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Chennai 600 086. India.  
CIN : L65993TN2004PLC052856

## Rane (Madras) Limited



**//Online Submission//**

RML / SE / 61 /2017-18

February 09, 2018.

|  |  |
|--|--|
| <b>BSE Limited<br/>Listing Centre</b><br>Scrip Code : 532661 | <b>National Stock Exchange of India Ltd.<br/>NEAPS</b><br>Symbol : RML |
|--|--|

Dear Sir / Madam,

**Sub: Earnings presentation - Unaudited Financial Results for the quarter ended & nine months December 31, 2017**

**Ref: Our letter no. RML/SE/60/2017-18 dated February 02, 2018**

This is with reference to our aforementioned letter intimating Earnings Conference Call scheduled on **Monday, February 12, 2018 at 15:00 hrs (IST)** to discuss unaudited financial results for the quarter & nine months ended December 31, 2017. We enclose herewith copy of the Earnings presentation proposed to be made thereat, to the analysts and investors.

The same will be made available on the website of the company, [www.ranegroup.com](http://www.ranegroup.com).

We request you to take the above on record and note the compliance with 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 | Q3 FY18



F e b r u a r y 2 0 1 8

[www.ranegroup.com](http://www.ranegroup.com)



- › **Industry Performance Review – Q3 FY18**

- › Rane Group Performance Review – Q3 FY18

- › Group Companies Performance Highlights – Q3 FY18

# Industry Performance Review (Q3 FY18)

| Vehicle Segment   | Production YoY Growth# in % | Rane Group Sales Growth Y-o-Y in % (India OEM) | Rane Group Revenue Split * (India OEM) |
|---|-----------------------------|--|--|
| <b>Passenger Cars (PC)</b>                                | -0%                         | 37%  | 43%                                    |
| <b>Utility Vehicles (MUV)</b>                             | 23%                         | 27%  | 20%                                    |
| <b>Vans (MPV)</b>   | 11%                         | 10%  | 1%                                     |
| <b>Small Commercial Vehicles (SCV)</b>                    | 36%                         | 106%   | 3%                                     |
| <b>Light Commercial Vehicles (LCV)</b>                    | 17%                         | 16%  | 7%                                     |
| <b>Medium &amp; Heavy Commercial Vehicles (M&amp;HCV)</b> | 21%                         | 50%  | 17%                                    |
| <b>Farm Tractors (FT)</b>                                 | 10%                         | 6%   | 5%                                     |
| <b>2-Wheeler (2W)</b>                                     | 16%                         | 29%  | 3%                                     |

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

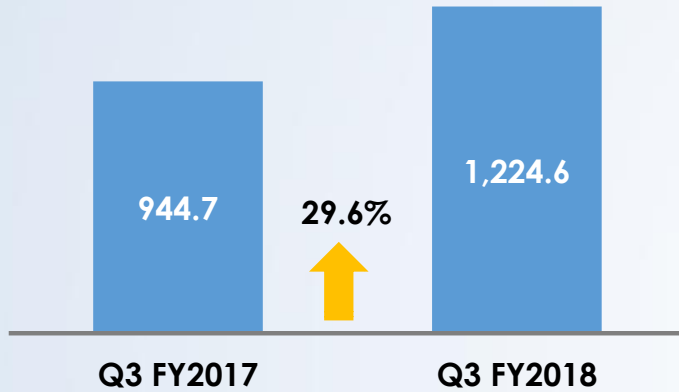
# Source: SIAM

- › Registered superior growth in passenger vehicle segment as we supply to some of the successful new models of OE
- › Share of business improvement with key customers in CV segment helped post better growth
- › In the Farm Tractors segment,
  - Growth of steering products is lower as our presence is lower in power steering segment, which had superior growth
  - Production shortfall of valve train products resulted in drop in sales
- › Performance in 2-Wheeler segment was supported by better growth for Disc Pad products and commencement of die cast products supply to 2-Wheeler customer

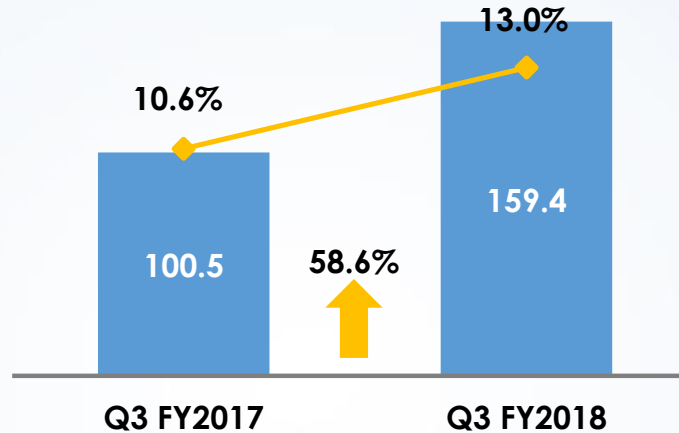
- › Industry Performance Review – Q3 FY18
- › **Rane Group Performance Review – Q3 FY18**
- › Group Companies Performance Highlights – Q3 FY18

# Group Aggregate Performance Review (FTQ)

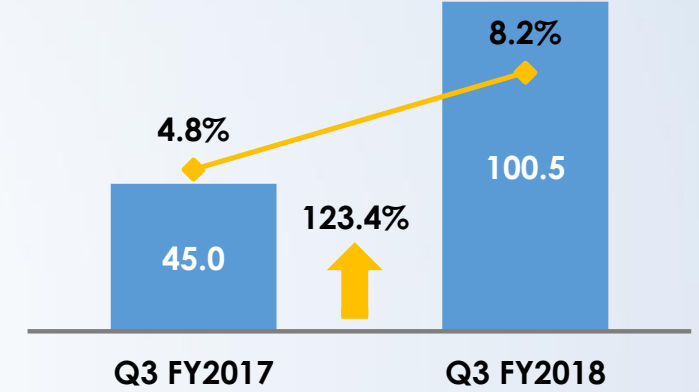
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



