



Rane Engine Valve Ltd.

Registered Office:
" Maithri "
132, Cathedral Road,
Chennai 600 086.
India.
CIN : L744999TN1972PLC006127

Tel : 044 - 2811 2472
URL : www.ranegroup.com

// Online submission //

REVL / SE / 40 / 2020-21

November 11, 2020

BSE Limited Listing Centre Scrip Code: 532988	National Stock Exchange of India Ltd. NEAPS Symbol: RANEENGINE
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Dear Sir / Madam,

Sub: Earnings Presentation – Unaudited Financial Results for the Quarter ended September 30, 2020

Ref: Our letter no. REVL / SE / 39 /20-21 dated November 06, 2020

This is with reference to the aforementioned letter intimating Earnings Conference Call scheduled on **Thursday, November 12, 2020 at 11:00 hours (IST)**, inter alia, to discuss the Unaudited financial results for the quarter ended September 30, 2020. We enclose herewith copy of the Earnings presentation proposed to be made thereat, to the analyst and investors.

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

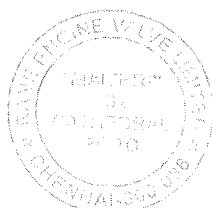
We request you to take the above on record and note the compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

Thanking you.

Yours faithfully,

For Rane Engine Valve Limited


Vivekanandaa M
Secretary



Encl: a/a



Expanding Horizons

Rane Group

Earnings Presentation | Q2 FY21



November 2020

www.ranegroup.com



- › **Industry Performance Review – Q2 FY21**
- › Rane Group Performance Review – Q2 FY21
- › Group Companies Performance Highlights – Q2 FY21

Industry Performance Review (Q2 FY21)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth YoY in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	-11%	-7%	44%
Utility Vehicles (MUV)	18%	21%	18%
Vans	-19%	-8%	1%
- Total Passenger Vehicle	-3%	0%	63%
Small Commercial Vehicles (SCV)	-3%	-38%	2%
Light Commercial Vehicles (LCV)	-10%	25%	10%
Medium & Heavy Commercial Vehicles (M&HCV)	-40%	-8%	9%
- Total Commercial Vehicle	-17%	-1%	21%
3-Wheeler	-55%	35%	0%
2-Wheeler	-5%	1%	4%
Farm Tractors (FT)	25%	21%	9%

* Other segments such as Rail, Defence and Stationary Engines contribute around 3%

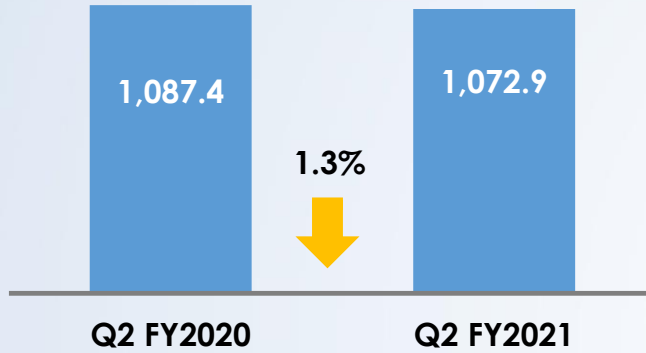
Source: SIAM

- › In passenger vehicle segment, higher off-take in the served models helped to perform better than the industry
- › In LCV segment, increase in penetration of power steering resulted in higher pack value and higher growth; In M&HCV segment, increased share of business helped better performance than industry
- › Growth in two wheeler segment driven by share gains with key customer and better off-take in served models
- › Growth in Farm Tractor segment lower than industry due to lower growth of manual steering compared to power steering segment

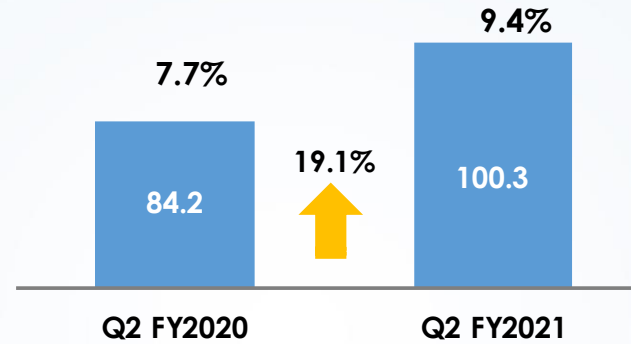
- › Industry Performance Review – Q2 FY21
- › **Rane Group Performance Review – Q2 FY21**
- › Group Companies Performance Highlights – Q2 FY21

Group Aggregate Performance Review (Q2 FY21)

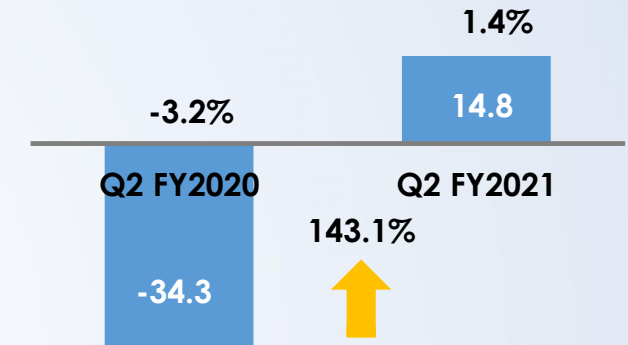
Total Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT (Rs cr.)



