Rane Engine Valve Ltd.

Head Office:
P.B. No. 3149, R.R. Tower V - Level IV,
Plot No. : 33-A (South Phase),
Developed Plot at Thiru.Vi.Ka. Indl. Estate,
Ekkaduthangal, Chennai - 600 032. India.
Tel. : 91-44-42971800 Fax : 91-44-42971818
CIN : L74999TN1972PLC006127
www.rane.co.in

REVL / SE/ 30 / 2016-17

November 10, 2016

BSE Limited Corporate Relationship Department, 1st Floor, New Trading Ring, P J Towers, Dalal Street, **Mumbai 400 001**	**National Stock Exchange of India Ltd.** Listing Department Exchange Plaza, 5th Floor, Plot No.C/1, 'G' Block, Bandra Kurla Complex Bandra (E), **Mumbai - 400 051.**
Code No. **532988**	Code : **RANEENGINE**

Dear Sir / Madam,

Ref: Our letter no. REVL / SE/ 29 / 2016-17 dated November 4, 2016 : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (SEBI LODR)

Sub: Earnings Call - Unaudited Financial Results for the quarter and half – year ended September 30, 2016

With reference to our aforementioned letter intimating Earnings Call on November 11, 2016 to discuss the financial results of the Company for half-year ended September 30, 2016, we enclose herewith a copy of the Earnings presentation proposed to be made during the call, to the analysts and investors.

The same is also being made available on the website of the company www.rane.co.in.

Kindly take this disclosure on record as compliance with the relevant provisions of SEBI LODR and acknowledge receipt.

Thanking you.

Yours faithfully
For **Rane Engine Valve Limited**

P. Guhanantham.

P Guhanantham
Secretary

RANE ENGINE VALVE LTD. H.O. CHENNAI 600 016

Rane Group

Earnings Presentation | H1 FY17

November 2016

www.ranegroup.com



Outline

- **Industry Performance Review – H1 FY17**
- Rane Group Performance Review – H1 FY17
- Group Companies Performance Highlights

Not to be copied or distributed without permission of Rane Holdings Limited

Industry Performance Review (H1 FY17)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth in % (India OEM)	Rane Group Revenue Split *
Passenger Cars (PC)	2%	16%	41%
Utility Vehicles (MUV)	32%	39%	20%
Vans (MPV)	3%	-19%	1%
Small Commercial Vehicles (SCV)	6%	41%	2%
Light Commercial Vehicles (LCV)	12%	22%	7%
Medium & Heavy Commercial Vehicles (M&HCV)	1%	7%	15%
Farm Tractors (FT)	7%	1%	7%
2-Wheeler	14%	17%	3%

** Negligible presence in 3-wheeler. Other segments such as Rail, Stationary Engines, Aerospace & Defence contribute 5%*

- Registered superior growth in passenger car segment as we supply to some of the successful new models of OE
- Share of business improvement with key customers in M&HCV segment helped beat sluggish demand and post better growth
- Performance in the farm tractors segment is subdued mainly due to growth in unserved models
- Performance in 2-Wheeler segment helped by favorable market condition

 # Source: SIAM

Not to be copied or distributed without permission of Rane Holdings Limited

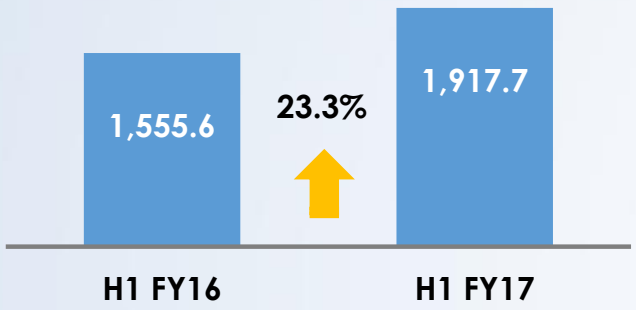
Outline

- Industry Performance Review- H1 FY17
- **Rane Group Performance Review- H1 FY17**
- Group Companies Performance Highlights

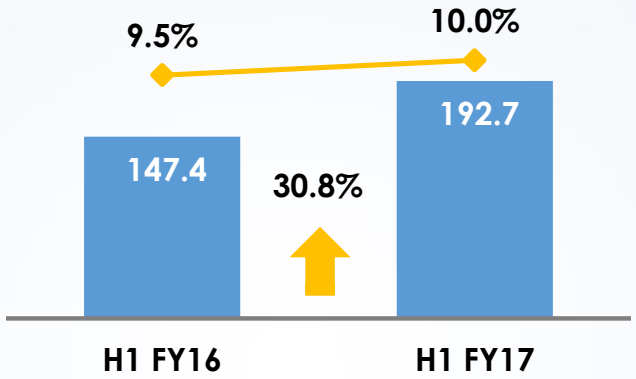
Not to be copied or distributed without permission of Rane Holdings Limited

Group Performance Review

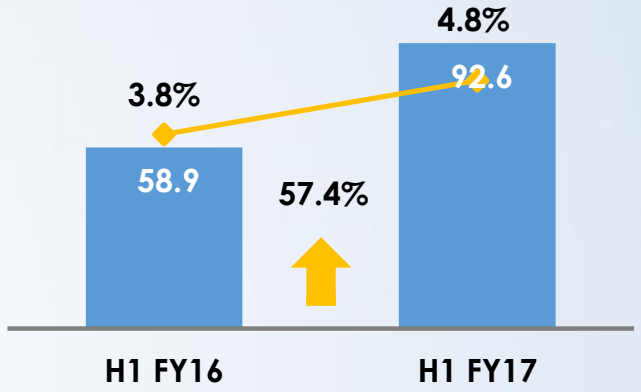
Net Sales (Rs cr.)



