







Rane
Expanding Horizons

12 June 2014

# Rane Group of Companies

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# Driving towards a new future




## Vision and Mission

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# Vision and Mission

**Vision**

To maintain market leadership and achieve sales of Rs. 4,600 Crores by 2016 – 17.

**Mission**

- Provide **superior products and services** to our customers
- Evolve as an institution that serves the **best interests of all stakeholders**
- Pursue **excellence** through Total Quality Management
- Ensure the **highest standards** of **ethics and integrity** in all our actions

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# Driving towards a new future




## Corporate Structure

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# Corporate Structure

**Promoters**

**Rane Holdings Ltd. (RHL) – 46.4%**

**Subsidiaries**

- Rane Madras Ltd (RML) – 56.3%
- Rane Engine Valve Ltd (REVL) – 53.6%
- Rane Brake Lining Ltd. (RBL) – 45.2%
- Rane Holdings America Inc (RHAI) - 100%

**Joint Ventures**

- Rane TRW Steering Systems Limited (RTSSL) - 50%
- Rane NSK Steering Systems Limited (RNSSL) - 49%
- JMA Rane Marketing Limited (JMA) - 49%

**Associates**

- Kar Mobiles Limited (KML) - 39.6%
- SasMos HET Technologies Ltd (SASMOS) - 26%

Listed

Share holding as on 30/May/2014

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## Customer Segments

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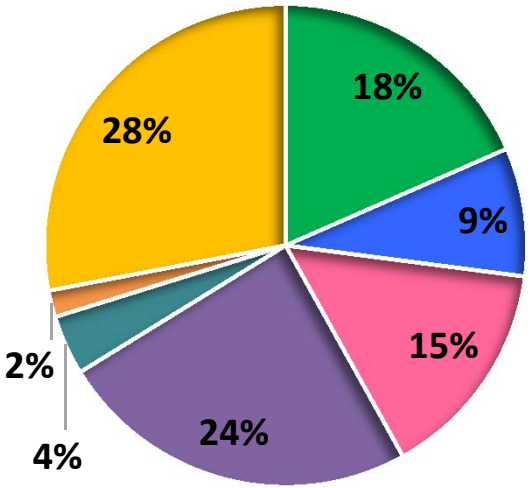
# Customer Segments

| Segments | RML | REVL | RBL | RTSSL | RNSSL | KML |
|---|---|---|---|---|---|---|
|  | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
|  | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
|  | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
|   | | ✔ | ✔ | | | |
|   | ✔ | ✔ | ✔ | | | ✔ |
|  | ✔ | ✔ | ✔ | | | ✔ |

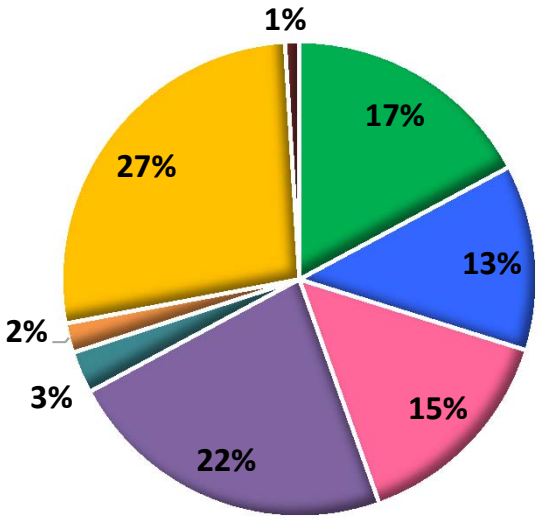
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# Group Net Sales between 2010-11 and 2013-14