\* PBT before exceptional items

› **Net Sales increased by 29.6% to Rs. 1,224.6 Cr in Q3 FY18 from Rs. 944.7 Cr in Q3 FY17**

- Revenue from Indian OE customers grew by 34% YoY supported by increased offtake across major vehicle segments
- Revenues from International customers grew 18% YoY driven by new businesses for Occupant safety products
- Revenue from Indian aftermarket segment grew 25% indicating recovery of demand post GST implementation

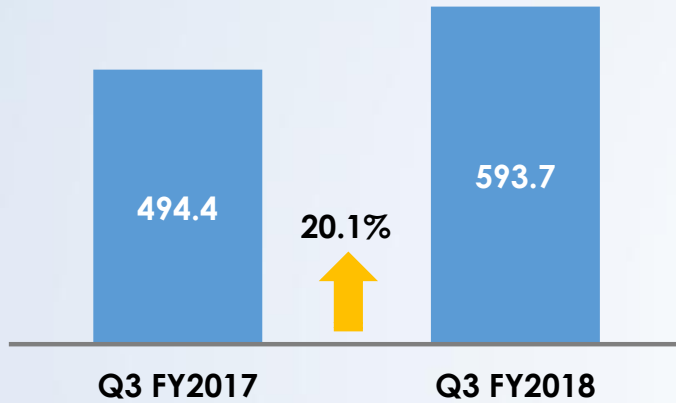
› **EBITDA increased by 58.6% to Rs. 159.4 Cr in Q3 FY18 from Rs. 100.5 Cr in Q3 FY17**

- Operational leverage and various cost control initiatives across group companies helped in improving the overall profitability

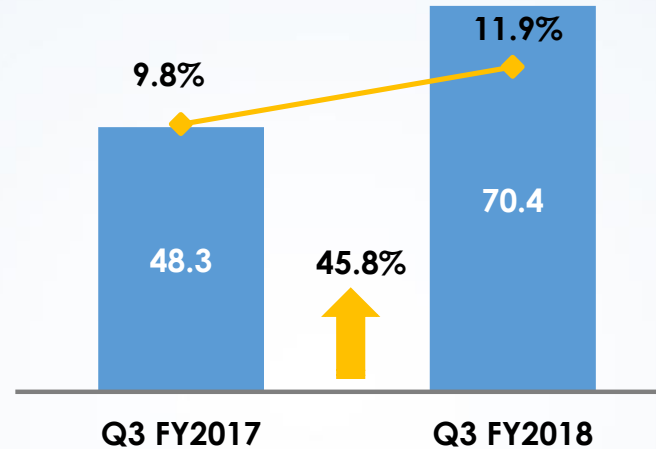
› **PBT increased by 123.4% to Rs. 100.5 Cr in Q3 FY18 from Rs. 45.0 Cr in Q3 FY17**

# RHL Consolidated Performance Review (FTQ)

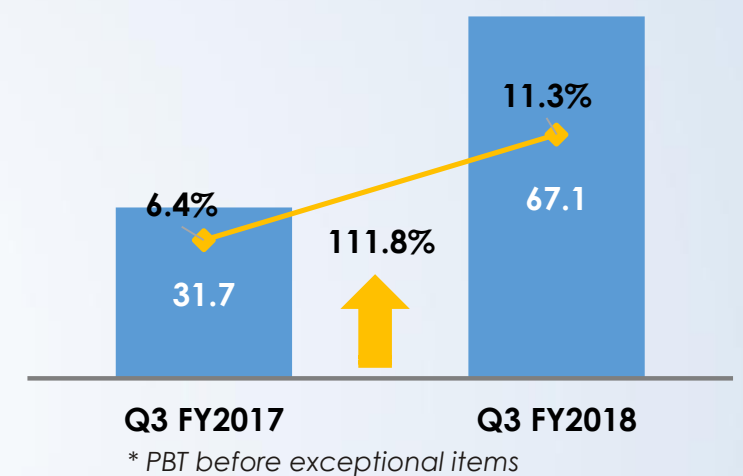
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



- › Net Sales increased by 20.1% to Rs. 593.7 Cr in Q3 FY18 from Rs. 494.4 Cr in Q3 FY17
- › EBITDA increased by 45.8% to Rs. 70.4 Cr in Q3 FY18 from Rs. 48.3 Cr in Q3 FY17
- › PBT increased by 111.8% to Rs. 67.1 Cr in Q3 FY18 from Rs. 31.7 Cr in Q3 FY17

# Group Aggregate Performance Review (YTD)

| Rs Cr                           | 9M FY17 | 9M FY18 | Growth  |
|---------------------------------|---------|---------|---------|
| Net Sales                       | 2,828.5 | 3,388.4 | 19.8%   |
| EBITDA                          | 304.0   | 419.9   | 38.1%   |
| EBITDA Margin                   | 10.7%   | 12.4%   | 164 bps |
| PBT Before Exceptional Items    | 136.0   | 241.5   | 77.6%   |
| Exceptional (Expenses) / Income | 94.02   | 32.11   | -65.8%  |
| PBT                             | 230.0   | 273.6   | 18.9%   |
| PBT Margin                      | 8.1%    | 8.1%    | -6 bps  |
| PAT                             | 165.4   | 184.0   | 11.2%   |
| PAT Margin                      | 5.8%    | 5.4%    | -42 bps |
| Total Comprehensive Income      | 164.2   | 180.7   | 10.0%   |



# RHL Consolidated Performance Review (YTD)

| Rs Cr                           | 9M FY17 | 9M FY18 | Growth   |
|---------------------------------|---------|---------|----------|
| Net Sales                       | 1,491.5 | 1,642.5 | 10.1%    |
| EBITDA                          | 158.8   | 189.9   | 19.6%    |
| EBITDA Margin                   | 10.6%   | 11.6%   | 91 bps   |
| PBT Before Exceptional Items    | 100.2   | 164.2   | 63.8%    |
| Exceptional (Expenses) / Income | 94.02   | 15.73   | -83.3%   |
| PBT                             | 194.2   | 179.9   | -7.4%    |
| PBT Margin                      | 13.0%   | 11.0%   | -207 bps |
| PAT                             | 138.3   | 118.0   | -14.7%   |
| PAT Margin                      | 9.3%    | 7.2%    | -209 bps |
| Total Comprehensive Income      | 137.7   | 114.7   | -16.7%   |