› **Total Revenue dropped by 1.3% from Rs. 1,087.4 Cr in Q2 FY20 to Rs. 1,072.9 Cr in Q2 FY21**

- Revenue from Indian OE customers grew 1%
- Revenues from International customers declined 9% due to drop in Hydraulic steering products and Valve train components
- Revenue from Indian aftermarket segment grew 9%

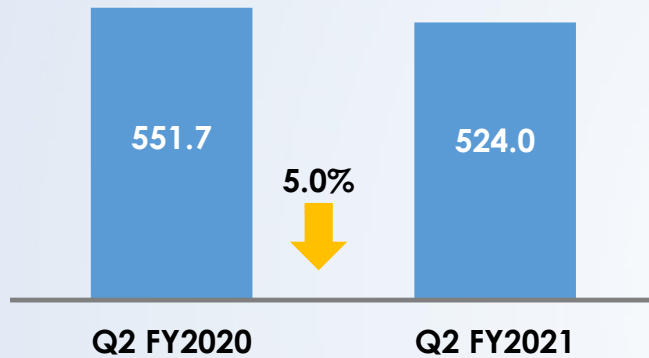
› **EBITDA increased from Rs. 84.2 Cr in Q2 FY20 to Rs. 100.3 Cr in Q2 FY21**

- Lower employee cost and fixed cost control helped improve margin

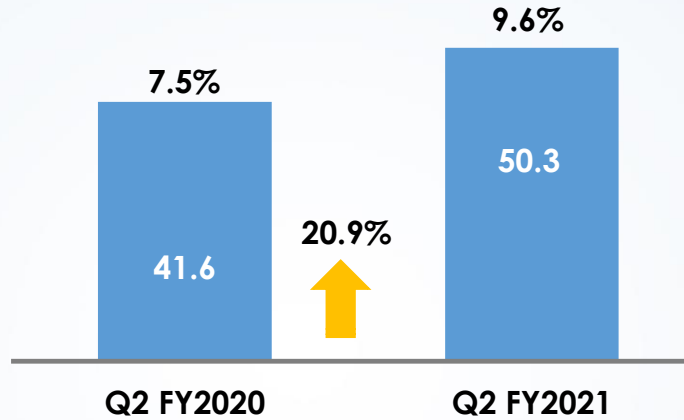
› **PBT increased by 143.1% from a loss of Rs. 34.3 Cr in Q2 FY20 to a profit of Rs. 14.8 Cr in Q2 FY21**

RHL Consolidated Performance Review (Q2 FY21)

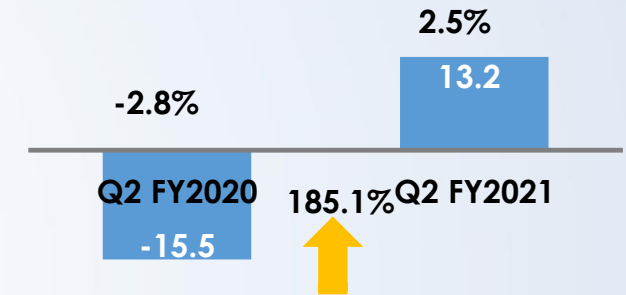
Total Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT includes net profit from JV

- › Total Revenue decreased by 5% from Rs. 551.7 Cr in Q2 FY20 to Rs. 524.0 Cr in Q2 FY21
- › EBITDA increased by 20.9% from Rs. 41.6 Cr in Q2 FY20 to Rs. 50.3 Cr in Q2 FY21
- › PBT increased by 185.1% from a loss of Rs. 15.5 Cr in Q2 FY20 to a profit of Rs. 13.2 Cr in Q2 FY21

Group Aggregate Performance Review (YTD)

Rs Cr	6M FY20	6M FY21#
Total Revenue	2,340.3	1,387.0
EBITDA	177.7	24.1
EBITDA Margin	7.6%	1.7%
PBT Before Exceptional Items	39.3	(104.4)
Exceptional Expenses *	(51.8)	(21.6)
PBT	(12.5)	(126.0)
PBT Margin	-0.5%	-9.1%
PAT	(12.0)	(97.1)
PAT Margin	-0.5%	-7.0%
Total Comprehensive Income	(15.0)	(101.6)

* Exceptional expenses represents incremental provision towards product warranty claim by RNSS Rs. 20.8 Cr and REVL Voluntary Retirement Expenditure Rs. 0.8 Cr

The business operations were partly suspended during Q1 FY21 on account of the lockdown announced by the Government of India consequent to the outbreak of COVID-19 pandemic. Hence 6M FY21 results are not comparable to the corresponding period of the previous year.

RHL Consolidated Performance Review (YTD)

Rs Cr	6M FY20	6M FY21#
Total Revenue	1,135.2	718.1
EBITDA	85.4	4.0
EBITDA Margin	7.5%	0.6%
PBT Before Share of profit/ (loss) of JV & Exceptional Items	(2.9)	(78.2)
Share of profit/ (loss) of JV (Net of Exceptional items & Tax)	1.8	(13.9)
Exceptional Expenses *	-	(0.8)
PBT	(1.1)	(93.0)
PBT Margin	-0.1%	-12.9%
PAT	(3.5)	(79.4)
PAT Margin	-0.3%	-11.1%
Total Comprehensive Income	(5.4)	(85.6)

* Exceptional expenses represents Voluntary Retirement Expenditure of Rs. 0.8 Cr incurred by REVL

The business operations were partly suspended during Q1 FY21 on account of the lockdown announced by the Government of India consequent to the outbreak of COVID-19 pandemic. Hence 6M FY21 results are not comparable to the corresponding period of the previous year.

- › Industry Performance Review – Q2 FY21
- › Rane Group Performance Review – Q2 FY21
- › **Group Companies Performance Highlights – Q2 FY21**

Rane (Madras) Ltd.

