Rane Engine Valve Ltd.

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

Tel : 044 - 2811 2472
Fax : 044 - 2811 2449
URL : www.rane.co.in

//Online Submission//

REVL / SE / 41 / 2016-17

February 9, 2017

BSE Limited Listing Centre Scrip Code: **532988**	**National Stock Exchange of India Ltd.** NEAPS Symbol : **RANEENGINE**

Dear Sir / Madam,

Ref: Our letter no. REVL / SE / 38 / 2016-17 dated January 17, 2017: Regulation 30 of SEBI LODR

Sub: Earnings Call - Unaudited Financial Results for the quarter and nine months ended December 31, 2016

With reference to our aforementioned letter intimating Earnings Call on February 10, 2017 to discuss the financial results of the Company for quarter and nine months ended December 31, 2016, we enclose herewith a copy of the Earnings presentation for 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**

RANE ENGINE VALVE LIMITED "MAITHRI" 132 CATHEDRAL ROAD CHENNAI-600 086

Siva Chandrasekaran
Executive Vice President – Secretarial & Legal

Encl: a/a

Rane Group

Earnings Presentation | Q3 FY17

February 2017

www.ranegroup.com



Outline

- **Industry Performance Review – Q3 FY17**
- Rane Group Performance Review – Q3 FY17
- Group Companies Performance Highlights – Q3 FY17

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Industry Performance Review (Q3 FY17)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	8%	22%	46%
Utility Vehicles (MUV)	32%	29%	17%
Vans (MPV)	-12%	-2%	1%
Small Commercial Vehicles (SCV)	-6%	4%	2%
Light Commercial Vehicles (LCV)	2%	21%	8%
Medium & Heavy Commercial Vehicles (M&HCV)	4%	16%	15%
Farm Tractors (FT)	41%	23%	6%
2-Wheeler	-4%	10%	3%

** Negligible presence in 3-wheeler. Other segments such as Rail, Stationary Engines, Aerospace & Defence contribute 2%*

- Registered higher 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 beat sluggish demand and post better growth
- Growth in the Farm Tractors segment is limited mainly due to higher growth in unserved markets
- Performance in 2-Wheeler segment was helped by share improvements with key customer

 # Source: SIAM

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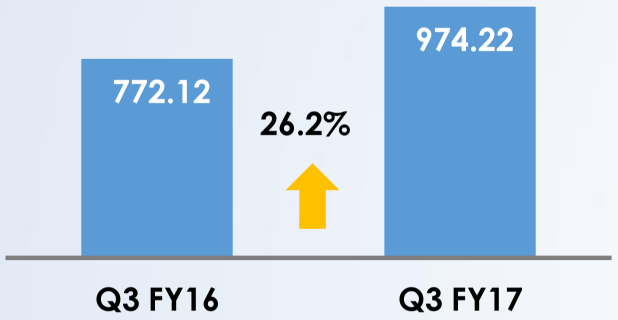
Outline

- Industry Performance Review – Q3 FY17
- **Rane Group Performance Review – Q3 FY17**
- Group Companies Performance Highlights – Q3 FY17

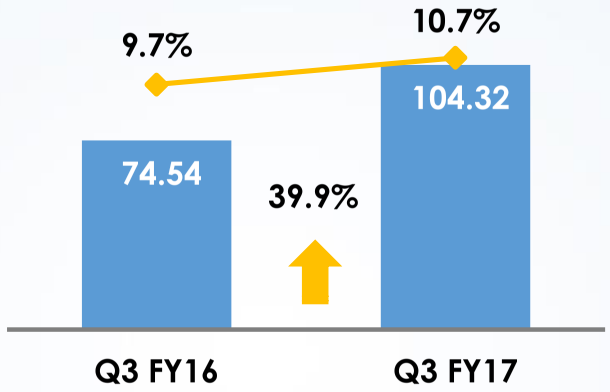
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Group Aggregate Performance Review (FTQ)

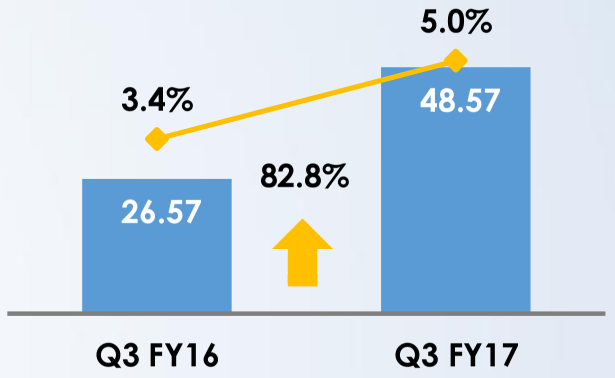
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