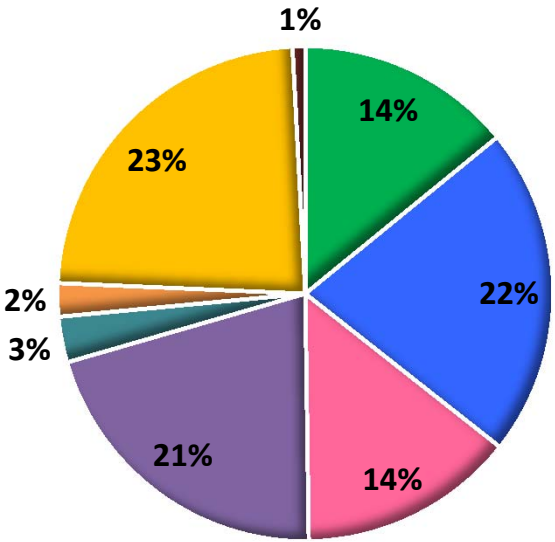
**2010-11**
***₹ 2090 Cr***



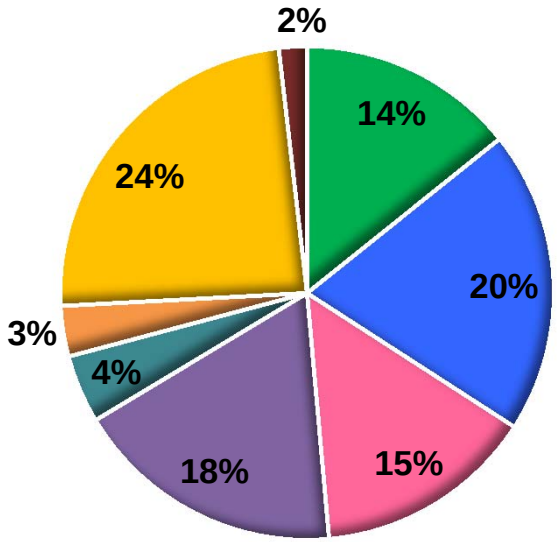

**2011-12**
***₹ 2507 Cr***




**2012-13**
***₹ 2709 Cr***




**2013-14**
***₹ 2687 Cr***




- Valve Train Components
- Steering Columns & Electric Power Steering Systems
- Friction Material Components
- Hydraulic Pumps & Power Steering Systems
- Occupant Safety Systems
- Diecast Components
- Manual Steering & Suspension Systems
- Aerospace & Defence Business

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# Driving towards a new future




## Quality Certifications

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# Quality Certifications

**Accreditation**

All seven autocomp companies in the Group are TS 16949 certified.

## Quality



**Deming Grand Prize (JQM)**
**Only 27 companies globally, Rane has 3**

- RTSSL - SGD
- RML
- RBL



**Deming Prize**
***Out of 24 companies from India, Rane has 4***

- RBL
- REVL
- RTSSL- SGD
- RML

*SGD – Steering Gear Division

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# Driving towards a new future




## R&D and Technology

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# R&D and Technology

- Rane Group partners with a wide spectrum of auto majors to provide concept to product solutions. This is made possible by well integrated design, manufacturing & testing facilities at each of the group companies

- Being manufacturers of safety and critical components, technology development has been a focus area in all the Rane Group companies. Rigorous testing, continuous upgradation of inhouse technology and support from strategic development partners has enabled Rane to enhance technical competencies at all levels

- Leverage the technology portfolio of our 3 major partners – TRW, NSK and Nisshinbo

- With a vision to become technologically self sufficient, we are steadily increasing our R&D Investments – from 0.8% of sales last year to 1.3 % this year

- Technologies developed in recent past – Hydrostatic Steering Unit, New generation pumps-drooping flow, Seat belts-Pre-tensioner & Child restraint, Tilt & Telescopic column with integrated collapse, NVH reduction and lower telescopic load and Electric Power Steering

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# Driving towards a new future




## Rane Group HR & CSR Activities

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# Group HR & CSR

## HR

- **Key highlights of 2013-14**
  - Rane Institute for Employee Development – over 6,500 training man days through 155+ programs
  - Received CII excellence award
- **Implemented leadership development programs**
  - Strategic Leadership Program (SLP) partnering with IIM, Bangalore
  - Rane Advanced Management Program (RAMP)
  - Rane Emerging Managers Program (REMP)
- **Groupwide initiative to promote Innovation**
- **Culture :** Young population – for a 78 years old company, the average age of employees is 34 years
- **Good governance**
  - Has been practicing Whistle Blower Policy & Ethical Standard (even before this was made mandatory) and Code of Conduct
  - Newly adopted Policy for prevention of sexual harassment

## CSR

- Spent 2.7% of PBT *(before exceptional items)* on CSR activities during FY14
- **Rane Foundation** invested over Rs. 10 Cr in **Rane Polytechnic,** Trichy providing diploma training for over 410 students
  - Approved by Canada India International Cooperation program (CIICP), a State sponsored program for skill building
- BANYAN – a tie up with an NGO which supports women – provided 100+ man hours training through the NGO.
- Supported KSRI & United Way, Chennai