- › Industry Performance Review – Q3 FY18
- › Rane Group Performance Review – Q3 FY18
- › **Group Companies Performance Highlights – Q3 FY18**

# Rane (Madras) Ltd.

(RML)

# RML – Standalone Operational Performance Review

## Market Environment

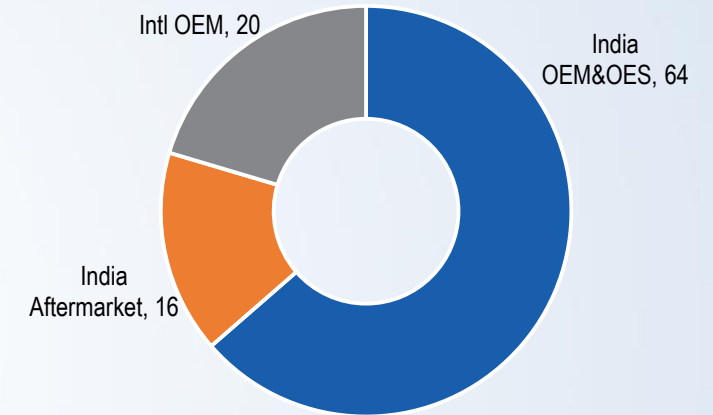
- › Strong demand for Steering products from Indian OE customers across vehicle segments
- › Experienced robust demand in Indian Aftermarket segment
- › Strong demand for Steering products from International customers
- › Lower demand for Die-casting products from International customers
- › Strong growth in Die-casting products sales to India customers

## Operational Highlights

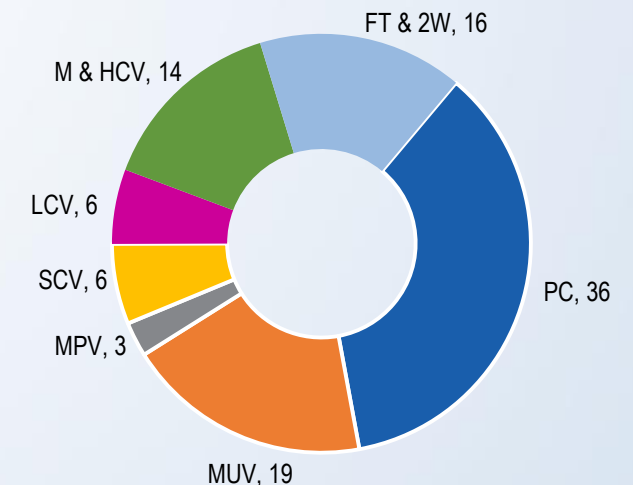
- › All plants achieved their highest production volumes during the quarter to meet increased demand for Steering products
- › Continued to improve operational performance and achieved reduction in internal rejections and premium freight in Die-cast division

## Business Split (Q3 FY18)

### By Market (%)

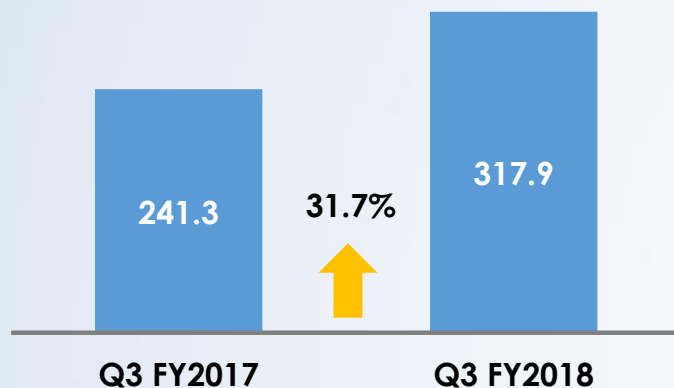


### By Vehicle Segment (%)

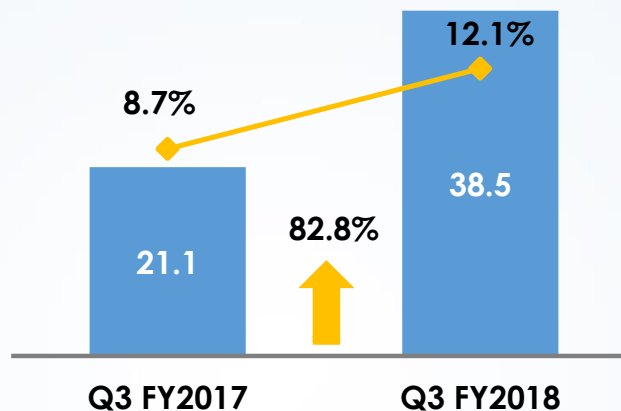


# RML – Standalone Financial Performance Review (FTQ)

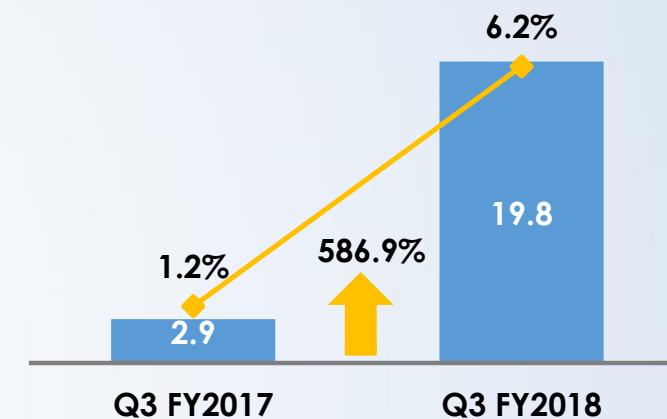
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