** PBT before exceptional items*

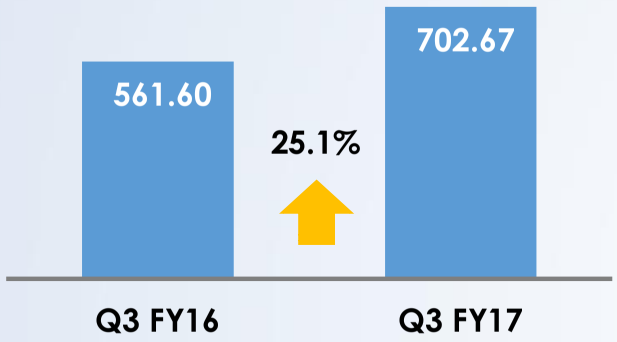
- **Net Sales increased by 26.2% to Rs 974.22 Cr in Q3 FY17 from Rs 772.12 Cr in Q3 FY16**
  - Revenues from Indian customers grew 22% supported by robust supplies to new passenger vehicle models and increased offtake in LCV and M&HCV segment
  - Revenues from International customers grew 85% supported by increased demand for Die-casting products, Steering components and also driven by overseas acquisition made by Rane (Madras) Limited
- **EBITDA increased by 39.9% to Rs 104.32 Cr in Q3 FY17 from Rs 74.54 Cr in Q3 FY16**
  - Continued focus on operational cost reduction resulted in margin improvement
- **PBT increased by 82.8% to Rs 48.57 Cr in Q3 FY17 from Rs 26.57 Cr in Q3 FY16**

Note: Q3 FY17 figures includes the effect of acquisition of Rane Precision Die Casting Inc. by Rane (Madras) Limited, hence not comparable with the previous period

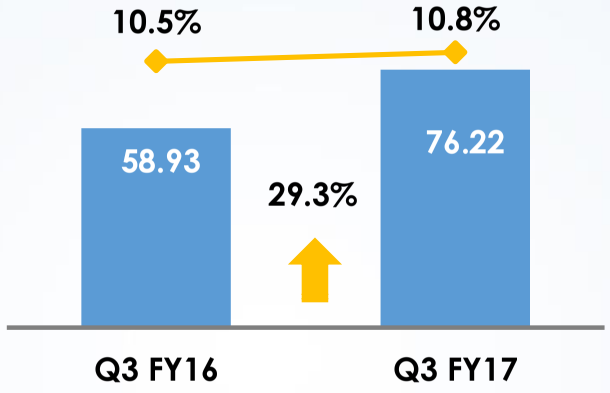
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RHL Consolidated Performance Review (FTQ)

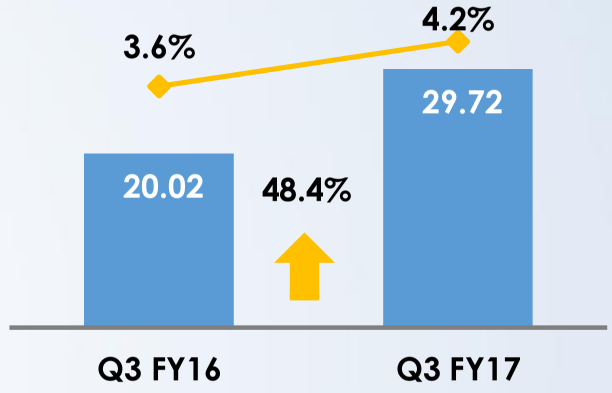
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



** PBT before exceptional items*

- **Net Sales increased by 25.1% to Rs 702.67 Cr in Q3 FY17 from Rs 561.60 Cr in Q3 FY16**
- **EBITDA increased by 29.3% to Rs 76.22 Cr in Q3 FY17 from Rs 58.93 Cr in Q3 FY16**
- **PBT increased by 48.4% to Rs 29.72 Cr in Q3 FY17 from Rs 20.02 Cr in Q3 FY16**

Note: Q3 FY17 figures includes the effect of acquisition of Rane Precision Die Casting Inc. by Rane (Madras) Limited, hence not comparable with the previous period

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Group Aggregate Performance Review (YTD)

Rs Cr	9M FY16	9M FY17	Growth
Net Sales	2,358.09	2,891.51	22.6%
EBITDA	233.36	311.55	33.5%
EBITDA Margin	9.9%	10.8%	
PBT Before Exceptional Items	89.85	141.12	57.1%
OP. PBT Margin	3.8%	4.9%	
Exceptional (Expenses) / Income	14.64	93.61	
PBT	104.49	234.73	124.6%
PBT Margin	4.4%	8.1%	
PAT	71.51	169.45	137.0%
PAT Margin	3.0%	5.9%	

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

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RHL Consolidated Performance Review (YTD)

Rs Cr	9M FY16	9M FY17	Growth
Net Sales	1,696.86	2,104.97	24.1%
EBITDA	179.88	235.33	30.8%
EBITDA Margin	10.6%	11.2%	
PBT Before Exceptional Items	65.30	94.01	44.0%
OP. PBT Margin	3.8%	4.5%	
Exceptional (Expenses) / Income	14.31	93.81	
PBT	79.61	187.82	135.9%
PBT Margin	4.7%	8.9%	
PAT	54.49	137.87	153.0%
PAT Margin	3.2%	6.5%	

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

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Outline

- Industry Performance Review – Q3 FY17
- Rane Group Performance Review – Q3 FY17
- **Group Companies Performance Highlights – Q3 FY17**

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Rane (Madras) Ltd.