(RML)

RML Standalone – Operational Performance Review

Market Environment

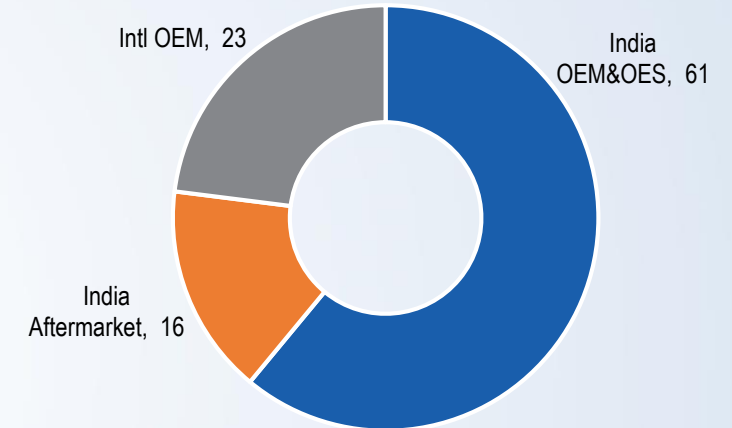
- › Strong recovery in demand across vehicle segments particularly Farm Tractors segment; Shift in preference to UV among Passenger Vehicles continued
- › Robust demand in Indian Aftermarket segment

Operational Highlights

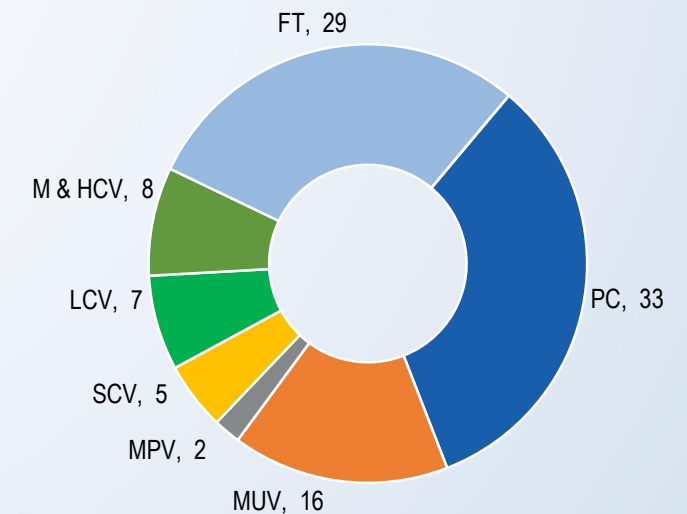
- › Capacity utilization among plants improved to 85% and Hydraulics capacity is at 100%
- › Light Metal Castings India business won “Best Supplier-Delivery” Award from Toyota Industries Engine India Pvt. Ltd.
- › Secured Rs. 37 Cr per annum order for R&P from leading Indian Passenger Vehicle manufacturer
- › Received nomination for Light Metal Casting product Rs. 36 Cr per annum from leading European Passenger Vehicle manufacturer

Business Split (Q2 FY21)

By Market (%)

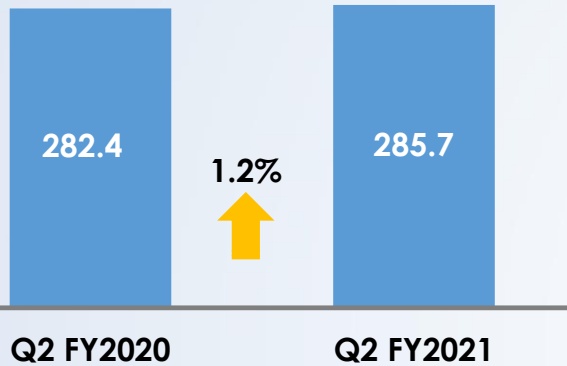


By Vehicle Segment (%)

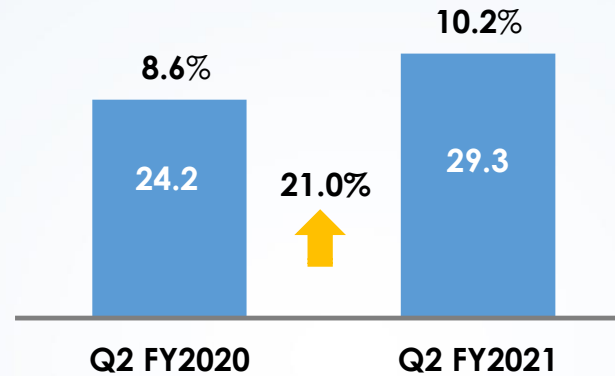


RML Standalone – Financial Performance Review

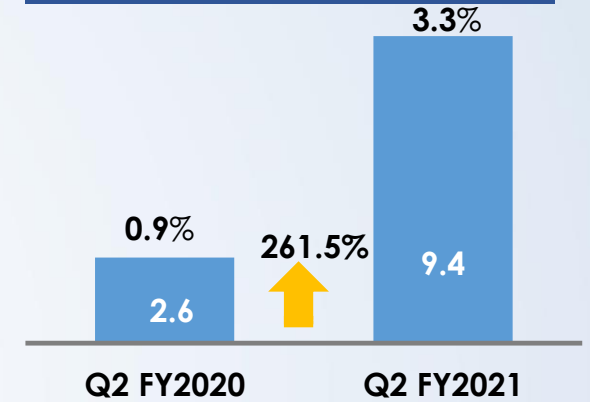
Total Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT (Rs cr.)



- › Net sales increased by 8% from Rs. 257.8 cr in Q2 FY20 to Rs. 277.3 Cr in Q2 FY21; However, Total Revenue increased by 1.2% due to decline in Other Operating income from Rs. 22.3 Cr in Q2 FY 20 to Rs. 7 Cr in Q2 FY 21
 - Sales to Indian OE customers grew by 5%. Experienced strong demand from farm tractor segment
 - Sales to International customers increased by 6% supported by increase in schedules for Steering products
 - Sales to Indian Aftermarket customers increased by 29%
- › EBITDA increased by 21.0% from Rs. 24.2 Cr in Q2 FY20 to Rs. 29.3 Cr in Q2 FY21
 - Fixed cost reduction resulted in 168 bps increase in EBITDA margin
- › PBT increased by 261.5% from Rs. 2.6 Cr in Q2 FY20 to Rs. 9.4 Cr in Q2 FY21

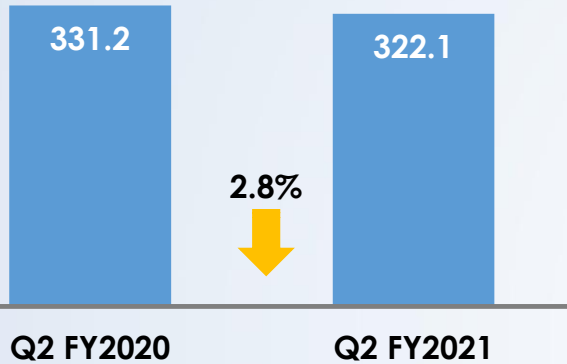
RML – Standalone Financials (YTD)