\* PBT before exceptional items

- › **Net Sales increased by 31.7% to Rs. 317.9 Cr in Q3 FY18 from Rs. 241.3 Cr in Q3 FY17**
  - Strong demand from Indian OE customers across vehicle segments and higher demand from Indian Aftermarket
- › **EBITDA increased by 82.8% to Rs. 38.5 Cr in Q3 FY18 from Rs. 21.1 Cr in Q3 FY17**
  - Increased volume, favorable product mix and improved operational performance helped post strong margin improvement
- › **PBT increased by 586.9% to Rs. 19.8 Cr in Q3 FY18 from Rs. 2.9 Cr in Q3 FY17**
  - Lower finance cost helped to improve PBT margin

# RML – Standalone Financials (YTD)

| Rs Cr                           | 9M FY17 | 9M FY18 | Growth  |
|---------------------------------|---------|---------|---------|
| Net Sales                       | 720.6   | 863.9   | 19.9%   |
| EBITDA                          | 70.4    | 94.7    | 34.5%   |
| EBITDA Margin                   | 9.8%    | 11.0%   | 119 bps |
| PBT Before Exceptional Items    | 16.4    | 35.7    | 118.3%  |
| Exceptional (Expenses) / Income | -       | -       |         |
| PBT                             | 16.4    | 35.7    | 118.3%  |
| PBT Margin                      | 2.3%    | 4.1%    | 186 bps |
| PAT                             | 13.7    | 25.3    | 85.4%   |
| PAT Margin                      | 1.9%    | 2.9%    | 104 bps |
| Total Comprehensive Income      | 13.4    | 25.1    | 87.8%   |

# Rane Engine Valve Ltd.

(REVL)

## Market Environment

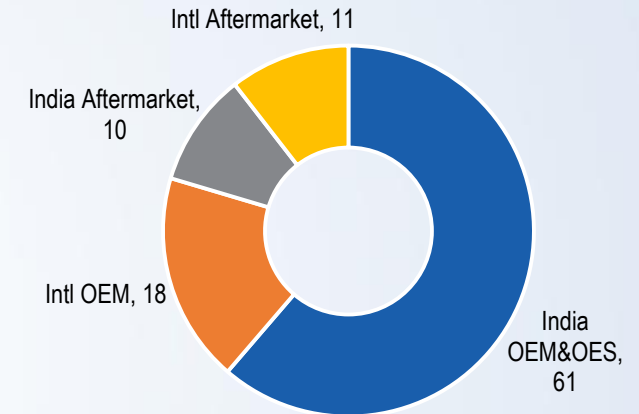
- › Strong demand from Indian OE customers
- › Continued to experience lower offtake in Indian Aftermarket segment
- › Higher offtake from International OE and Aftermarket customers

## Operational Highlights

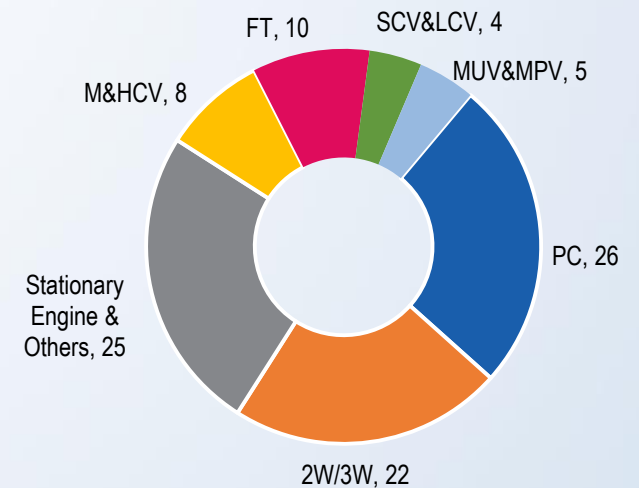
- › Increased Repairs & Maintenance spend to improve machine availability
- › Plants improving capacity realization and operational performance
- › Delivery issues and higher rejection persist at select manufacturing facilities

### Business Split (Q3 FY18)

#### By Market (%)



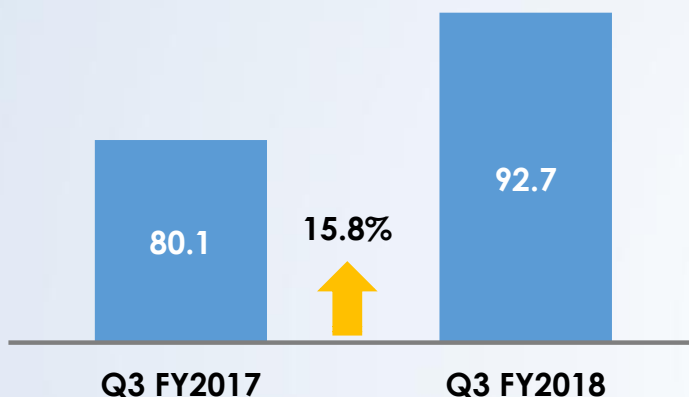
#### By Vehicle Segment (%)



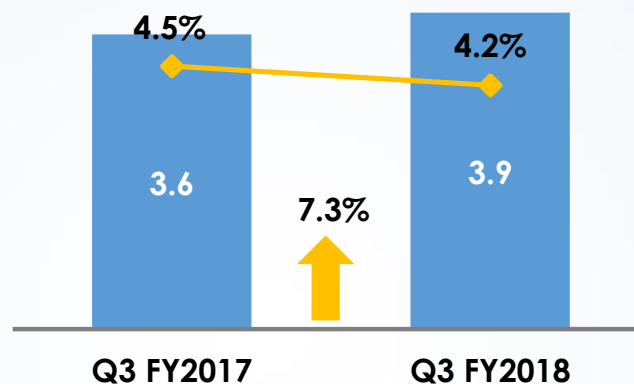


# REVL – Financial Performance Review (FTQ)

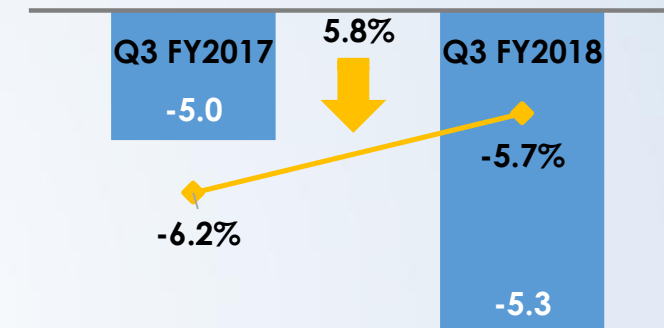
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