(RML)

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RML – Standalone Operational Performance Review

Rane
Expanding Horizons

Market Environment

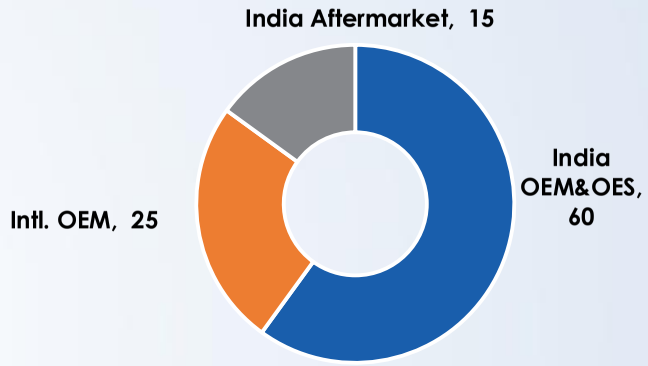
- Strong demand from Passenger Car and Commercial Vehicle segments for the Steering Gear Products
- Higher demand for Die-casting products from both International and Indian customers
- Performance in the Farm Tractors segment is subdued mainly due to higher growth in unserved markets
- Indian Aftermarket business was impacted by demonetization

Operational Highlights

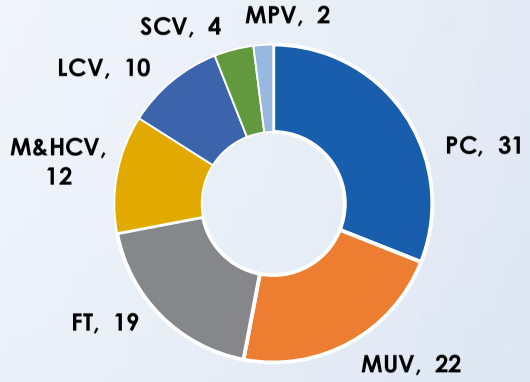
- Continued growth in die-cast division supported by ramp up in production volumes at the new unit. However, continued to experience delivery issues and higher rejections in the new program launches.
- In Steering and Linkages division, 3 major launches for the rack and pinion product along with additional volumes in existing programs.
  - Puducherry plant faced certain operational ramp up issues; additional capacity created in Varanvasi plant as a de-risk measure

Business Split (Q3 FY17)

By Market (%)



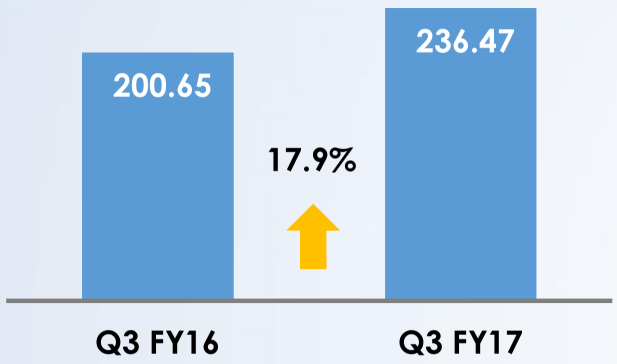
By Vehicle Segment (%)



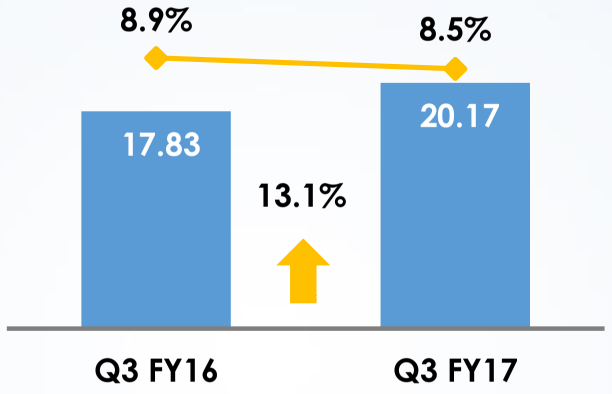
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RML – Standalone Financial Performance Review (FTQ)

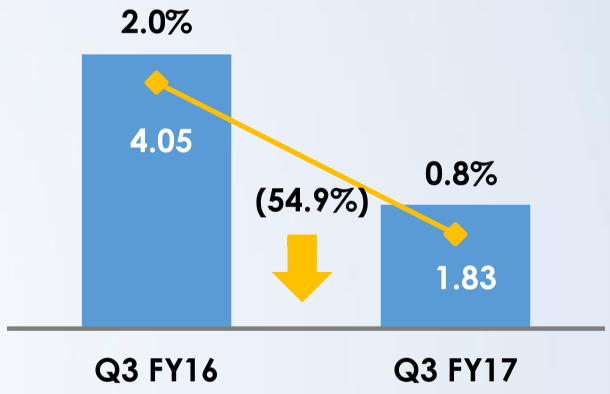
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



