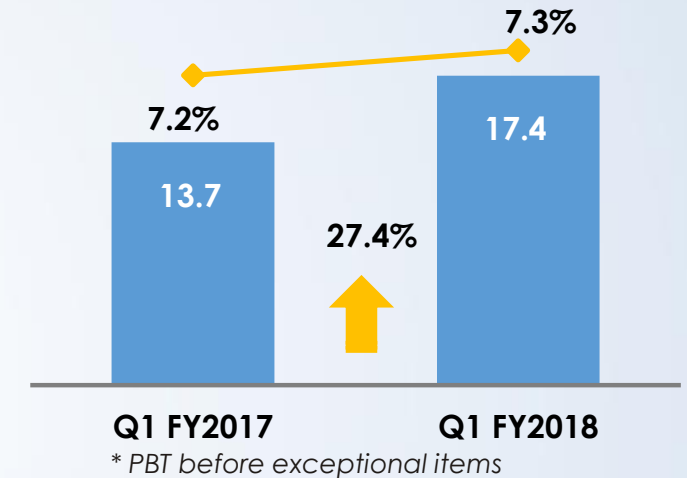
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Net Sales increased by 25.7% to Rs 238.2 Cr in Q1 FY18 from Rs 189.5 Cr in Q1 FY17**
 - Robust offtake in served programs and new business supplies of occupant safety products
- › **EBITDA increased by 26.0% to Rs 27.0 Cr in Q1 FY18 from Rs 21.5 Cr in Q1 FY17**
 - Sustained cost reduction measures aided in maintaining EBITDA margin
- › **PBT increased by 27.4% to Rs 17.4 Cr in Q1 FY18 from Rs 13.7 Cr in Q1 FY17**
 - Pursued various initiatives in treasury management to reduce the interest costs and improve the profitability margins

Rane NSK Steering Systems

(RNSS)

RNSS – Operational Performance Review

Market Environment

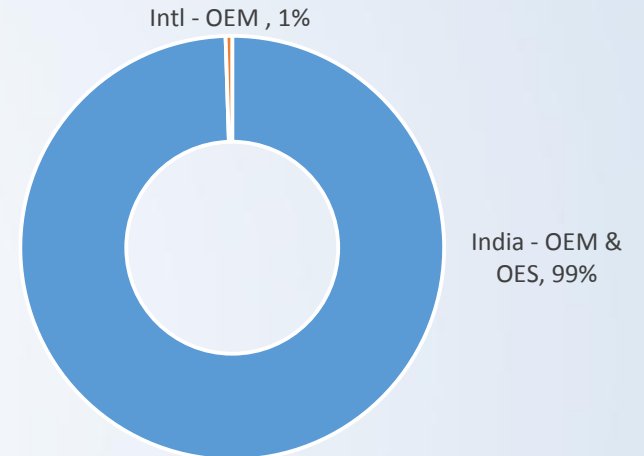
- › Higher PV volumes of EPS driven by increased off-take from served models
- › MSC business impacted by migration to BS IV and BS III ban on M&HCV vehicles

Operational Highlights

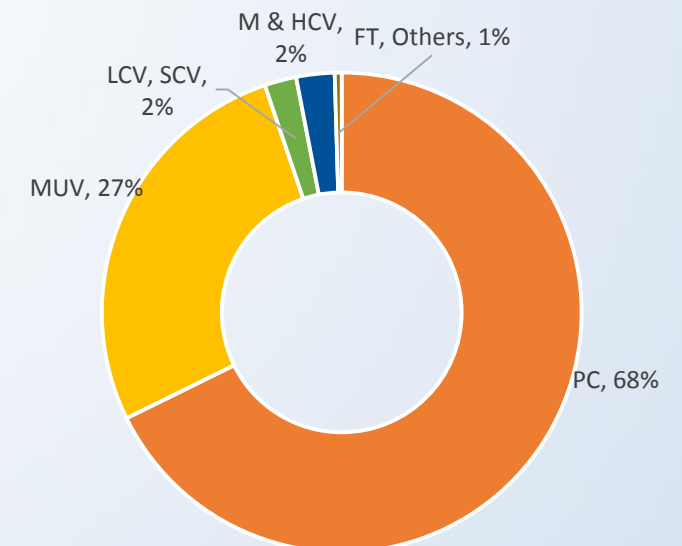
- › Built up additional capacity at Uttarkhand Plant for MSC operations as part of risk mitigation plan and to serve customers in Northern region
- › Continuous improvement in EPS testing and validation capability – Column EPS system durability rig and Anechoic Chamber for noise validation installed