Op. EBITDA (Rs cr.)



PBT*



** PBT before exceptional items*

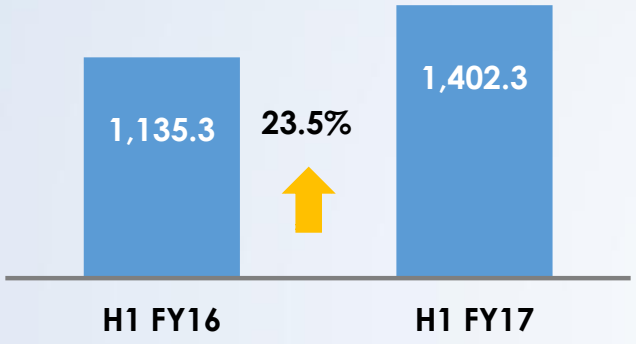
- **Net Sales increased by 23.3% to Rs 1,917.7 Cr in H1 FY17 from Rs 1,555.6 Cr in H1 FY16**
  - Revenues from Indian customers grew 15% supported by robust supplies to successful new vehicle models launched by major OEMs
  - Revenues from International customers grew 69% supported by increased demand for Die-casting products, Steering components and also driven by overseas acquisition made by Rane (Madras) Limited
- **Op. EBITDA increased by 30.8% to Rs 192.7 Cr in H1 FY17 from Rs 147.4 Cr in H1 FY16**
  - Focused approach on cost reduction initiatives at the group level to offset inflationary trend in operational costs
- **PBT increased by 57.4% to Rs 92.6 Cr in H1 FY17 from Rs 58.9 Cr in H1 FY16**

Note: H1 FY17 figures includes the effect of acquisition of Rane Precision Die Casting Inc. by Rane (Madras) Limited not comparable to H1 FY16

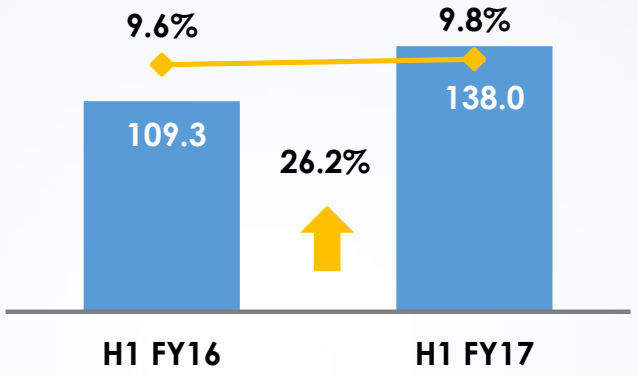
Not to be copied or distributed without permission of Rane Holdings Limited

RHL Consolidated Performance Review

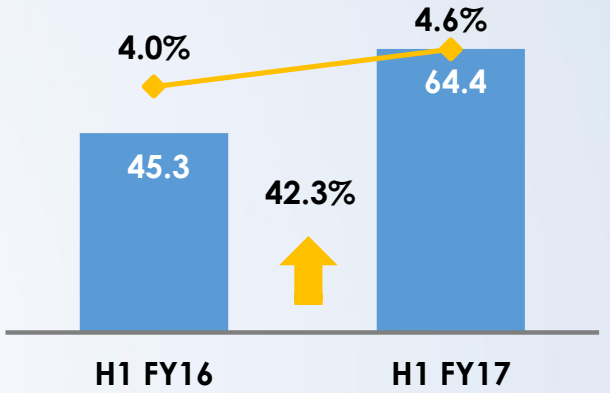
Net Sales (Rs cr.)



Op. EBITDA (Rs cr.)



PBT*



** PBT before exceptional items*

- **Net Sales increased by 23.5% to Rs 1,402.3 Cr in H1 FY17 from Rs 1,135.3 Cr in H1 FY16**
- **Op. EBITDA increased by 26.2% to Rs 138.0 Cr in H1 FY17 from Rs 109.3 Cr in H1 FY16**
- **PBT increased by 42.3% to Rs 64.4 Cr in H1 FY17 from Rs 45.3 Cr in H1 FY16**

Note: H1 FY17 figures includes the effect of acquisition of Rane Precision Die Casting Inc. by Rane (Madras) Limited, hence not comparable with the previous period

Not to be copied or distributed without permission of Rane Holdings Limited

Outline

- Industry Performance Review- H1 FY17
- Rane Group Performance Review- H1 FY17
- **Group Companies Performance Highlights**

Not to be copied or distributed without permission of Rane Holdings Limited

Rane (Madras) Ltd.