** PBT before exceptional items*

- **Net Sales increased by 17.9% to Rs 236.47 Cr in Q3 FY17 from Rs 200.65 Cr in Q3 FY16**
  - Strong demand from Passenger Car and Commercial Vehicle segments for the Steering Gear Products
- **EBITDA increased by 13.1% to Rs 20.17 Cr in Q3 FY17 from Rs 17.83 Cr in Q3 FY16**
  - EBITDA margins witnessed a slight drop on account of unfavorable product mix
- **PBT declined by 54.9% to Rs 1.83 Cr in Q3 FY17 from Rs 4.05 Cr in Q3 FY16**
  - Drop in PBT margin due to higher finance cost and depreciation in the new die-casting plant

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RML – Standalone Financials (YTD)

Rs Cr	9M FY16	9M FY17	Growth
Net Sales	609.61	700.78	15.0%
EBITDA	57.09	68.29	19.6%
EBITDA Margin	9.4%	9.7%	
PBT Before Exceptional Items	16.30	13.81	-15.2%
OP. PBT Margin	2.7%	2.0%	
Exceptional (Expenses) / Income	(2.70)	-	
PBT	13.60	13.81	1.6%
PBT Margin	2.2%	2.0%	
PAT	10.01	12.00	19.9%
PAT Margin	1.6%	1.7%	

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Rane Engine Valve Ltd.

(REVL)

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REVL – Operational Performance Review

Market Environment

› Sales to India OEMs in 2-Wheelers and Commercial Vehicles segment and India Aftermarket impacted due to demonetization

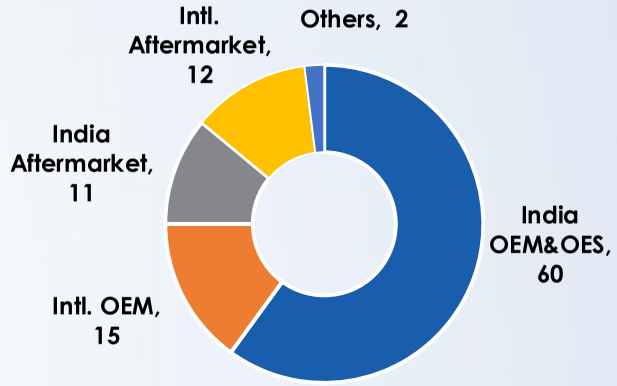
Operational Highlights

› Continued focus on operational cost reduction and lower finance costs helped in reducing the loss for the quarter

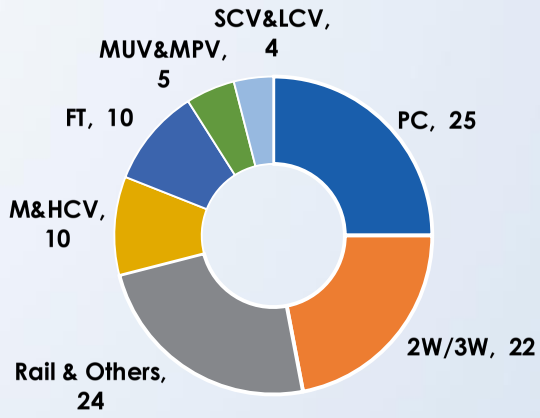
› REVL won "Best Supplier 2016 - Quality" award from Tata Motors and "Quality Award" from John Deere thereby recognizing its strong quality culture

Business Split (Q3 FY17)

By Market (%)



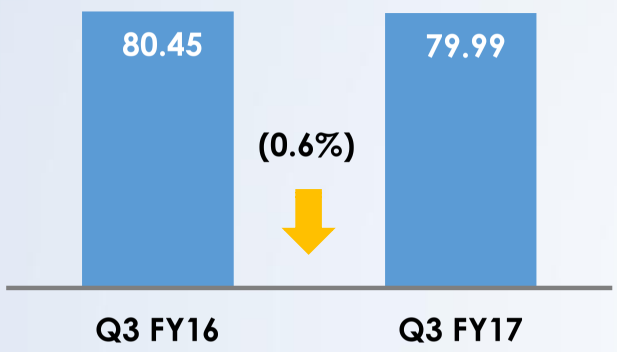
By Vehicle Segment (%)



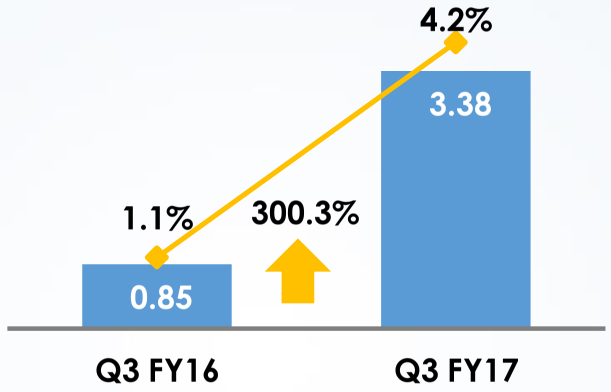
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REVL – Financial Performance Review (FTQ)