\* PBT before exceptional items

› **Net Sales increased by 15.8% to Rs. 92.7 Cr in Q3 FY18 from Rs. 80.1 Cr in Q3 FY17**

— Strong demand from Indian OE customers and International customers; Continued to experience lower offtake in Indian Aftermarket segment

› **EBITDA increased by 7.3% to Rs. 3.9 Cr in Q3 FY18 from Rs. 3.6 Cr in Q3 FY17**

— Higher Repairs and Maintenance spend resulted in marginal drop of 32 bps in EBITDA margin

› **Loss before tax for Q3 FY18 was Rs. 5.3 Cr (-5.7%) as against loss of Rs. 5.0 Cr (-6.2%) in Q3 FY17**

— Lower finance costs and depreciation helped in reducing the loss for the quarter

# REVL – Financials (YTD)

| Rs Cr                           | 9M FY17 | 9M FY18 | Growth  |
|---------------------------------|---------|---------|---------|
| Net Sales                       | 260.7   | 274.8   | 5.4%    |
| EBITDA                          | 12.4    | 13.7    | 10.5%   |
| EBITDA Margin                   | 4.8%    | 5.0%    | 23 bps  |
| PBT Before Exceptional Items    | (16.4)  | (13.0)  | 20.8%   |
| Exceptional (Expenses) / Income | 94.02   | -       |         |
| PBT                             | 77.6    | (13.0)  | -116.7% |
| PBT Margin                      | 29.8%   | -4.7%   | NM      |
| PAT                             | 58.0    | (8.3)   | -114.2% |
| PAT Margin                      | 22.2%   | -3.0%   | NM      |
| Total Comprehensive Income      | 57.5    | (8.8)   | -115.3% |

# Rane Brake Lining Ltd.

(RBL)

# RBL – Operational Performance Review

## Market Environment

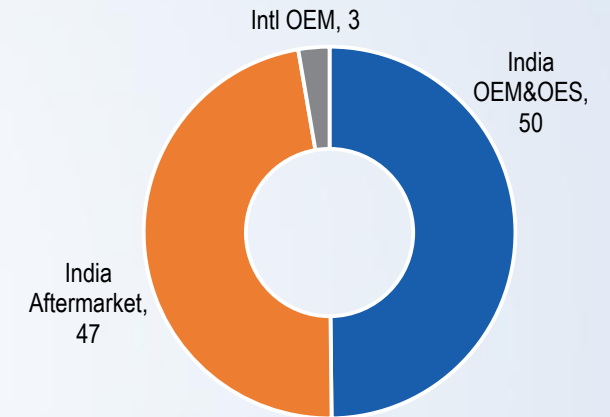
- › Strong demand from Indian OE customers particularly passenger vehicle and two wheeler customers
- › Recovery of demand from the Indian Aftermarket business

## Operational Highlights

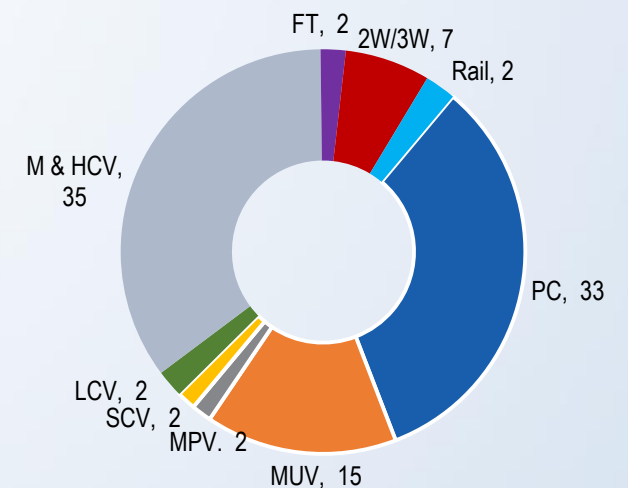
- › Various new products introduced in Aftermarket
- › Continue to realize higher cost savings through various operational and strategic initiatives