Rs Cr	6M FY20	6M FY21#
Total Revenue	579.6	382.0
EBITDA	49.7	16.8
EBITDA Margin	8.6%	4.4%
PBT Before Exceptional Items	7.5	(22.7)
Exceptional Expenses	-	-
PBT	7.5	(22.7)
PBT Margin	1.3%	-5.9%
PAT	5.9	(15.5)
PAT Margin	1.0%	-4.1%
Total Comprehensive Income	5.6	(13.3)

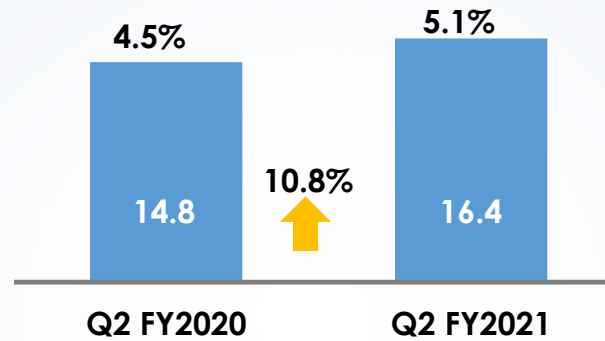
The business operations were partly suspended during Q1 FY21 on account of the lockdown announced by the Government of India consequent to the outbreak of COVID-19 pandemic. Hence 6M FY21 results are not comparable to the corresponding period of the previous year.

RML Consolidated – Financial Performance Review

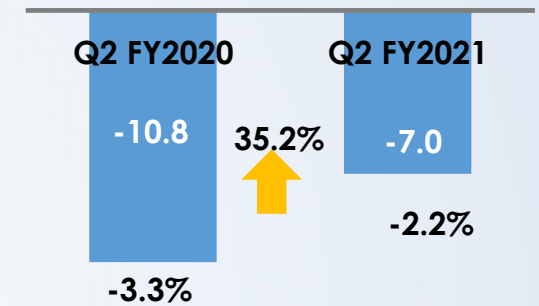
Total Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT (Rs cr.)



› **Total Revenue decreased by 2.8% from Rs. 331.2 Cr in Q2 FY20 to Rs. 322.1 Cr in Q2 FY21**

- The US subsidiary experienced 36% drop in sales impacted by lower vehicle demand in US due to Covid-19 and lower volumes from key customers

› **EBITDA increased by 10.8% from Rs. 14.8 Cr in Q2 FY20 to Rs. 16.4 Cr in Q2 FY21**

- Significant drop in sales and under absorption of semi variable manufacturing cost resulted in higher loss in the US subsidiary

› **Loss decreased from Rs.10.8 Cr in Q2 FY20 to Rs. 7.0 Cr in Q2 FY21**

RML – Consolidated Financials (YTD)

Rs Cr	6M FY20	6M FY21#
Total Revenue	677.4	436.4
EBITDA	31.3	(11.6)
EBITDA Margin	4.6%	-2.7%
PBT Before Exceptional Items	(19.4)	(59.1)
Exceptional Expenses	-	-
PBT	(19.4)	(59.1)
PBT Margin	-2.9%	-13.6%
PAT	(21.0)	(51.9)
PAT Margin	-3.1%	-11.9%
Total Comprehensive Income	(21.4)	(57.3)

The business operations were partly suspended during Q1 FY21 on account of the lockdown announced by the Government of India consequent to the outbreak of COVID-19 pandemic. Hence 6M FY21 results are not comparable to the corresponding period of the previous year.

Rane Engine Valve Ltd.

(REVL)

Market Environment

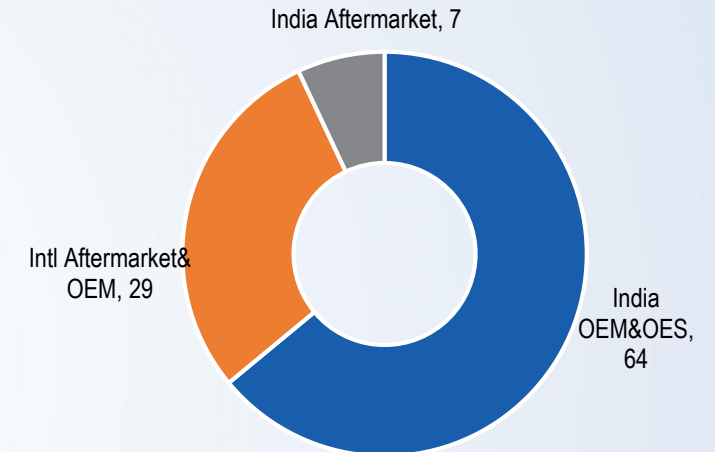
- › Lower production of Diesel engines affected sales to Passenger Vehicle segment
- › Increase in share of business in Two Wheeler and Commercial Vehicle segment
- › New orders from Exports-AM customers partially offset lower schedules from International OE customers

Operational Highlights

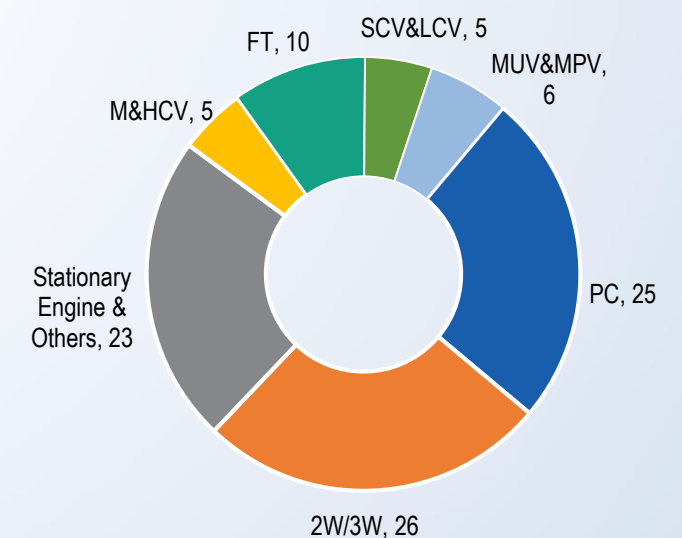
- › Improvement in Internal rejection trend seen across all plants
- › The plant operations faced supply chain and labour availability challenges while ramping up production levels