**Rane Polytechnic Technical Campus**

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# Driving towards a new future




## Rane Group Financials

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# Group Aggregate Financials

| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 | CAGR (%) |
|---|---|---|---|---|---|---|
| Net Sales | 1,590.7 | 2,090.8 | 2,506.9 | 2,709.3 | 2687.2 | 14.0% |
| *% growth* | | *31.4%* | *19.9%* | *8.1%* | *(0.8)%* | |
| Op. EBITDA | 191.2 | 219.2 | 277.6 | 239.3 | 262.5 | 8.2% |
| *% growth* | | *14.7%* | *26.7%* | *(13.8)%* | *9.7%* | |
| PBT | 114.5 | 138.7 | 177.6 | 99.6 | 49.6 | (18.9)% |
| PAT | 77.0 | 96.8 | 126.6 | 74.7 | 46.6 | (11.8)% |
| Extraordinary Items | - | (5.0) | 12.9 | (0.7) | (54.5)* | |
| APAT | 77.1 | 101.8 | 113.7 | 75.4 | 101.1 | 7.0% |
| *% growth* | | *32.1%* | *11.7%* | *-33.7%* | *34.0%* | |
| **Op. EBITDA%** | **12.0%** | **10.5%** | **11.1%** | **8.8%** | **9.8%** | |
| **APAT%** | **4.8%** | **4.9%** | **4.5%** | **2.8%** | **3.8%** | |

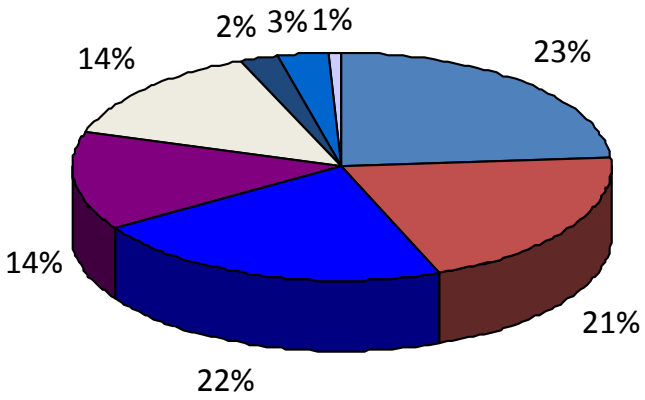
* *Includes Rs.50.2 Cr amount paid to employees under VRS by various Group Companies*

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# Group Aggregate Sales Mix 2013/2014

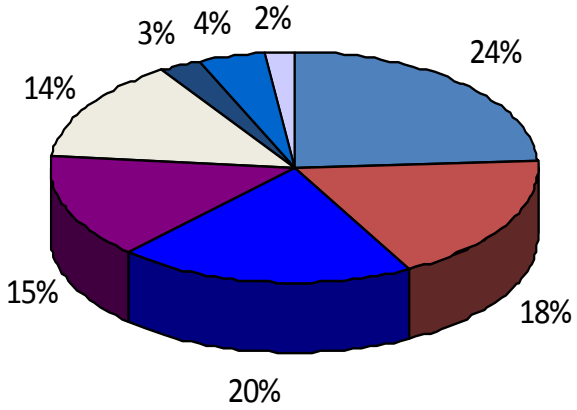
## Sales by Product Lines

### 2012-13



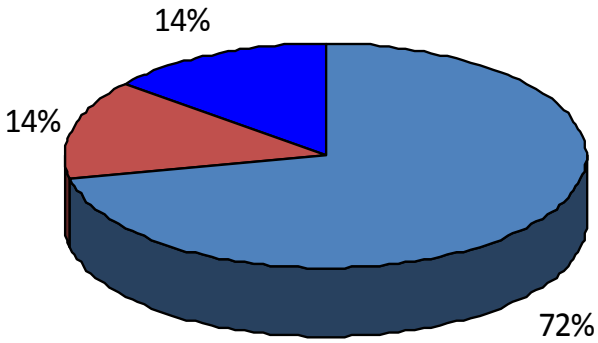

- Manual Steering & Suspension
- HPS
- Steering Columns & EPS
- Friction Material
- Valve Train
- Die Casting
- Occupant Safety Systems
- Aerospace