## Business Split (Q3 FY18)

### By Market (%)

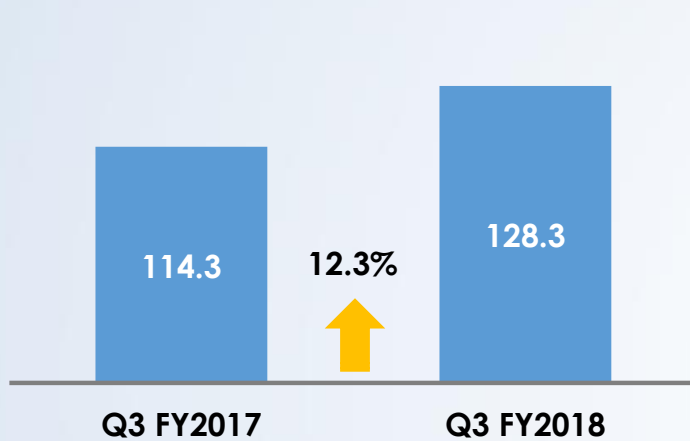


### By Vehicle Segment (%)

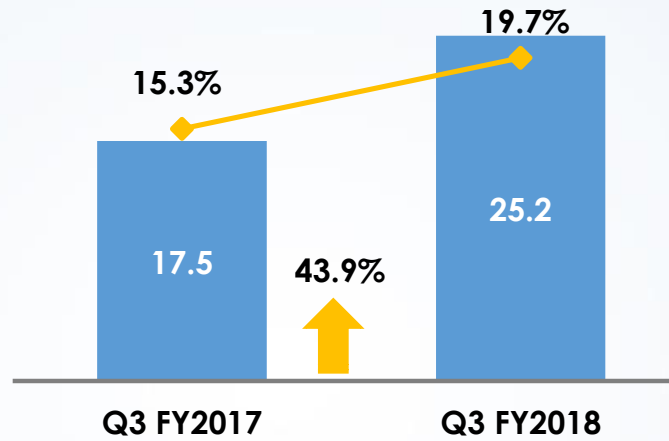


# RBL – Financial Performance Review (FTQ)

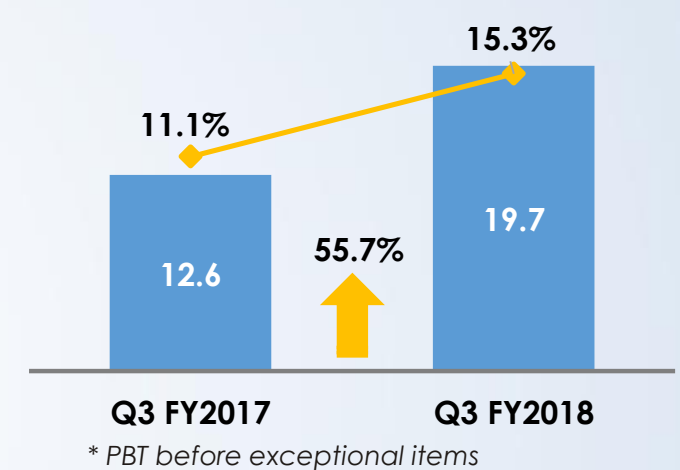
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



› **Net Sales increased by 12.3% to Rs. 128.3 Cr in Q3 FY18 from Rs. 114.3 Cr in Q3 FY17**

– Strong offtake from Indian OE customers and recovery of demand from Aftermarket segment helped post good sales growth

› **EBITDA increased by 43.9% to Rs. 25.2 Cr in Q3 FY18 from Rs. 17.5 Cr in Q3 FY17**

– Favorable commodity prices, foreign exchange movement and higher cost savings realization helped to sustain lower material cost

– Realized cost savings through strategic initiatives undertaken in Q4FY17

› **PBT increased by 55.7% to Rs. 19.7 Cr in Q3 FY18 from Rs. 12.6 Cr in Q3 FY17**

# RBL – Financials (YTD)

| Rs Cr                           | 9M FY17 | 9M FY18 | Growth  |
|---------------------------------|---------|---------|---------|
| Net Sales                       | 339.7   | 340.8   | 0.3%    |
| EBITDA                          | 53.3    | 60.3    | 13.2%   |
| EBITDA Margin                   | 15.7%   | 17.7%   | 201 bps |
| PBT Before Exceptional Items    | 38.0    | 44.0    | 15.7%   |
| Exceptional (Expenses) / Income | -       | -       |         |
| PBT                             | 38.0    | 44.0    | 15.7%   |
| PBT Margin                      | 11.2%   | 12.9%   | 172 bps |
| PAT                             | 30.5    | 29.8    | -2.3%   |
| PAT Margin                      | 9.0%    | 8.8%    | -23 bps |
| Total Comprehensive Income      | 30.4    | 30.2    | -0.6%   |

# Rane TRW Steering Systems (RTSS)

## Market Environment

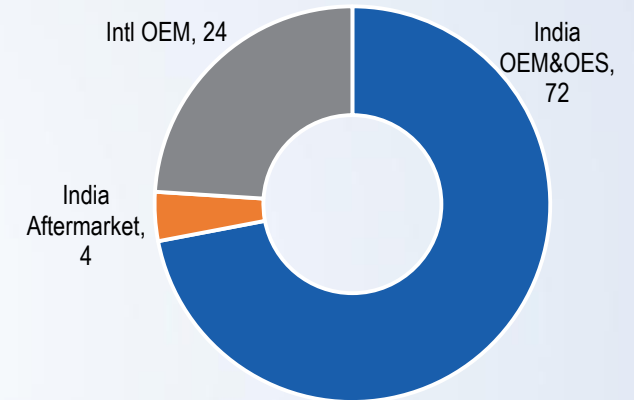
- › Occupant Safety Division: Continued to register robust growth mainly driven by export
- › Steering Gear Division:
  - Served market in Passenger Vehicle shrunk further with migration to EPS
  - Strong growth in M&HCV segment

## Operational Highlights

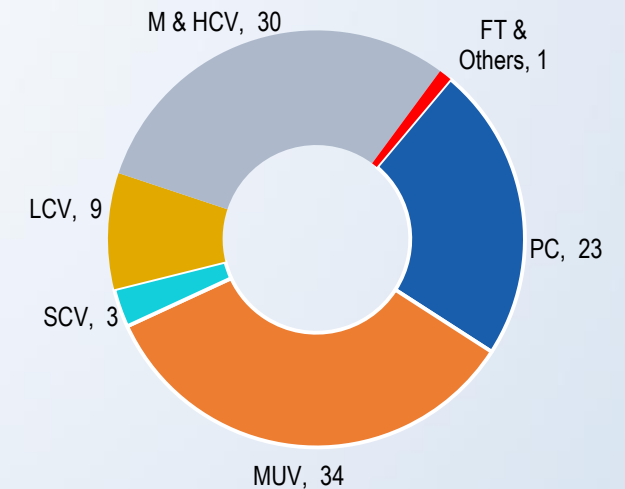
- › Steering Gear Division received “Best in Class” Award from Tata Motors
- › Ramped up production at manufacturing plants to meet the increase in demand for steering products in the CV segment
- › Purchased land near Trichy to construct an additional plant for future expansion of Occupant Safety business