(RML)

Not to be copied or distributed without permission of Rane Holdings Limited

RML – Operational Performance Review

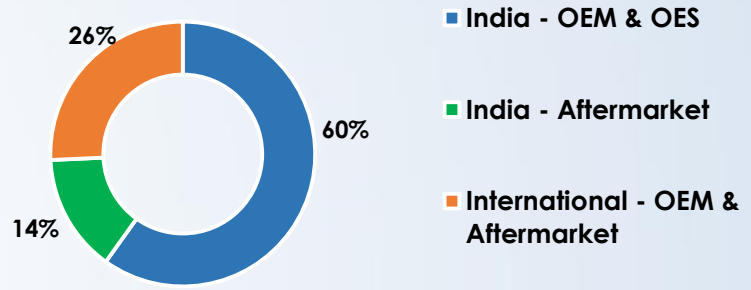
Market Environment

- Strong demand from PV, LCV & SCV segments in the Steering and Linkages Division
- Higher demand for Die-casting products from International customers

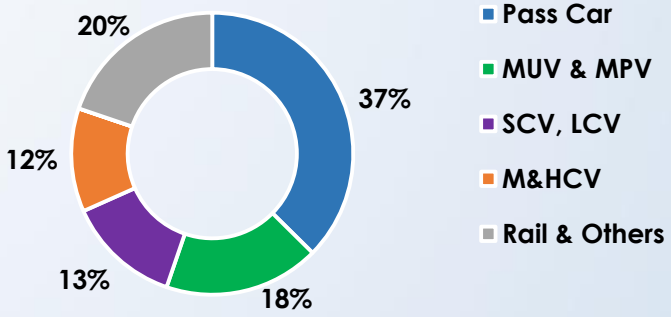
Operational Highlights

- Won the "Best Supplier Award for Spare Parts" from TAFE
- Rack & Pinion gears production at Puducherry plant reached a highest level of 1 lakh gears / month
- Won nomination from international tier 1 supplier for supplying Steering Gear
- Significant ramp up of production in the new die-casting plant

Sales by Market (H1 FY17)



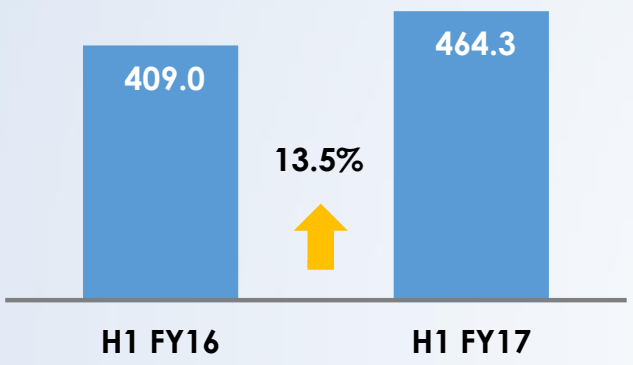
Sales by Vehicle Segment (H1 FY17)



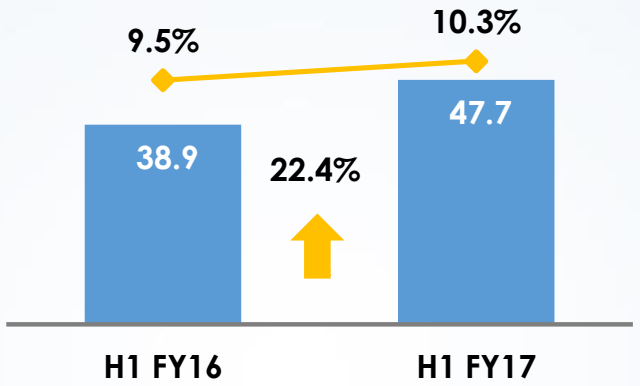
Not to be copied or distributed without permission of Rane Holdings Limited

RML – Standalone Financial Performance Review

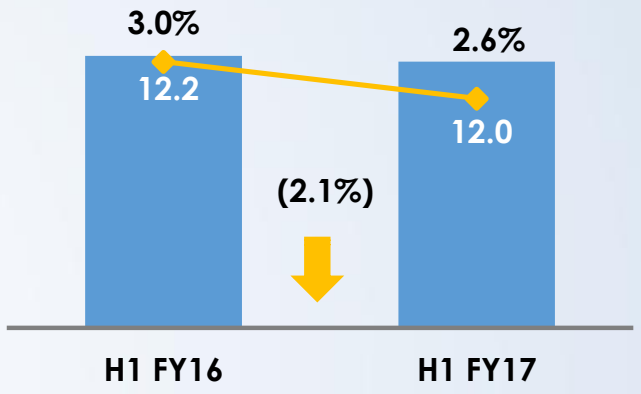
Net Sales (Rs cr.)



Op. EBITDA (Rs cr.)



