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Rane Holdings Limited

//Online Submission//

RHL / SE/12 / 2020-21

June 24, 2020

BSE Limited Listing Centre Scrip Code: **505800**	**National Stock Exchange of India Ltd.** NEAPS Symbol: **RANEHOLDIN**

Dear Sir / Madam,

Sub: Outcome of Board Meeting held on June 24, 2020 - under Regulation 30 of SEBI LODR
Ref: Our letter no. RHL/ SE/ 03 / 2020 - 21 dated May 07, 2020 & RHL/ SE/ 10 / 2020 - 21 dated June 18, 2020

This is to inform that the Board of Directors have,inter alia, approved the audited financial results (standalone & consolidated) of the Company for the quarter and year ended March 31, 2020, as recommended by the audit committee at their respective meeting(s) held today, (**June 24, 2020**).

The audited financial results (standalone & consolidated) of the Company for the quarter and year ended March 31, 2020 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 consolidated audited financial results is being 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)**. 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 12:30 hrs and concluded at 13:54 hrs (IST).

SIVA CHANDRA SEKARAN
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Date: 2020.06.24 14:02:05 +05'30'

Rane Holdings Limited

Continuation Sheet …

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 Holdings Limited**

SIVA CHANDRA SEKARAN

Digitally signed by SIVA CHANDRASEKARAN
Date: 2020.06.24 14:02:43 +05'30'

Siva Chandrasekaran
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 (consolidated) for Newspaper publication.*
3. *Independent Auditor's Report (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*

Expanding Horizons

RANE HOLDINGS LIMITED

Shareholder Communication – FY 20

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 FY19[1]. 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 vehicles[2] 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 units[3].

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.

Group Aggregate Performance

The Group companies continued to engage in various lean measures to improve productivity and implemented strategic savings initiatives on power, sourcing, etc. at the group level. The group aggregate Total Net Revenue stood at ₹ 4,436.84 crore, decline of 17.4%. EBITDA at group level declined 40% driven by volume drop.

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[1] Ministry of Statistics and Programme Implementation (MOSPI), India
[2] National Automobile Dealers Association (NADA), US
[3] European Automobile Manufacturers' Association (ACEA)

Business Performance of Group Companies

Rane (Madras) Limited (RML)

RML's Steering and Linkages business strengthened its market position in India across product segments and won new businesses from export customers. Despite slowdown, focused initiatives such as range expansion and new product introductions helped sustain the business in the aftermarket. The management executed significant cost saving projects to minimize the impact due to lower volumes and the inflationary pressures.

The operational performance of Light Metal Castings India business continued to improve in FY20. The Light Metal Castings India business is diversifying its portfolio by pursuing both new OEMs and new product segments, which will enhance growth potential.

Standalone revenue declined 18.9% due to slowdown in Indian automotive market and lower offtake on served programs in export market. EBITDA declined 35.1% driven by lower volume and unfavourable mix.

Performance of US Subsidiary

The performance of the company's overseas subsidiary in North America, Rane Light Metal Castings America (RLMCA) continues to remain a challenge, despite taking several measures to revive the business and operations.

There was an impairment of ₹ 37.58 Crores recognized during the fiscal year 2019-20 in the standalone results of RML. The investments made in/loans and guarantees given to the RML's subsidiary companies is evaluated for impairment every year. This impairment considers the economic impact of Covid-19 and new business on the sales volume estimation.

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. RML board will review the performance of the business closely in the next 12 months and take an appropriate decision, keeping in view the long term interest of shareholders.

Rane Engine Valve Limited (REVL)

REVL continued to improve productivity and quality during the year despite drop in capacity utilization. REVL continued the good performance on customer quality, pursued proactive R&D engagements to align technology development and won new businesses.

REVL's sales declined 15.7% due to drop in domestic and export volumes. EBITDA declined 33.2% due to steep drop in volume which was partially mitigated by operational performance improvement and favourable raw material price.

The Covid-19 pandemic has significantly affected the business and disrupted the turnaround efforts. Various cost savings initiatives are pursued by the management to help REVL manage the current situation and turnaround once the market recovers.

Rane Brake Lining Limited (RBL)

Despite, adverse market condition, RBL was able to reduce the impact of sales drop with the support from sales in aftermarket segment. RBL focused on new product launches and range expansion across Brake Linings, Disc pads including Two Wheeler products. RBL worked on energy *conservation, revamped R&D testing facilities and developed new grades to address future vehicle technologies.*

RBL's sales declined by 7.6% due to drop in demand from Indian OE customers. EBITDA declined 5.2% and the cost savings initiatives of RBL protected the operating margin despite the adverse movement on material and employee cost.

Rane TRW Steering Systems Private Limited (RTSS)

RTSS' steering business faced significant challenge on account of steep drop in M&HCV segment. Steering business developed BS VI Compliant New Products and focused on in-house flexibility creation to accommodate new models.

Occupant safety business continues to make progress with new business wins from both domestic and export customers. RTSS introduced new seat belts technology, Knee air bag (KnAB) and Curtain airbag (CAB) into the company's product portfolio. Ramped up capacity in new occupant safety plant in Trichy and started supplying of airbag cushions to ZF and captive consumptions.

RTSS revenue declined by 18.3% due to steep drop in volume in Indian automotive market particularly impacting Steering business. However, occupant safety business had only a marginal drop in sales where exports volumes compensated for drop in domestic volumes. EBITDA declined by 48.1% due to volume drop and mix impact. RTSS executed various cost savings initiatives including material cost reduction, productivity improvement projects and fixed cost reduction to reduce the impact of domestic market decline.

Rane NSK Steering Systems Private Limited (RNSS)

RNSS faced headwinds due to slowdown in Indian Passenger Vehicle Segment. RNSS initiated cost reduction projects to reduce the impact of lower volumes. The newly inaugurated Gujarat facility ramped up its production and started supplying to customers in the region. RNSS' sales declined 18.5% and EBITDA decreased 37.7%.

Warranty

There was an exceptional expense towards estimated warranty provision of Rs. 104.6 crores in FY20 as against Rs.31.3 crores in FY19. The countermeasure addressing the problem was implemented and the warranty provision was made based on NSK's technical assessment on the potential number of units claiming warranty. The management expects no major future provisions on this warranty issue.

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