### Business Split (Q3 FY18)

#### By Market (%)



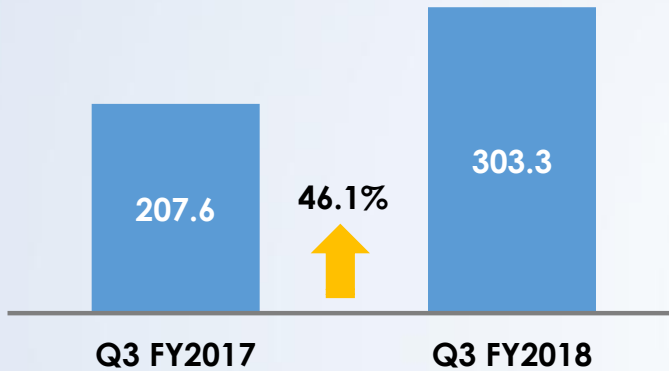
#### By Vehicle Segment (%)



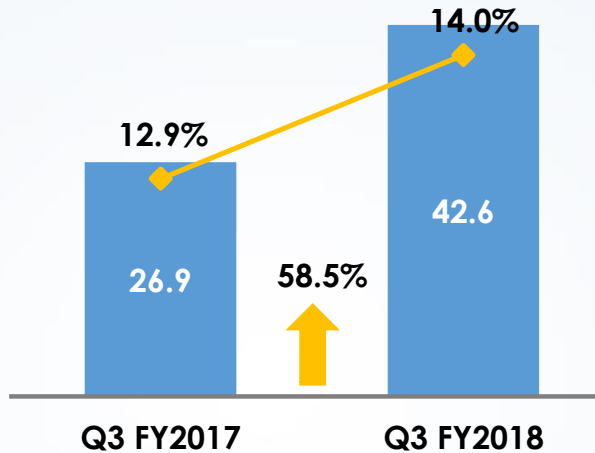


# RTSS – Financial Performance Review (FTQ)

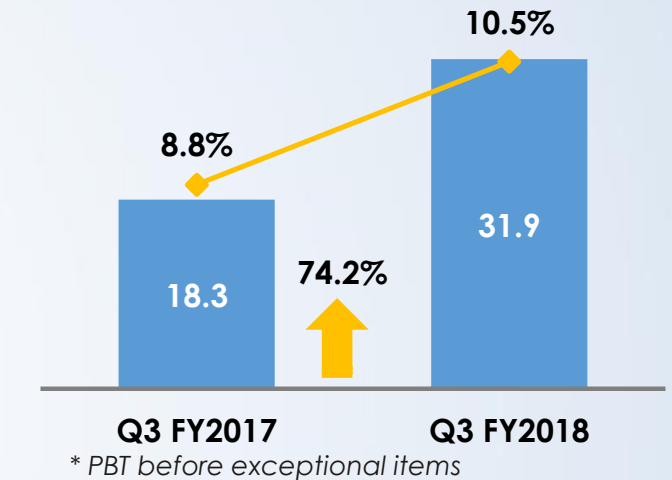
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



- › **Net Sales increased by 46.1% to Rs. 303.3 Cr in Q3 FY18 from Rs. 207.6 Cr in Q3 FY17**
  - Strong offtake for steering products in CV segment and new business supplies of occupant safety products
- › **EBITDA increased by 58.5% to Rs. 42.6 Cr in Q3 FY18 from Rs. 26.9 Cr in Q3 FY17**
  - Fixed cost leverage and sustained cost savings initiatives helped to improve EBITDA margin
- › **PBT increased by 74.2% to Rs. 31.9 Cr in Q3 FY18 from Rs. 18.3 Cr in Q3 FY17**

# RTSS – Financials (YTD)

| Rs Cr                           | 9M FY17 | 9M FY18 | Growth  |
|---------------------------------|---------|---------|---------|
| Net Sales                       | 610.9   | 805.7   | 31.9%   |
| EBITDA                          | 73.1    | 105.9   | 44.9%   |
| EBITDA Margin                   | 12.0%   | 13.1%   | 118 bps |
| PBT Before Exceptional Items    | 48.5    | 75.6    | 56.0%   |
| Exceptional (Expenses) / Income | -       | -       |         |
| PBT                             | 48.5    | 75.6    | 56.0%   |
| PBT Margin                      | 7.9%    | 9.4%    | 145 bps |
| PAT                             | 33.5    | 50.9    | 52.1%   |
| PAT Margin                      | 5.5%    | 6.3%    | 84 bps  |
| Total Comprehensive Income      | 32.9    | 50.5    | 53.6%   |

# Rane NSK Steering Systems

(RNSS)

## Market Environment

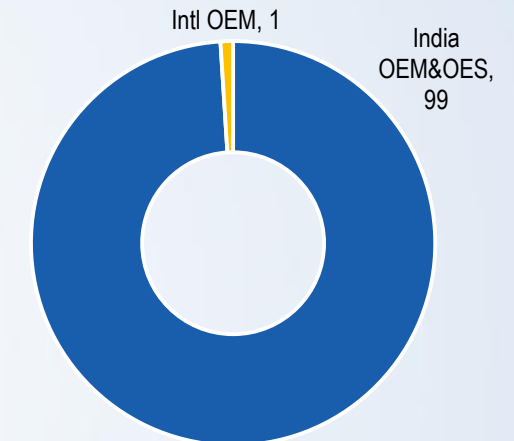
- › Strong demand for EPS continues in the served passenger vehicle models
- › MSC volumes were favorable with increased demand from commercial vehicle segment