PBT*



** PBT before exceptional items*

- **Net Sales increased by 13.5% to Rs 464.3 Cr in H1 FY17 from Rs 409.0 Cr in H1 FY16**
  - Growth in the Indian auto industry supported growth in sales of Steering and Linkage division
  - Steady growth in the Indian Aftermarket segment driven by new product and expansion of distribution network
  - Higher demand from international customers supported sales growth of Die-casting division
- **Op. EBITDA increased by 22.4% to Rs 47.7 Cr in H1 FY17 from Rs 38.9 Cr in H1 FY16**
  - Various cost reduction initiatives helped improve margin
- **PBT declined by 2.1% to Rs 12.0 Cr in H1 FY17 from Rs 12.2 Cr in H1 FY16**
  - Higher finance cost driven by increased borrowing to fund the business expansion

Not to be copied or distributed without permission of Rane Holdings Limited

RML – Outlook

Key focus areas in H2 of FY17

- Growth to sustain in the second half of FY 17 backed by Indian auto industry performance and increased order from international customers
- Establishing Rack & Pinion manufacturing facility at Varanavasi plant to cater to both domestic and export customers
- Stabilise the production and operational performance of new die-casting plant addressing the steep ramp up on customer requirements

Various initiatives underway for improving operational performance

Not to be copied or distributed without permission of Rane Holdings Limited

Rane Engine Valve Ltd.

(REVL)

Not to be copied or distributed without permission of Rane Holdings Limited

REVL – Operational Performance Review

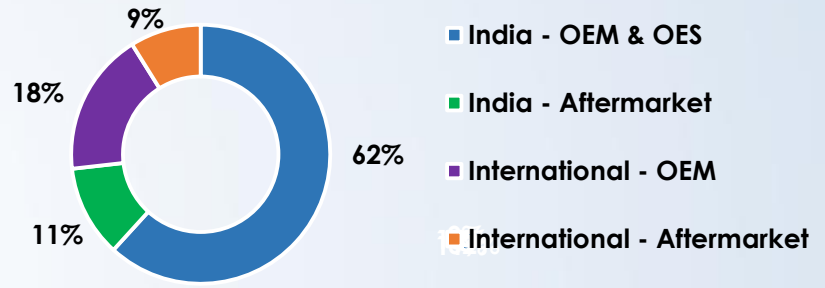
Market Environment

- Experienced strong demand from passenger car and OEMs
- Lower customer offtake in CV and FT segment
- Lower offtake in both India and International Aftermarket segment

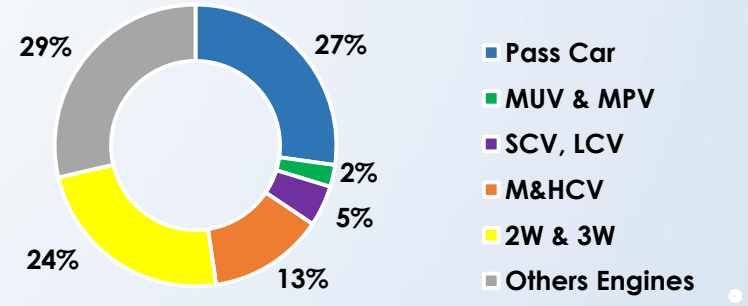
Operational Highlights

- M & M presented Appreciation award for REVL's contribution in New Engine development – KUV 1OO and Tractor YUVO
- Increased daily average production of plants through capacity debottlenecking
- Continued focus on operational cost reduction initiatives

Sales by Market (H1 FY17)



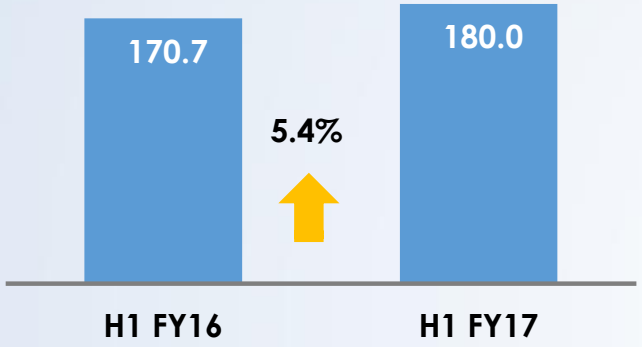
Sales by Vehicle Segment (H1 FY17)



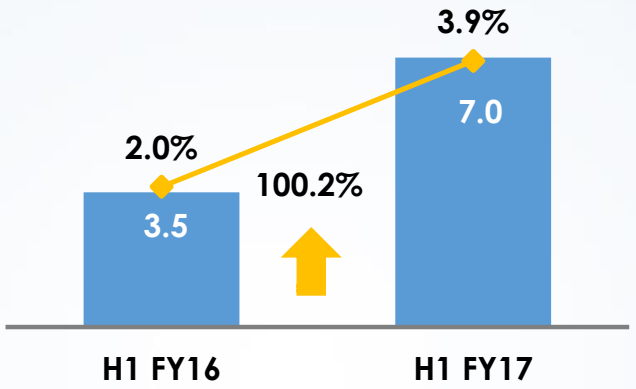
Not to be copied or distributed without permission of Rane Holdings Limited

REVL – Financial Performance Review

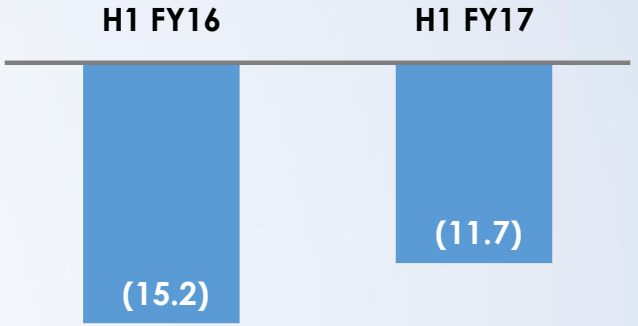
Net Sales (Rs cr.)