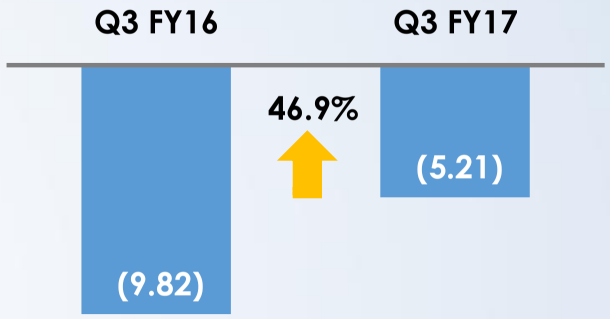
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



** PBT before exceptional items*

- **Net Sales marginally declined by 0.6% to Rs 79.99 Cr in Q3 FY17 from Rs 80.45 Cr in Q3 FY16**
  - Lower demand from 2-wheeler segment
  - Aftermarket sales adversely impacted due to demonetisation
- **EBITDA increased by 300.3% to Rs 3.38 Cr in Q3 FY17 from Rs 0.85 Cr in Q3 FY16**
  - Favorable material cost helped to improve EBITDA margin
- **Loss before tax for Q3 FY17 was Rs 5.21 Cr as against loss of Rs 9.82 Cr in Q3 FY16**
  - Lower finance cost resulted in reducing the loss for the quarter

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REVL – Financials (YTD)

Rs Cr	9M FY16	9M FY17	Growth
Net Sales	251.19	259.98	3.5%
EBITDA	6.22	11.76	88.9%
EBITDA Margin	2.5%	4.5%	
PBT Before Exceptional Items	(25.07)	(17.05)	32.0%
OP. PBT Margin	-10.0%	-6.6%	
Exceptional (Expenses) / Income	17.49	94.02	
PBT	(7.58)	76.96	
PBT Margin	-3.0%	29.6%	
PAT	(5.89)	57.54	
PAT Margin	-2.3%	22.1%	

Note: Exceptional Income includes profit on sale of company's part land in Alandur, Chennai

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Rane Brake Lining Ltd.
(RBL)

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RBL – Operational Performance Review

Rane
Expanding Horizons

Market Environment

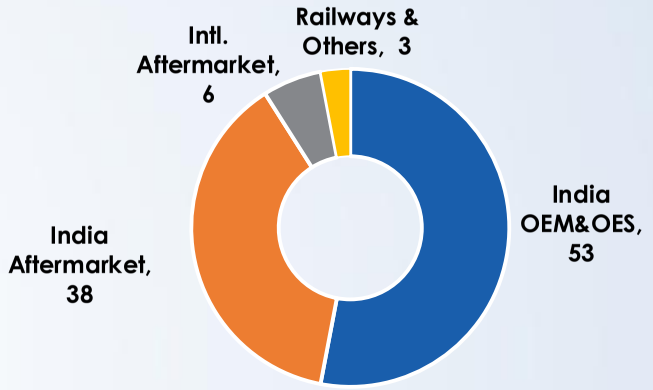
- Experienced strong demand from Indian OEM customers predominantly in the passenger vehicle and commercial vehicle segment
- The Indian aftermarket business was affected due to demonetization, however, disc pads products maintained its growth momentum
- Demand drop in the rail segment while international aftermarkets recorded flat performance

Operational Highlights

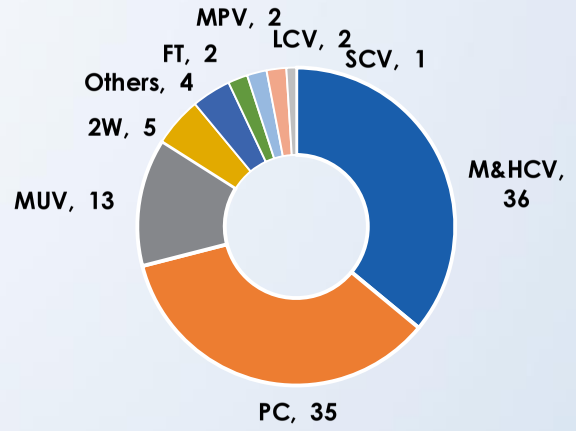
- ICRA has reaffirmed the A+ rating for long term fund based facilities with outlook revised from 'stable' to 'positive'
- The effect of adverse currency movement and unfavorable product mix was offset by continued cost reduction and operating measures

Business Split (Q3 FY17)

By Market (%)



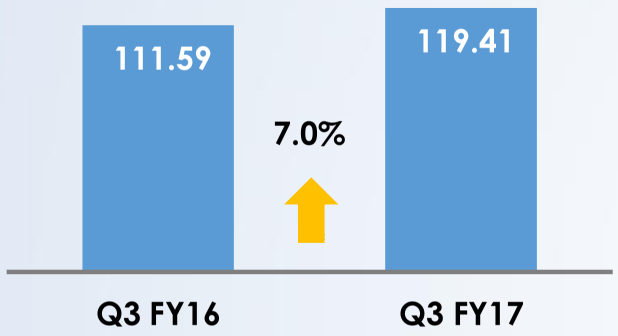
By Vehicle Segment (%)