### 2013-14



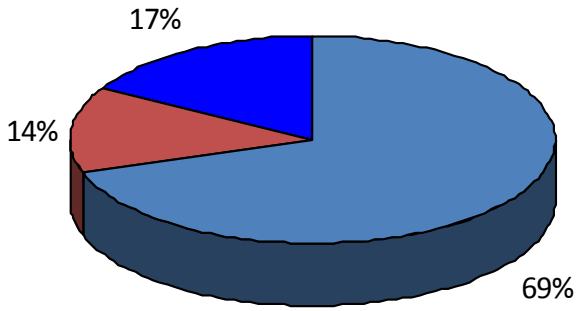

## Sales by Market

### 2012-13




- OE
- Aftermarket
- Exports

### 2013-14




***Sales Rs. 2,709.3 Cr for FY13 & Rs. 2,687.2 Cr for FY14***

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# Group Aggregate Balance Sheet - Highlights

| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Networth | 463.5 | 517.8 | 596.3 | 636.9 | 657.9 |
| Total Debt | 225.8 | 330.9 | 450.0 | 481.8 | 542.5 |
| Net Block | 475.0 | 558.0 | 688.8 | 790.6 | 853.8 |
| Investments | 31.3 | 3.0 | 7.7 | 0.0 | 0.9 |
| | | | | | |
| **Debt : Equity** | 0.49 | 0.64 | 0.75 | 0.76 | 0.82 |
| **DEBT/Op. EBITDA** | 1.2 | 1.5 | 1.6 | 2.0 | 2.1 |

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# Driving towards a new future




**Rane Holdings Limited**

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# Consolidated Financials

| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 | CAGR (%) |
|---|---|---|---|---|---|---|
| Net Sales | 1,158.1 | 1,589.0 | 1,829.3 | 1,896.6 | 1,903.4 | 13.2% |
| *% growth* | | *37.2%* | *15.1%* | *3.7%* | *0.4%* | |
| Op. EBITDA | 140.8 | 181.3 | 213.0 | 170.5 | 198.0 | 8.9% |
| *% growth* | | *28.8%* | *17.5%* | *(19.9)%* | *16.1%* | |
| PBT | 80.4 | 124.6 | 141.7 | 76.8 | 37.6 | -17.3% |
| PAT | 54.2 | 94.0 | 101.4 | 48.9 | 45.0 | -4.6% |
| PAT after MI and P/L from Asso. Cos. | 41.6 | 69.9 | 71.7 | 38.4 | 43.4 | 1.1% |
| Extraordinary Items | - | 14.0 | 12.0 | (0.7) | (52.1) | |
| APAT | 41.6 | 55.9 | 59.7 | 39.1 | 95.5 | 23.1% |
| *% growth* | | *34.4%* | *6.8%* | *(34.5)%* | *144.3%* | |
| **Op. EBITDA%** | **12.2%** | **11.4%** | **11.6%** | **9.0%** | **10.4%** | |
| **APAT%** | **3.6%** | **3.5%** | **3.3%** | **2.1%** | **5.0%** | |

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# Consolidated Balance Sheet - Highlights

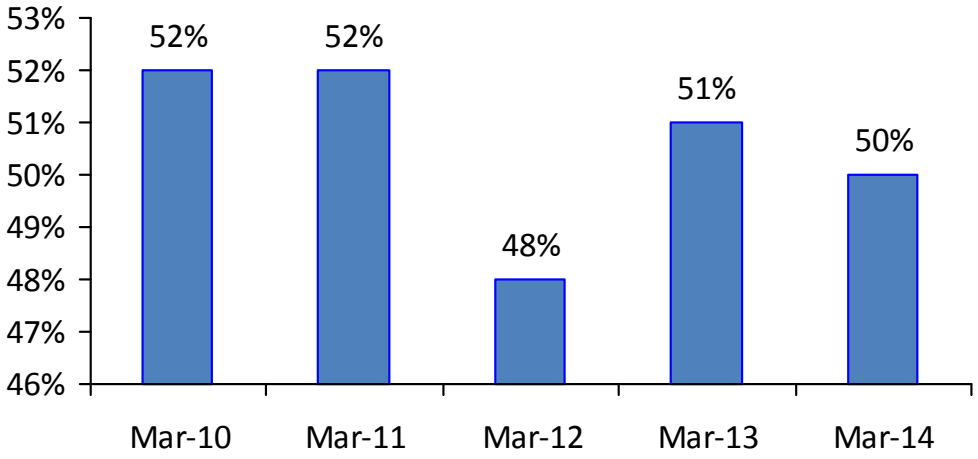
| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Networth | 349.7 | 374.7 | 427.5 | 450.9 | 478.3 |
| Minority Interest | 123.2 | 141.1 | 162.7 | 165.1 | 158.8 |
| Total Debt | 238.4 | 310.0 | 373.1 | 387.9 | 428.7 |
| Net Block | 523.1 | 561.3 | 660.7 | 707.5 | 744.7 |
| Investments | 23.9 | 17.4 | 21.7 | 16.7 | 26.5 |
| **Debt : Equity** | **0.68** | **0.83** | **0.87** | **0.86** | **0.90** |
| **Debt/OP. EBITDA** | **1.69** | **1.71** | **1.75** | **2.27** | **2.17** |