Op. EBITDA (Rs cr.)



PBT*



** PBT before exceptional items*

- **Net Sales increased by 5.4% to Rs 180.0 Cr in H1 FY17 from Rs 170.7 Cr in H1 FY16**
  - Supplies to International OEM customer saw significant ramp up
  - Lower offtake on served models restricted growth in Indian OEM segment
- **Op. EBITDA increased by 100.2% to Rs 7.0 Cr in H1 FY17 from Rs 3.5 Cr in H1 FY16**
  - EBITDA margin improvement principally driven by planned cost reduction measures at the plant level
- **Loss before tax for H1 FY17 was Rs 11.7 Cr as against loss of Rs 15.2 Cr in H1 FY16**
  - Interest cost reduced as the borrowings have been reduced on a year on year basis

Not to be copied or distributed without permission of Rane Holdings Limited

REVL – Outlook

Key focus areas in H2 of FY17

- Pursue new business with key customers in India and Europe
- Enhance plant production to capitalize on increased offtake of OE customers and available orders for Aftermarket customers
- Continued focus on various initiatives to improve operational performance

We remain focused on improving operations through effective implementation of debottlenecking, cost reduction and productivity improvement initiatives to return to profitability

Not to be copied or distributed without permission of Rane Holdings Limited

Rane Brake Lining Ltd.
(RBL)

Not to be copied or distributed without permission of Rane Holdings Limited

RBL – Operational Performance Review

Rane
Expanding Horizons

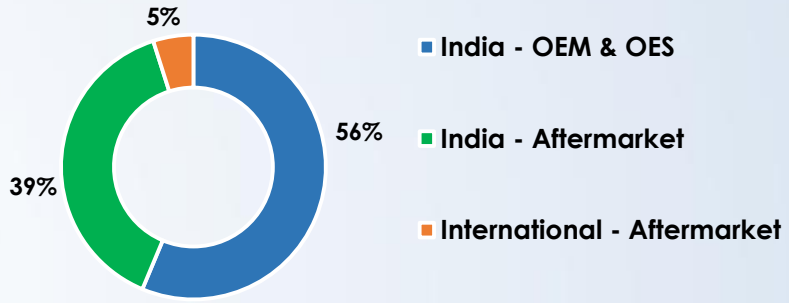
Market Environment

- Demand continues to be robust for PV and 2-wheeler segment
- Muted performance of CV segment particularly M&HCV segment
- Low order offtake in railway business

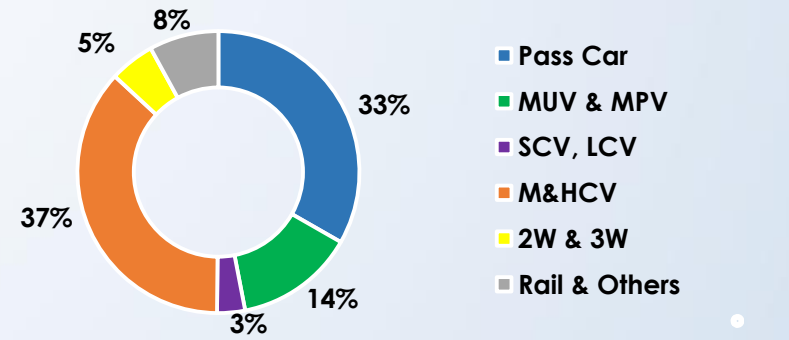
Operational Highlights

- Strengthened position in India Aftermarket with new product launches
- Continued to focus on material cost reduction initiatives coupled with operational efficiencies
- Received Certificate of Performance Award in Friction Material category by Brakes India Private Limited
- Bronze award for HR Excellence in 'Large' Category by ACMA
- Enhanced R&D facility with investments on validation capability

Sales by Market (H1 FY17)



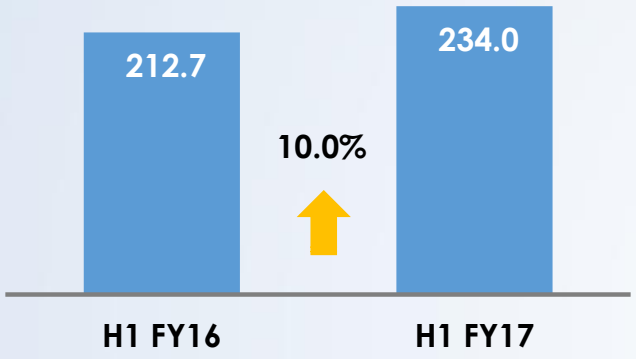
Sales by Vehicle Segment (H1 FY17)



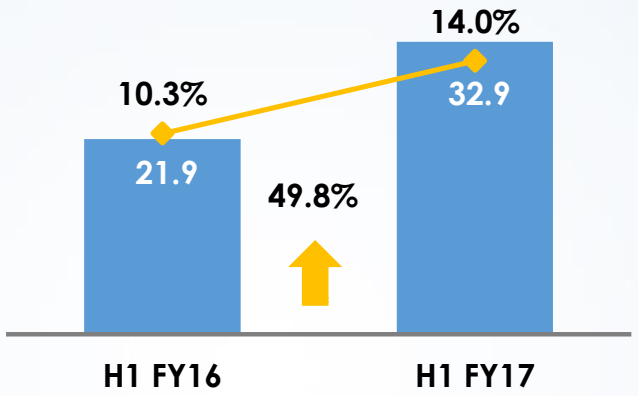
Not to be copied or distributed without permission of Rane Holdings Limited