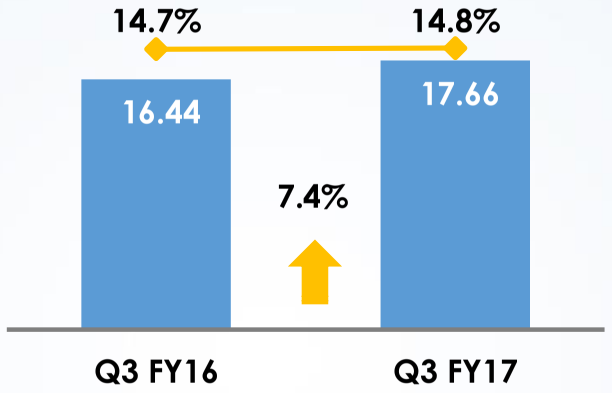
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RBL – Financial Performance Review (FTQ)

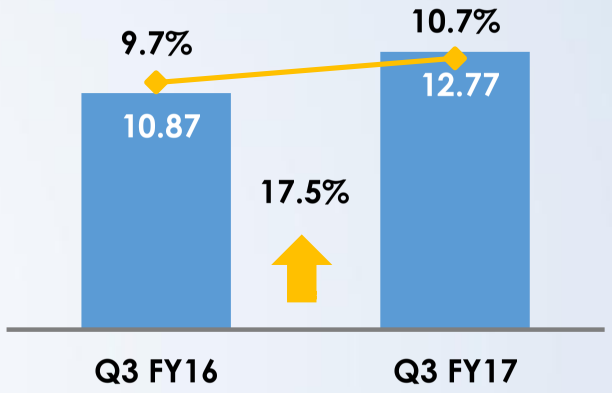
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



** PBT before exceptional items*

- **Net Sales increased by 7.0% to Rs 119.41 Cr in Q3 FY17 from Rs 111.59 Cr in Q3 FY16**
  - Growth driven by strong demand from OEM segments
- **EBITDA increased by 7.4% to Rs 17.66 Cr in Q3 FY17 from Rs 16.44 Cr in Q3 FY16**
  - Sustained cost savings initiatives and manufacturing process improvements
- **PBT increased by 17.5% to Rs 12.77 Cr in Q3 FY17 from Rs 10.87 Cr in Q3 FY16**
  - Substantial reduction in interest costs due to repayment of long term borrowings and reduction in short term borrowing

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RBL – Financials (YTD)

Rs Cr	9M FY16	9M FY17	Growth
Net Sales	324.33	353.45	9.0%
EBITDA	39.46	52.87	34.0%
EBITDA Margin	12.2%	15.0%	
PBT Before Exceptional Items	22.36	37.62	68.2%
OP. PBT Margin	6.9%	10.6%	
Exceptional (Expenses) / Income	-	-	
PBT	22.36	37.62	68.2%
PBT Margin	6.9%	10.6%	
PAT	16.62	30.30	82.3%
PAT Margin	5.1%	8.6%	

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Rane TRW Steering Systems Pvt. Ltd.
(RTSS)

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RTSS – Operational Performance Review

Rane
Expanding Horizons

Market Environment

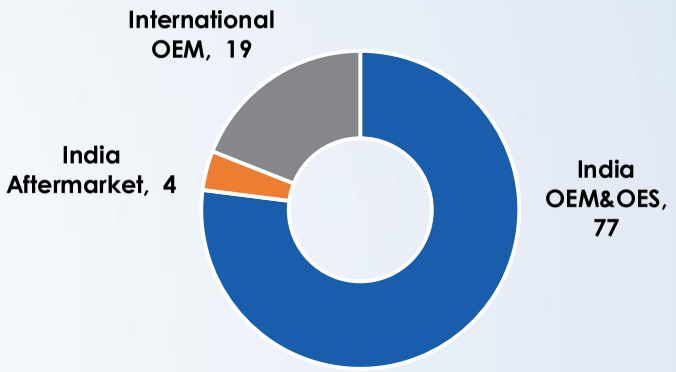
- Occupant Safety Division: Robust demand for occupant safety products
- Steering Gear Division
  - Higher demand from utility vehicle segment and share growth in LCV segment
  - Demonetisation impacted served models in passenger cars and aftermarket business

Operational Highlights

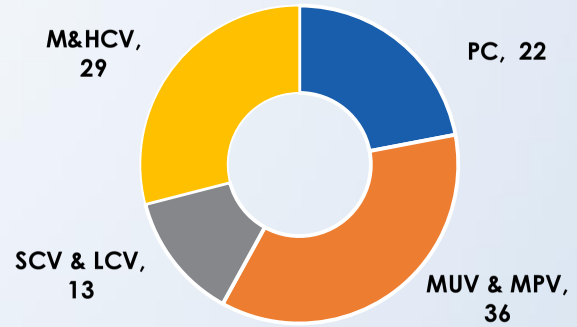
- Increased share of business in LCV segment and with select customers in M&HCV segment for steering products
- Secured new business for Airbags and Seat Belts
- Commenced regular export shipments of new technology pre-tensioner seat belts
- Plants in Chennai were affected by Cyclone Vardah and production was resumed within 4 days