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# Consolidated Ratios and Return

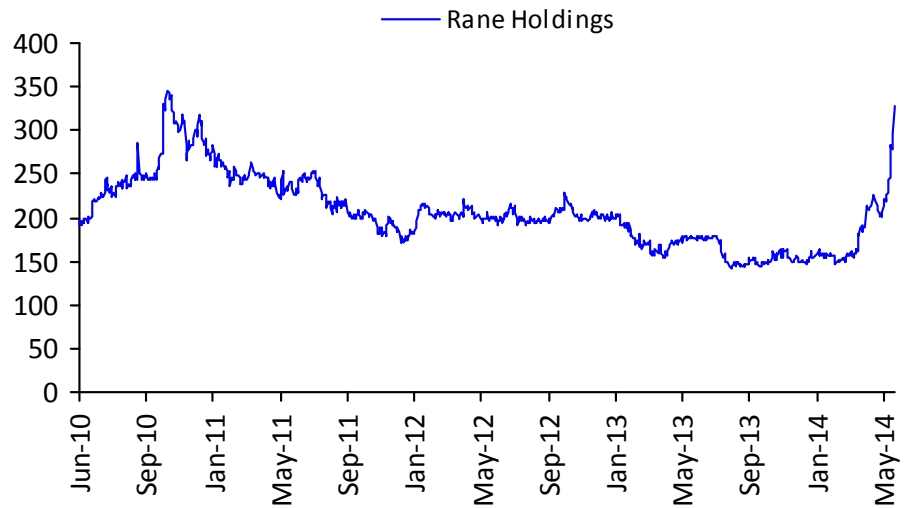
| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| RoCE% | 14.0% | 16.4% | 16.3% | 9.3% | 11.0% |
| EPS (Rs.) | 29.1 | 49.0 | 50.2 | 26.9 | 30.4 |
| DPS (Rs.) | 8.0 | 12.5 | 10.0 | 8.0 | 6.5 |
| BV (Rs.) | 244.9 | 262.5 | 299.5 | 315.8 | 335.0 |

## Dividend Payout Ratio




DPR is based on RHL standalone financials

## Price Chart




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# Driving towards a new future




## Rane (Madras) Limited

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# Rane (Madras) Limited (RML)

## Profile

- Manufacturer of steering and suspension systems for every segment of automobile industry
- Holds 39% market share in Steering Gear Products (SGP), 72% market share (except PC segment) in Suspension & Steering Linkage Products (SSLP) in India
- Rane Diecast Limited (RDL), one of the Rane Group Companies, engaged in the manufacture of precision high pressure aluminum die casting products for the automobile industry was merged with the Company during the year
- Ventured into hydraulic products

## Production Plants :

Has **6** manufacturing facilities in the following locations

| Location | Products | Customer Segments |
|---|---|---|
| Velachery (Chennai ) | SSLP, SGP | Light commercial vehicle, heavy commercial vehicle, and utility vehicle segments |
| Varanavasi (Chennai) | SSLP | Passenger Car, utility vehicle mainly caters to exports market |
| Mysore | SSLP, SGP & Hydraulic Products | Tractor, commercial vehicle segments, and hydraulic products |
| Puducherry | SSLP, SGP | Passenger car segment |
| Uttarakhand | SSLP, SGP | Tractors and small commercial vehicles catering to customers in North India |
| Hyderabad | Diecasting Products | Passenger car segment, Medium and heavy commercial vehicle mainly caters to exports market |




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# RML Products Profile



**Re - Circulating Ball Type Steering Gears**



**Rack & Pinion Type Steering Gears**



**Hydraulic Products**



**Suspension Components**



**Steering Linkages**



**Diecasting products**

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# RML Major Customers

Ashok Leyland

MARUTI SUZUKI

Rane

Rane TRW Steering Systems Ltd.