RBL – Financial Performance Review

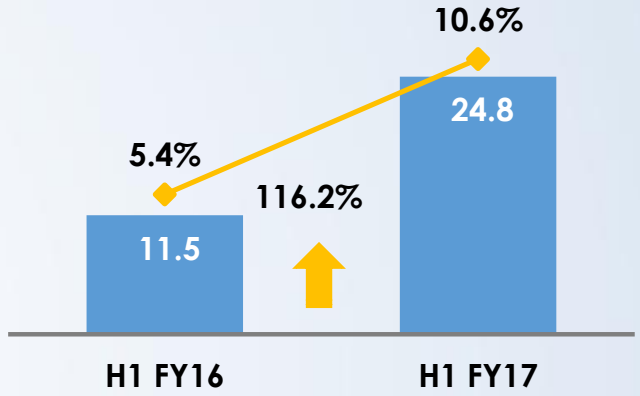
Net Sales (Rs cr.)



Op. EBITDA (Rs cr.)



PBT*



** PBT before exceptional items*

- **Net Sales increased by 10.0% to Rs 234.0 Cr in H1 FY17 from Rs 212.7 Cr in H1 FY16**
  - Revenue growth driven by significant increase in sales to Indian OE and AM customers (11% each)
- **Op. EBITDA increased by 49.8% to Rs 32.9 Cr in H1 FY17 from Rs 21.9 Cr in H1 FY16**
  - Specific cost reduction initiatives and commodity pricing helped us to mitigate JPY impact
- **PBT increased by 116.2% to Rs 24.8 Cr in H1 FY17 from Rs 11.5 Cr in H1 FY16**
  - Substantial reduction in interest costs due to lower borrowing and effective working capital management

Not to be copied or distributed without permission of Rane Holdings Limited

RBL – Outlook

Key focus areas in H2 of FY17

- Volume ramp up on supplies to new programs of OE customer and cost competitive new products in Aftermarket to drive sales in H2
- Continue emphasis on strategic initiatives to drive cost efficiencies and mitigate adverse currency impact
- R&D capability enhancement with the addition of new global standard machine having advanced features of hydraulic and pneumatic brake system validation

We remain cautiously optimistic for H2 FY17 as we envisage headwinds on account of increasing material costs and other operational costs

Not to be copied or distributed without permission of Rane Holdings Limited

Rane TRW Steering Systems Pvt. Ltd.
(RTSS)

Not to be copied or distributed without permission of Rane Holdings Limited

RTSS – Operational Performance Review

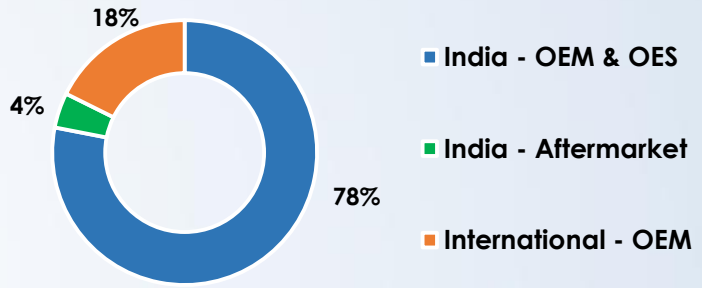
Market Environment

- Occupant safety products saw robust demand from PV customers
  - Increased sales of airbags fitted vehicles by the domestic OEMs in the new vehicle models produced both for Indian and International market
- Volatile demand and slower growth for steering products in M&HCV segment
- Better than anticipated demand for steering products from passenger vehicle segment particularly international orders

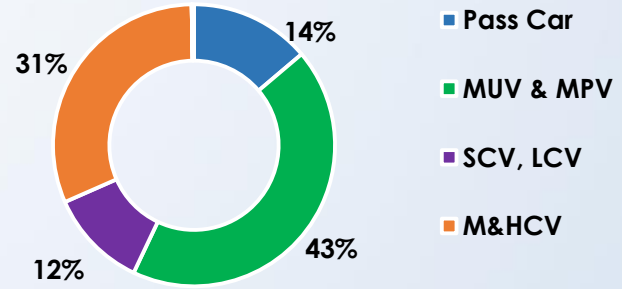
Operational Highlights

- Increased share of business in LCV segment and with select customers in M&HCV segment for steering products
- Commenced production for new technology pre-tensioner seat belts
- Increased localization of components for airbags
- Expanded solar capacity by addition of 1.2 MW power

Sales by Market (H1 FY17)



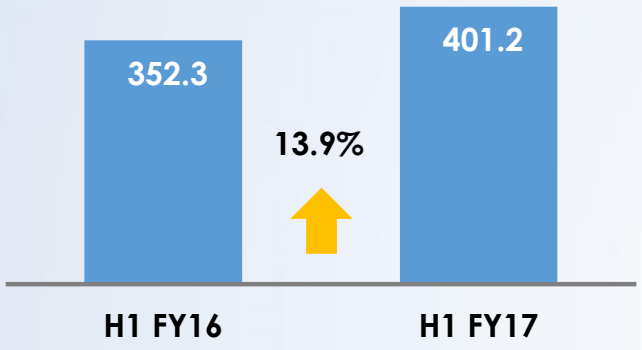
Sales by Vehicle Segment (H1 FY17)