Business Split (Q3 FY17)

By Market (%)



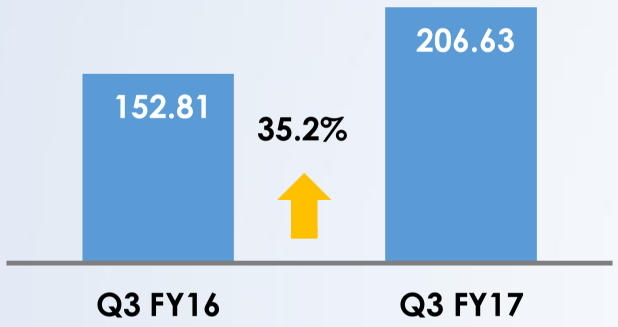
By Vehicle Segment (%)



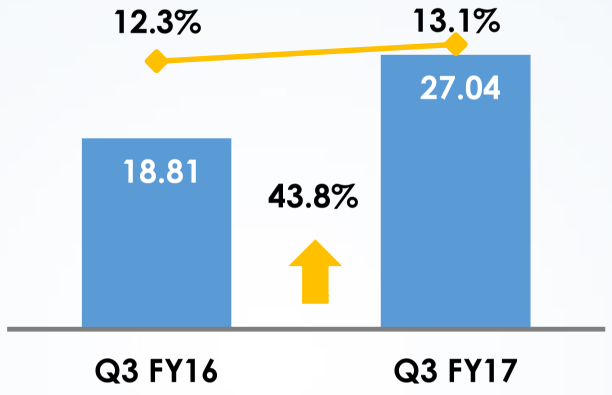
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RTSS – Financial Performance Review (FTQ)

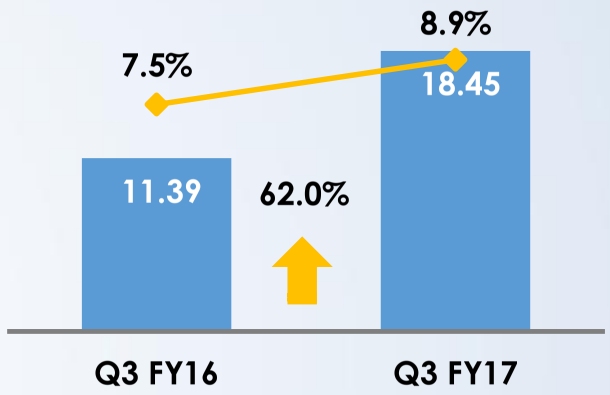
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



** PBT before exceptional items*

- **Net Sales increased by 35.2% to Rs 206.63 Cr in Q3 FY17 from Rs 152.81 Cr in Q3 FY16**
  - Growth driven by significant increase in sales to Indian OE and Export markets
  - Volume growth in both SGD and OSD and commencement of seat belt export
- **EBITDA increased by 43.8% to Rs 27.04 Cr in Q3 FY17 from Rs 18.81 Cr in Q3 FY16**
  - Sustained cost reduction measures showing positive results in the overall margin performance
- **PBT increased by 62.0% to Rs 18.45 Cr in Q3 FY17 from Rs 11.39 Cr in Q3 FY16**
  - Favourable exchange rates helps in improvement in PBT margin

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RTSS – Financials (YTD)

Rs Cr	9M FY16	9M FY17	Growth
Net Sales	505.15	607.85	20.3%
EBITDA	59.89	73.21	22.2%
EBITDA Margin	11.9%	12.0%	
PBT Before Exceptional Items	37.46	48.28	28.9%
OP. PBT Margin	7.4%	7.9%	
Exceptional (Expenses) / Income	(0.15)	(0.41)	
PBT	37.31	47.87	28.3%
PBT Margin	7.4%	7.9%	
PAT	25.69	33.16	29.1%
PAT Margin	5.1%	5.5%	

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Rane NSK Steering Systems Pvt. Ltd.
(RNSS)

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RNSS – Operational Performance Review

Market Environment

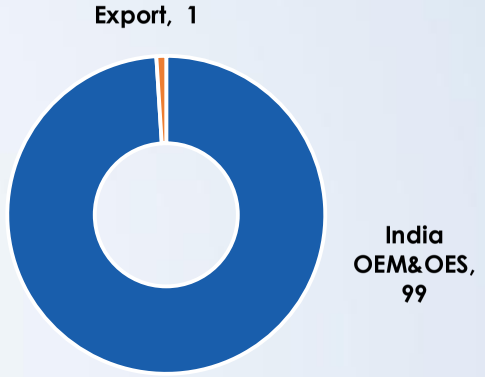
- Higher PV volumes of EPS driven by increased off-take from served models
- CV revival dampened on account of demonetization