Business Split (Q1 FY18)

By Market (%)

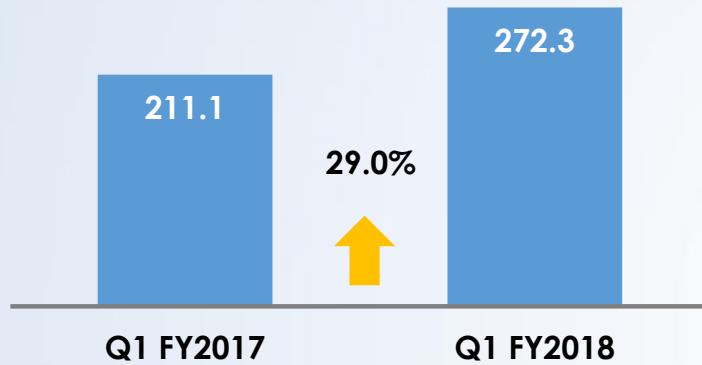


By Vehicle Segment (%)

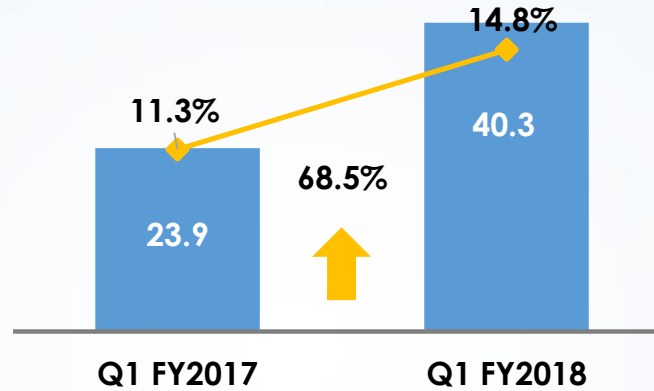


RNSS – Financial Performance Review

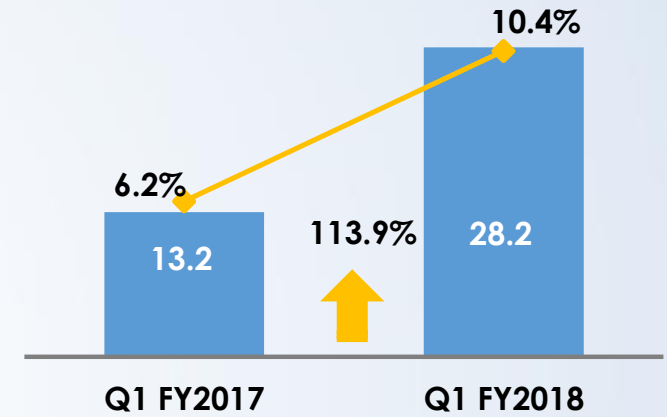
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Net Sales increased by 29.0% to Rs 272.3 Cr in Q1 FY18 from Rs 211.1 Cr in Q1 FY17**
 - Sales growth driven by higher demand from pass car and MUV segments
- › **EBITDA increased by 68.5% to Rs 40.3 Cr in Q1 FY18 from Rs 23.9 Cr in Q1 FY17**
 - Better product mix and lower operational cost resulted in the improved margin performance
- › **PBT increased by 113.9% to Rs 28.2 Cr in Q1 FY18 from Rs 13.2 Cr in Q1 FY17**
 - Sourcing of lower interest bearing debts helped to improve PBT margin

Thank You



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Glossary of Abbreviations

Abbreviation	Expansion
BS	Bharat Stage
CV	Commercial Vehicles
EPS	Electric Power Steering
FT	Farm Tractors
GST	Goods and Services Tax
HSU	Hydrostatic Steering Unit
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MSC	Manual Steering Column
MUV	Multi Utility Vehicles
M&HCV	Medium & Heavy Commercial Vehicles
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortisation

Abbreviation	Expansion
OE	Original Equipment
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PBT	Profit Before Tax
PC	Passenger Car
PV	Passenger Vehicles
SCV	Small Commercial Vehicles
SE	Stationary Engines
SIAM	Society of Indian Automobile Manufactures
2W/3W	Two Wheeler/Three Wheeler

This presentation contains certain forward looking statements concerning Rane's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but not limited to risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, government policies and action with respect to investments, fiscal deficits, regulations etc., interest and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statement become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.