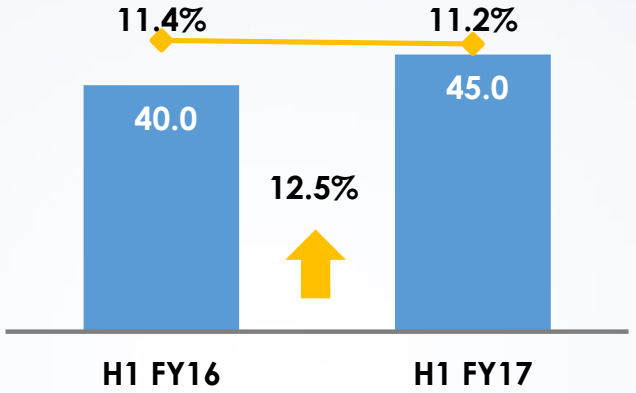
Not to be copied or distributed without permission of Rane Holdings Limited

RTSS – Financial Performance Review

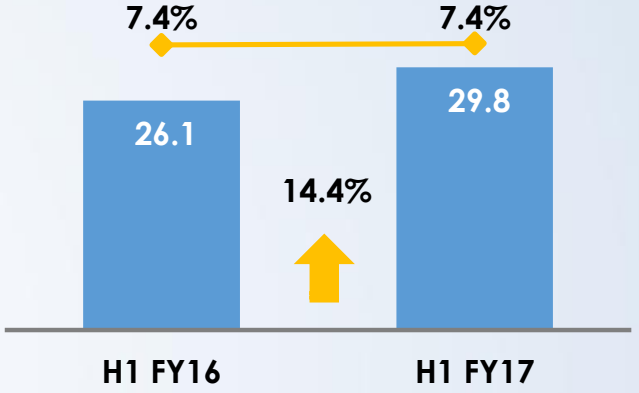
Net Sales (Rs cr.)



Op. EBITDA (Rs cr.)



PBT*



** PBT before exceptional items*

- **Net Sales increased by 13.9% to Rs 401.2 Cr in H1 FY17 from Rs 352.3 Cr in H1 FY16**
  - Robust demand for Occupant Safety Systems underpins strong growth
  - Sluggish demand for steering products particularly from M&HCV segment
- **Op. EBITDA increased by 12.5% to Rs 45.0 Cr in H1 FY17 from Rs 40.0 Cr in H1 FY16**
  - EBITDA margins witnessed a slight drop on account of unfavourable product mix
- **PBT increased by 14.4% to Rs 29.8 Cr in H1 FY17 from Rs 26.1 Cr in H1 FY16**
  - Better fixed cost control helped maintain PBT margin level

Not to be copied or distributed without permission of Rane Holdings Limited

RTSS – Outlook

Key focus areas in H2 of FY17

- Augment exports of seat belts through new businesses
- Ramp up capacity for airbags and focus on new exports business
- Continue to emphasize on strategic cost control initiatives

Overall, the outlook is positive for RTSS business primarily driven by the performance of Occupant Safety Division and anticipated recovery of M&HCV segment in H2 FY17

Not to be copied or distributed without permission of Rane Holdings Limited

Rane NSK Steering Systems Pvt. Ltd.
(RNSS)

Not to be copied or distributed without permission of Rane Holdings Limited

RNSS – Operational Performance Review

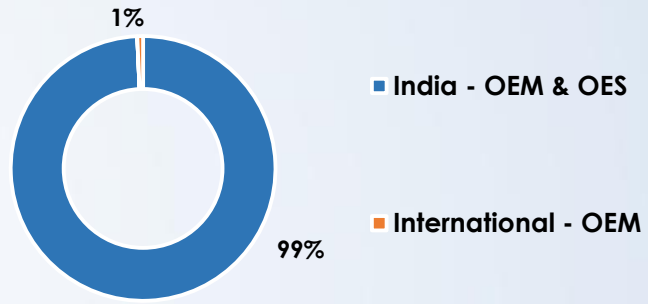
Market Environment

- Strong growth in passenger vehicles market
- Growth in small commercial vehicle segment supported MSC volumes

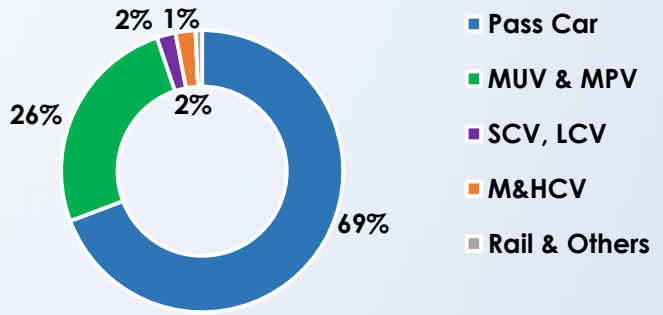
Operational Highlights

- Achieved zero customer concerns owing to improvement in manufacturing efficiencies
- Delay in new program launches in M&HCV segment
- Achieved volume ramp up in production for supplies to newly launched vehicle models of Maruti Suzuki India Limited