TATA

Mahindra

TAFE

JMA

IMPAL

Simpson & Co. Ltd

VST Tillers Tractors Ltd.

TRW

POLARIS

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# RML Financials

| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014(*) | CAGR (%) |
|---|---|---|---|---|---|---|
| Net Sales | 412.8 | 574.4 | 657.2 | 624.3 | 709.8 | 14.5% |
| *% growth* | | *39.1%* | *14.4%* | *(5.0)%* | *13.7%* | |
| Op. EBITDA | 33.7 | 44.7 | 60.6 | 56.4 | 68.3 | 19.3% |
| *% growth* | | *32.4%* | *35.7%* | *(7.0)%* | *21.1%* | |
| PBT | 20.0 | 30.8 | 37.2 | 30.1 | 19.7 | -0.4% |
| PAT | 13.8 | 24.6 | 27.4 | 23.4 | 16.8 | 5.0% |
| Extraordinary Items | - | (4.5) | (0.2) | - | (9.4) # | |
| APAT | 13.8 | 29.1 | 27.6 | 23.4 | 26.2 | 17.4% |
| *% growth* | | *110.4%* | *(5.1%)* | *(15.1%)* | *11.9%* | |
| **Op. EBITDA%** | **8.2%** | **7.8%** | **9.2%** | **9.0%** | **9.6%** | |
| **APAT%** | **3.3%** | **5.1%** | **4.2%** | **3.8%** | **3.7%** | |

*(*) Represents merged financials of RML including Rane Diecast Division*

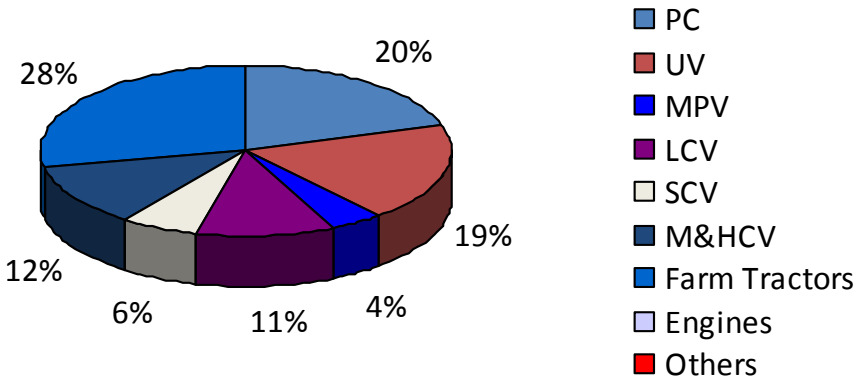
*# Amount paid to employees under VRS scheme*

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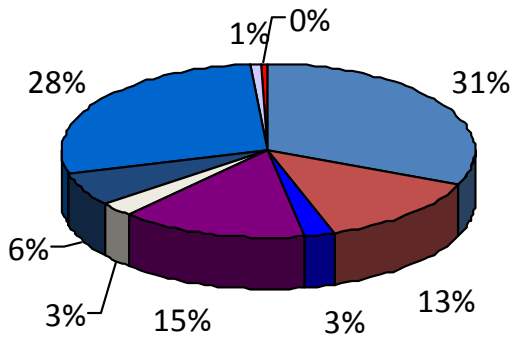
# RML Sales Mix 2013/2014