Business Split (Q2 FY21)

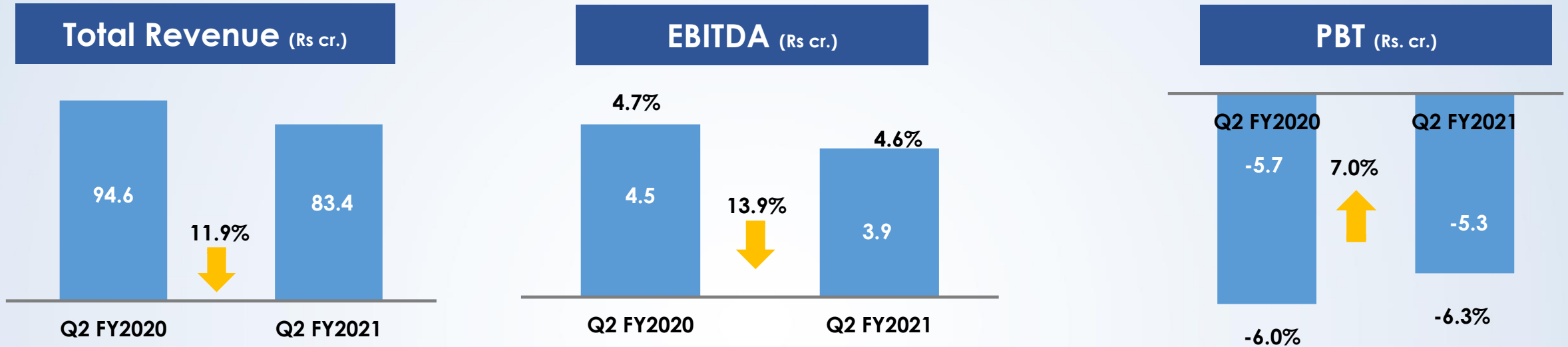
By Market (%)



By Vehicle Segment (%)



REVL – Financial Performance Review



› **Total Revenue declined by 11.9% from Rs. 94.6 Cr in Q2 FY20 to Rs. 83.4 Cr in Q2 FY21**

- Sales to Indian OE customers declined 8%. Volume drop in passenger car segment particularly diesel vehicles impacted the sales.
- Sales to International customers declined 15%. Lower offtake from key customers

› **EBITDA decreased by 13.9% from Rs. 4.5 Cr in Q2 FY20 to Rs. 3.9 Cr in Q2 FY21**

- Better fixed cost control and reduction in manufacturing costs due to improvement in operational performance helped to mitigate adverse product mix and manage the EBITDA margin despite drop in volume

› **Loss before tax for Q2 FY21 was Rs. 5.3 Cr as against a loss of Rs. 5.7 Cr in Q2 FY20**

REVL – Financials (YTD)

Rs Cr	6M FY20	6M FY21#
Total Revenue	198.6	113.9
EBITDA	7.8	(12.7)
EBITDA Margin	3.9%	-11.1%
PBT Before Exceptional Items	(12.2)	(29.6)
Exceptional Expenses *	-	(0.8)
PBT	(12.2)	(30.4)
PBT Margin	-6.1%	-26.7%
PAT	(7.9)	(19.8)
PAT Margin	-4.0%	-17.4%
Total Comprehensive Income	(7.8)	(19.9)

* Exceptional expenses represents Voluntary Retirement Expenditure of Rs. 0.8 Cr

The business operations were partly suspended during Q1 FY21 on account of the lockdown announced by the Government of India consequent to the outbreak of COVID-19 pandemic. Hence 6M FY21 results are not comparable to the corresponding period of the previous year.

Rane Brake Lining Ltd.

(RBL)

RBL – Operational Performance Review

Market Environment

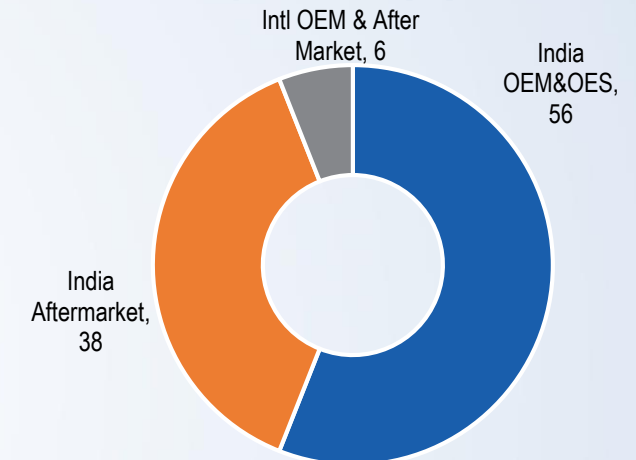
- › Demand recovered across key served segments
- › Lower demand from Aftermarket customers as STUs/Bus operators yet to operate at pre-covid level