Operational Highlights

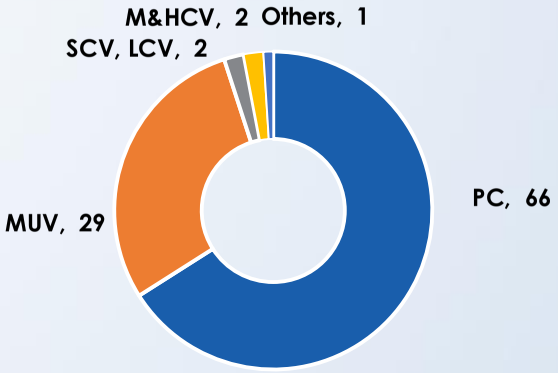
- Won new business for I-shaft Assembly (EPS)
- Successfully started production for key new program launches in CV segment
- Impact of Cyclone "Vardah" limited to 2 days and there were no customer line disruptions

Business Split (Q3 FY17)

By Market (%)



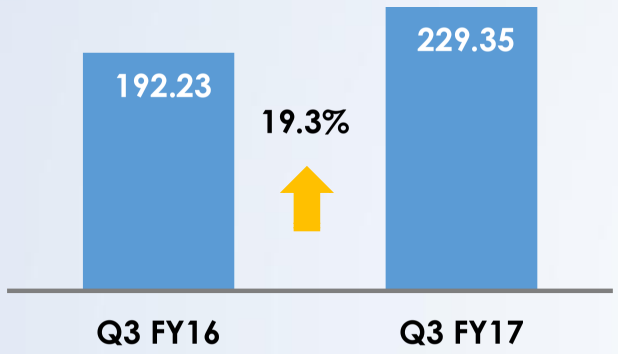
By Vehicle Segment (%)



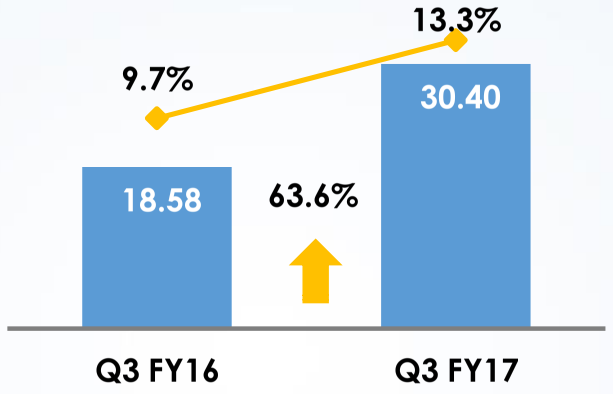
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RNSS – Financial Performance Review (FTQ)

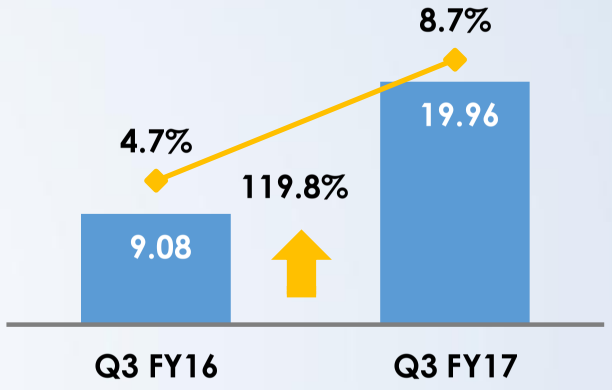
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



** PBT before exceptional items*

- **Net Sales increased by 19.3% to Rs 229.35 Cr in Q3 FY17 from Rs 192.23 Cr in Q3 FY16**
  - Sales growth driven by higher demand form pass car and MUV segments
- **EBITDA increased by 63.6% to Rs 30.40 Cr in Q3 FY17 from Rs 18.58 Cr in Q3 FY16**
  - Increased localization ratio leading to lower material costs.
- **PBT increased by 119.8% to Rs 19.96 Cr in Q3 FY17 from Rs 9.08 Cr in Q3 FY16**
  - Sourcing of lower interest bearing debts helped improve PBT margin

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RNSS – Financials (YTD)

Rs Cr	9M FY16	9M FY17	Growth
Net Sales	551.54	689.77	25.1%
EBITDA	61.00	85.86	40.8%
EBITDA Margin	11.1%	12.4%	
PBT Before Exceptional Items	33.65	53.69	59.6%
OP. PBT Margin	6.1%	7.8%	
Exceptional (Expenses) / Income	-	-	
PBT	33.65	53.69	59.6%
PBT Margin	6.1%	7.8%	
PAT	21.69	34.85	60.7%
PAT Margin	3.9%	5.1%	

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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 ankitgupta@christensenir.com

Glossary of Abbreviations

Abbreviation	Expansion
CV	Commercial Vehicles
FT	Farm Tractors
FY	Financial Year
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MUV	Multi Utility Vehicles
M&HCV	Medium & Heavy Commercial Vehicles
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortisation
OE	Original Equipment
OEM	Original Equipment Manufacturer

Abbreviation	Expansion
OES	Original Equipment Supplier
PBT	Profit Before Tax
PC	Passenger Car
PV	Passenger Vehicles
P&L	Profit & Loss
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufactures
UV	Utility Vehicles
2W/3W	Two Wheeler/Three Wheeler

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Disclaimer

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