## Operational Highlights

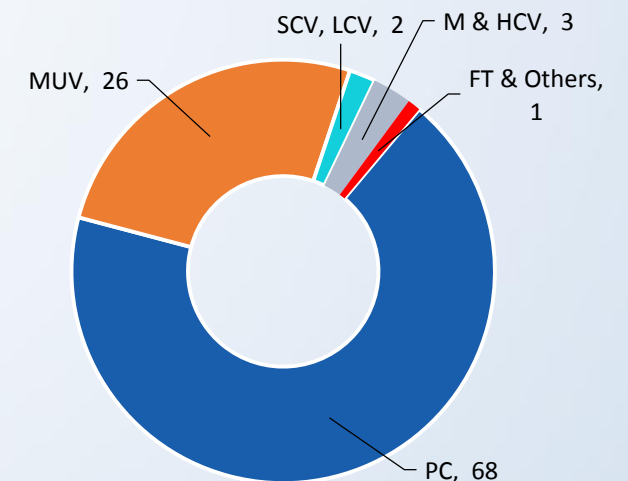
- › Increased localization of testing & validation facility for EPS
- › Enhanced the operational efficiency through Cycle time reduction and OEE improvement

## Business Split (Q3 FY18)

### By Market (%)

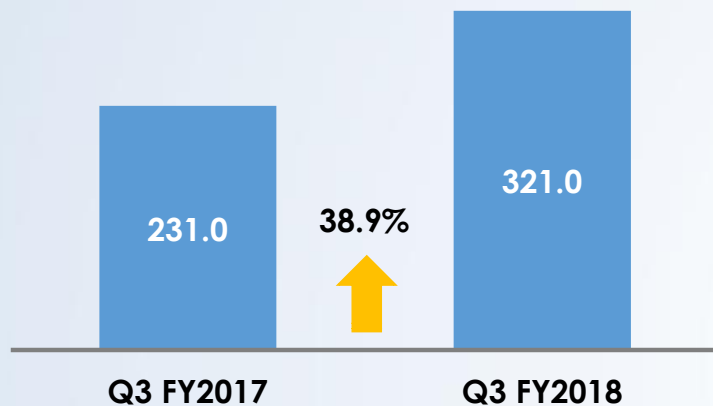


### By Vehicle Segment (%)

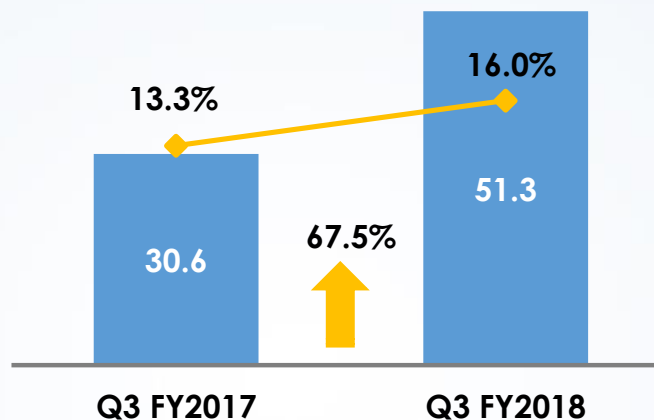


# RNSS – Financial Performance Review (FTQ)

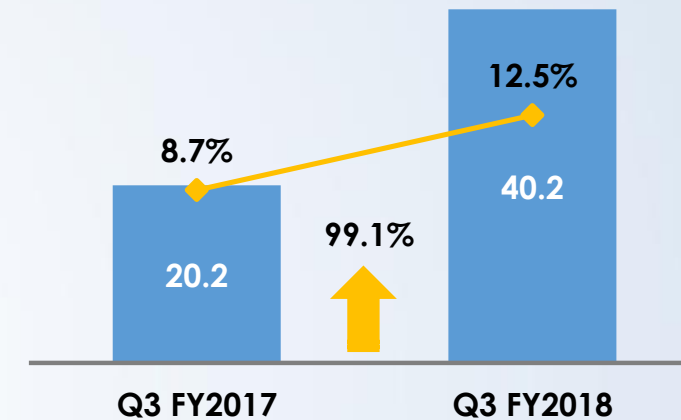
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



\* PBT before exceptional items

- › **Net Sales increased by 38.9% to Rs. 321.0 Cr in Q3 FY18 from Rs. 231.0 Cr in Q3 FY17**
  - Sales growth driven by higher offtake from served models in passenger car and MUV segments
- › **EBITDA increased by 67.5% to Rs. 51.3 Cr in Q3 FY18 from Rs. 30.6 Cr in Q3 FY17**
  - Material cost reduction and one off price settlement helped in margin improvement
- › **PBT increased by 99.1% to Rs. 40.2 Cr in Q3 FY18 from Rs. 20.2 Cr in Q3 FY17**
  - Lower finance cost and depreciation helped to improve PBT margin

# RNSS – Financials (YTD)

| Rs Cr                           | 9M FY17 | 9M FY18 | Growth  |
|---------------------------------|---------|---------|---------|
| Net Sales                       | 691.4   | 923.0   | 33.5%   |
| EBITDA                          | 86.8    | 142.4   | 64.0%   |
| EBITDA Margin                   | 12.6%   | 15.4%   | 287 bps |
| PBT Before Exceptional Items    | 54.7    | 107.4   | 96.4%   |
| Exceptional (Expenses) / Income | -       | 32.11   |         |
| PBT                             | 54.7    | 139.5   | 155.1%  |
| PBT Margin                      | 7.9%    | 15.1%   | 720 bps |
| PAT                             | 35.5    | 94.9    | 167.5%  |
| PAT Margin                      | 5.1%    | 10.3%   | 515 bps |
| Total Comprehensive Income      | 35.1    | 94.2    | 168.8%  |



# Thank You



## **Rane Corporate Centre**

"Maithri" 132, Cathedral Road,  
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# Glossary of Abbreviations

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

| Abbreviation | Expansion                                 |
|--------------|---|
| OE           | Original Equipment                        |
| OEE          | Overall Equipment Efficiency              |
| OEM          | Original Equipment Manufacturer           |
| OES          | Original Equipment Supplier               |
| PAT          | Profit After Tax                          |
| PBT          | Profit Before Tax                         |
| PC           | Passenger Car                             |
| SCV          | Small Commercial Vehicles                 |
| SIAM         | Society of Indian Automobile Manufactures |
| 2W/3W        | Two Wheeler/Three Wheeler                 |



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