Operational Highlights

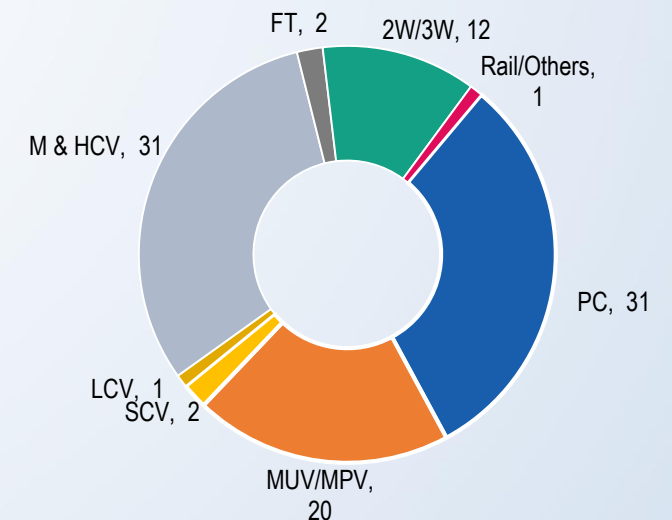
- › Received “Indian Aftermarket Commercial Vehicle Brake Lining Supplier of the year award” from Frost & Sullivan 2020
- › Achieved 100% delivery performance with all customers
- › Secured Rs. 15 Cr per annum order for Disc Pads from leading Indian Passenger Vehicle manufacturer

Business Split (Q2 FY21)

By Market (%)

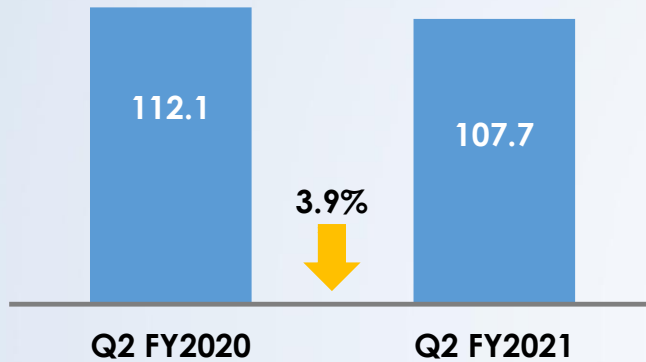


By Vehicle Segment (%)

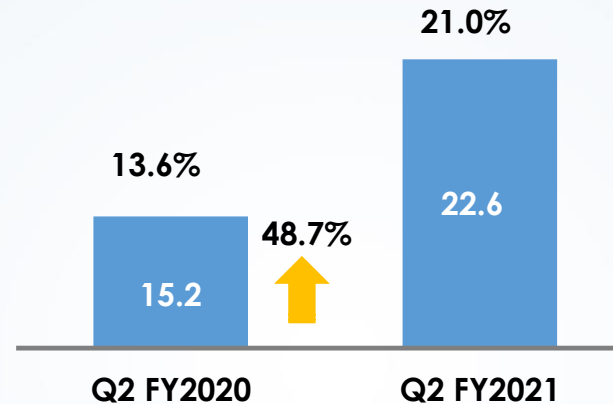


RBL – Financial Performance Review

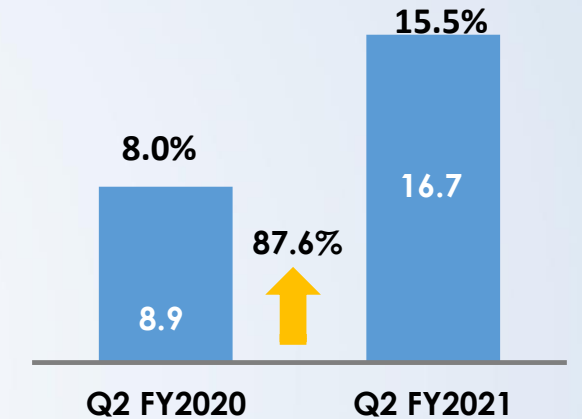
Total Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT (Rs cr.)



› **Total Revenue decreased by 3.9% from Rs. 112.1 Cr in Q2 FY20 to Rs. 107.7 Cr in Q2 FY21**

- Sales to OE customer declined 8%
- Sales to Aftermarket customers grew 1%. Managed flat growth despite lower demand from STUs / Bus operators.

› **EBITDA increased by 48.7% from Rs. 15.2 Cr in Q2 FY20 to Rs. 22.6 Cr in Q2 FY21**

- Favourable material price movement and product mix helped margin improvement
- There was also an one off selling price increase recovery from customer during the quarter

› **PBT increased by 87.6% from Rs. 8.9 Cr in Q2 FY20 to Rs. 16.7 Cr in Q2 FY21**

RBL – Financials (YTD)

Rs Cr	6M FY20	6M FY21#
Total Revenue	231.0	148.9
EBITDA	30.9	19.0
EBITDA Margin	13.4%	12.8%
PBT Before Exceptional Items	18.3	6.7
Exceptional Expenses	-	-
PBT	18.3	6.7
PBT Margin	7.9%	4.5%
PAT	14.8	4.6
PAT Margin	6.4%	3.1%
Total Comprehensive Income	14.3	4.9

The business operations were partly suspended during Q1 FY21 on account of the lockdown announced by the Government of India consequent to the outbreak of COVID-19 pandemic. Hence 6M FY21 results are not comparable to the corresponding period of the previous year.

Rane TRW Steering Systems Pvt. Ltd.

(RTSS)

Market Environment

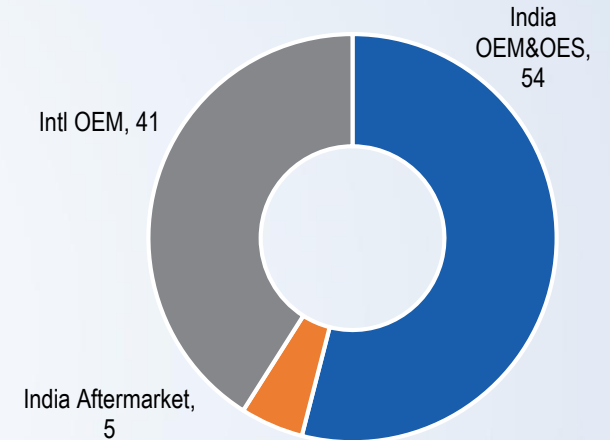
- › Steering business
 - Increase in share of business helped to mitigate significant drop in Indian Commercial Vehicle volumes
 - Drop in schedules impacted exports sales
- › Occupant Safety business: Better schedules from export customers