Sales by Market (H1 FY17)



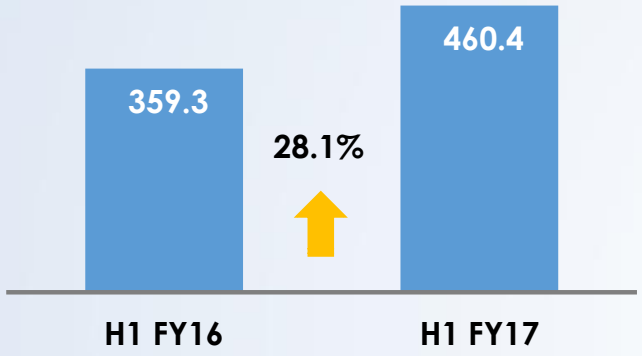
Sales by Vehicle Segment (H1 FY17)



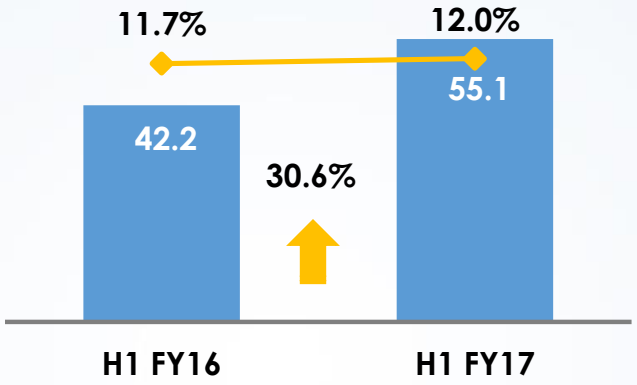
Not to be copied or distributed without permission of Rane Holdings Limited

RNSS – Financial Performance Review

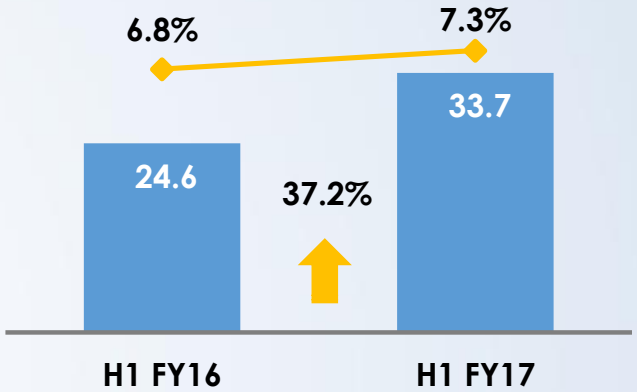
Net Sales (Rs cr.)



Op. EBITDA (Rs cr.)



PBT*



** PBT before exceptional items*

- **Net Sales increased by 28.1% to Rs 460.4 Cr in H1 FY17 from Rs 359.3 Cr in H1 FY16**
  - Achieved over 100% growth in the MUV and MPV segment owing to better sales from new vehicle launches by customers
- **Op. EBITDA increased by 30.6% to Rs 55.1 Cr in H1 FY17 from Rs 42.2 Cr in H1 FY16**
  - Margins improvement supported by favorable product mix and better operating leverage
- **PBT increased by 37.2% to Rs 33.7 Cr in H1 FY17 from Rs 24.6 Cr in H1 FY16**
  - Cost reduction initiatives showing positive results in the overall margin performance

Not to be copied or distributed without permission of Rane Holdings Limited

RNSS – Outlook

Key focus areas in H2 of FY17

- Inline with H1 FY17, expect robust demand in passenger vehicles market
- Successfully drive manufacturing efficiencies and cost measures to deliver better profitability
- Successful launch of key resourcing models in commercial vehicle segment

Overall, the outlook is positive for RNSS business as we envisage continued growth in passenger vehicle market in H2 FY17

Not to be copied or distributed without permission of Rane Holdings Limited

Thank You



Rane Corporate Centre

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

www.ranegroup.com

Glossary of Abbreviations

Abbreviation	Expansion
ACMA	Automotive Component Manufacturers Association
Capex	Capital Expenditure
CV	Commercial Vehicles
JPY	Japanese Ye
FT	Farm Tractors
FY	Financial Year
HCV	Heavy Commercial Vehicles
INR	Indian Rupee
LCV	Light Commercial Vehicles
MCV	Medium Commercial Vehicles
MPV	Multi Purpose Vehicles
MSC	Manual Steering Column
MUV	Multi Utility Vehicles
M&HCV	Medium & Heavy Commercial Vehicles
Op. EBITDA	Earnings Before Interest, Tax and Depreciation & Amortisation from Operations

Abbreviation	Expansion
OE	Original Equipment
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PBT	Profit Before Tax
PC	Passenger Car
PV	Passenger Vehicles
P&L	Profit & Loss
R&D	Research & Development
RM	Raw materials
ROCE	Return on Capital Employed
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufactures
UV	Utility Vehicles
VRS	Voluntary Retirement Scheme
2W/3W	Two Wheeler/Three Wheeler

Not to be copied or distributed without permission of Rane Holdings Limited

Disclaimer

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.

Not to be copied or distributed without permission of Rane Holdings Limited