Operational Highlights

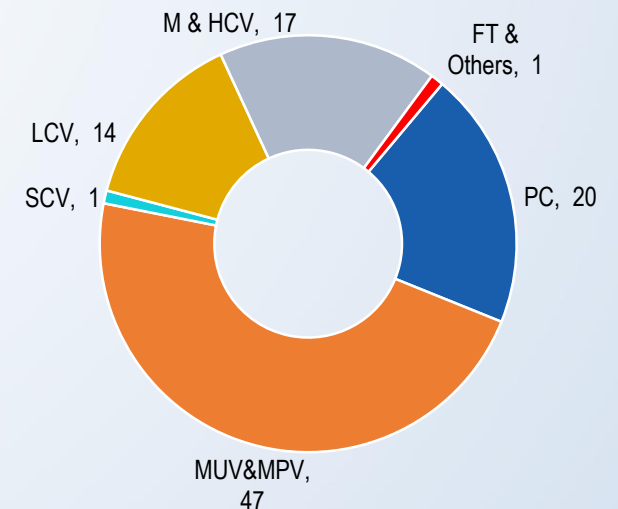
- › Plants adapted well to the volatility in demand and optimized the manpower to the demand
- › Secured Rs. 64 Cr per annum order for Seat Belts export to Russia

Business Split (Q2 FY21)

By Market (%)

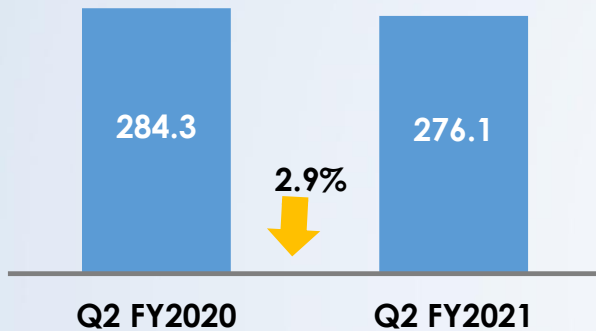


By Vehicle Segment (%)

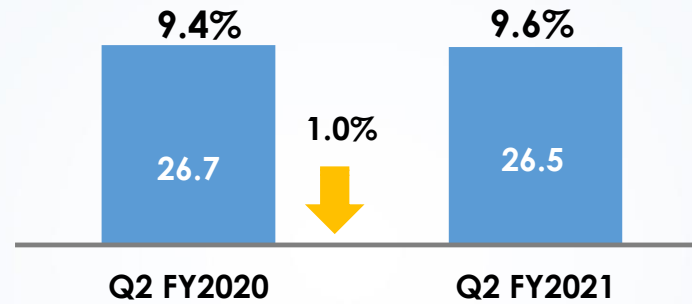


RTSS – Financial Performance Review

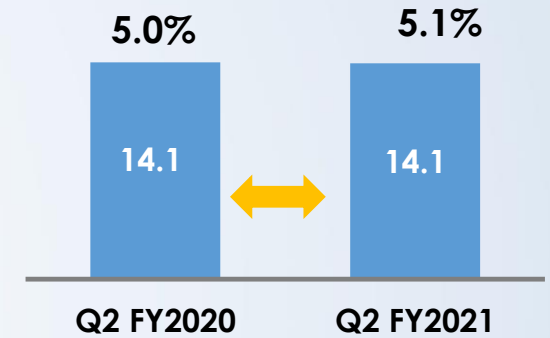
Total Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT (Rs cr.)



- › **Total Revenue decreased by 2.9% from Rs. 284.3 Cr in Q2 FY20 to Rs. 276.1 Cr in Q2 FY21**
 - Revenue from steering gear products declined due to volume drop in exports business
 - Revenue from occupant safety systems increased on account of better schedules from international customers
- › **EBITDA dropped by 1% from Rs. 26.7 Cr in Q2 FY20 to Rs. 26.5 Cr in Q2 FY21**
 - Under absorption of semi variable costs due to lower volumes resulted in marginal drop in EBITDA
- › **PBT stood at Rs.14.1 Cr in Q2 FY21 in-line with Q2 FY20**

RTSS – Financials (YTD)

Rs Cr	6M FY20	6M FY21#
Total Revenue	638.0	362.5
EBITDA	50.2	10.9
EBITDA Margin	7.9%	3.0%
PBT Before Exceptional Items	23.8	(13.2)
Exceptional Expenses	-	-
PBT	23.8	(13.2)
PBT Margin	3.7%	-3.6%
PAT	17.6	(9.8)
PAT Margin	2.8%	-2.7%
Total Comprehensive Income	15.3	(9.4)

The business operations were partly suspended during Q1 FY21 on account of the lockdown announced by the Government of India consequent to the outbreak of COVID-19 pandemic. Hence 6M FY21 results are not comparable to the corresponding period of the previous year.

Rane NSK Steering Systems Pvt. Ltd.

(RNSS)

RNSS – Operational Performance Review

Market Environment

- › Strong growth in Utility Vehicle segment

Operational Highlights

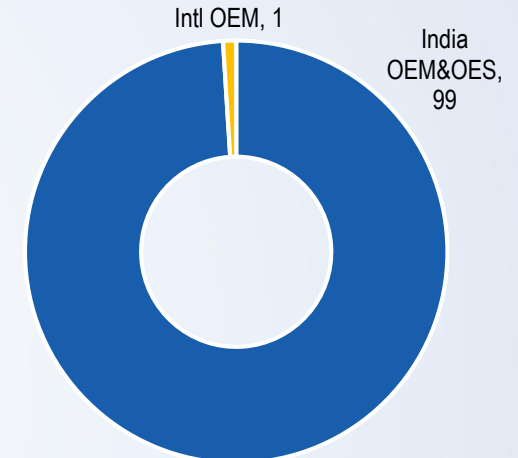
- › Focused on productivity improvement projects to address manpower availability challenges

Warranty Provision

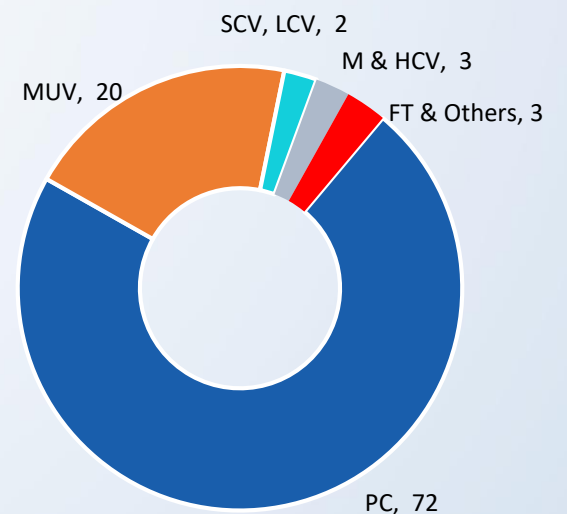
- › Based on the current warranty claim trend, an amount of around Rs. 20 Cr considered towards incremental provision for warranty

Business Split (Q2 FY21)

By Market (%)

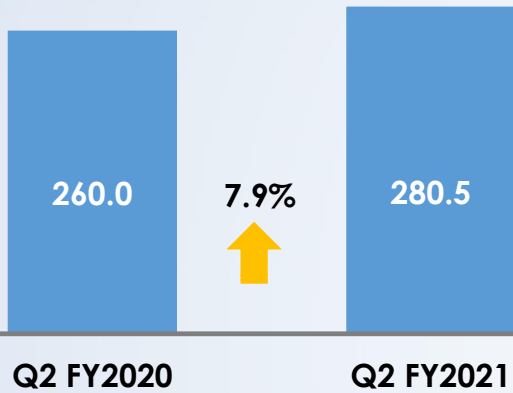


By Vehicle Segment (%)

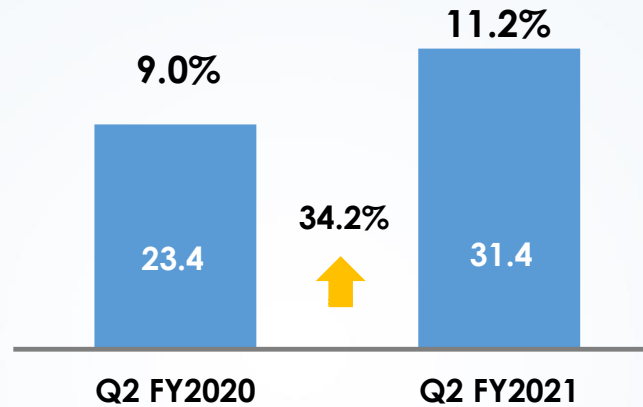


RNSS – Financial Performance Review

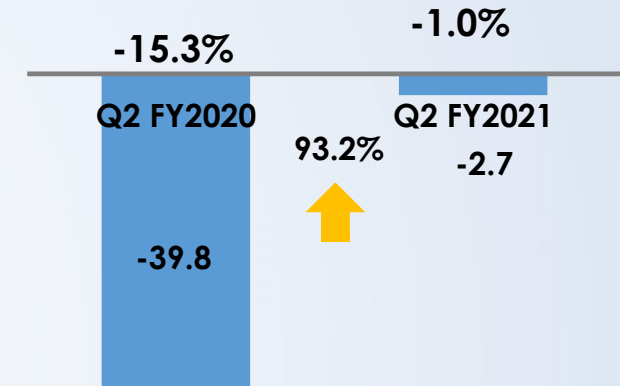
Total Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT (Rs cr.)



- › **Total Revenue increased by 7.9% from Rs. 260.0 Cr in Q2 FY20 to Rs. 280.5 Cr in Q2 FY21**
 - Better offtake in served models helped post growth in Total Revenue
- › **EBITDA increased by 34.2% from Rs. 23.4 Cr in Q2 FY20 to Rs. 31.4 Cr in Q2 FY21**
 - Lower employee cost and reduction in other fixed costs helped in margin increase
- › **Loss decreased by 93.2% from Rs. 39.8 Cr in Q2 FY20 to Rs. 2.7 Cr in Q2 FY21**

RNSS – Financials (YTD)

Rs Cr	6M FY20	6M FY21#
Total Revenue	584.9	318.8
EBITDA	58.6	19.3
EBITDA Margin	10.0%	6.1%
PBT Before Exceptional Items	31.3	(7.1)
Exceptional Expenses *	(51.8)	(20.8)
PBT	(20.5)	(27.9)
PBT Margin	-3.5%	-8.7%
PAT	(13.5)	(18.4)
PAT Margin	-2.3%	-5.8%
Total Comprehensive Income	(13.5)	(18.1)

* Exceptional expenses represents incremental provision made towards product warranty claim

The business operations were partly suspended during Q1 FY21 on account of the lockdown announced by the Government of India consequent to the outbreak of COVID-19 pandemic. Hence 6M FY21 results are not comparable to the corresponding period of the previous year.



Thank You



Rane Corporate Centre

"Maithri" 132, Cathedral Road,
Chennai - 600 086, India

www.ranegroup.com

For further information, please contact:

investorservices@ranegroup.com or dpingle@christensenir.com

Glossary of Abbreviations

Abbreviation	Expansion
bps	Basis point, 100 bps equal to 1%
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EPS	Electric Power Steering
FT	Farm Tractors
FY	Financial Year
Intl	International
JV	Joint Venture
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MUV	Multi Utility Vehicles
M&HCV	Medium & Heavy Commercial Vehicles
MSC	Manual Steering Column
OE	Original Equipment
OEM	Original Equipment Manufacturer

Abbreviation	Expansion
OES	Original Equipment Supplier
PBT	Profit Before Tax
PAT	Profit After Tax
PC	Passenger Car
RHL	Rane Holdings Limited
REVL	Rane Engine Valve Limited
RNSS	Rane NSK Steering Systems Pvt Limited
R&P	Rack & Pinion
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufacturers
STU	State Transport Undertaking
UV	Utility Vehicle
YoY	Year-on-Year
YTD	Year To Date
2W/3W	Two Wheeler/Three Wheeler

This presentation may contain 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.