## by Customer Segments

**2012-13**

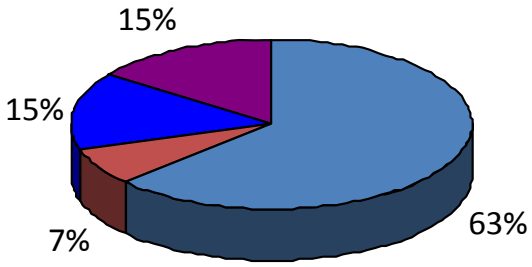



**2013-14**

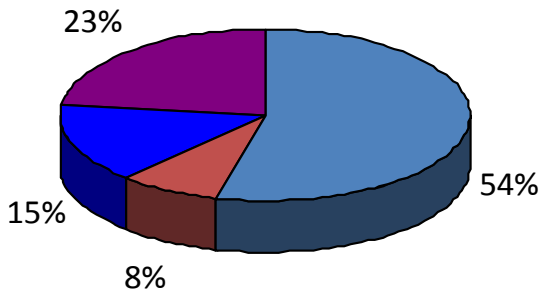



## by Market

**2012-13**




**2013-14**



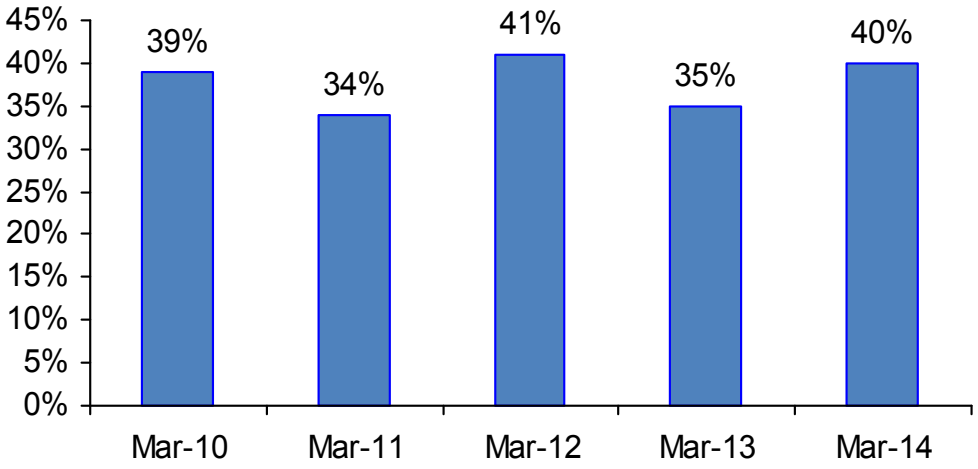

***Sales Rs. 624.3 Cr for FY13 & Rs. 709.8 for FY14***

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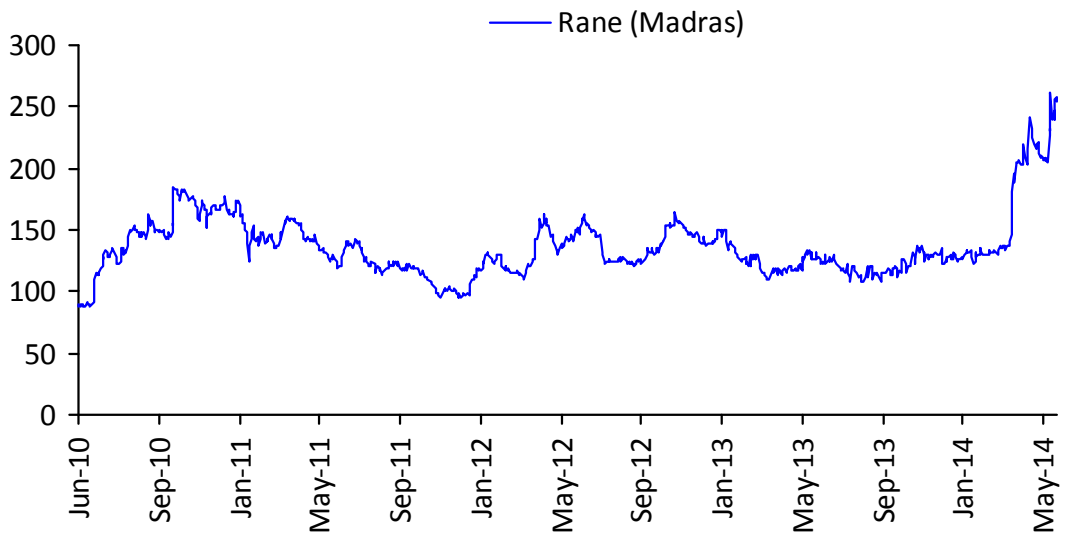
# RML Ratios and Return

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Debt:Equity | 0.47 | 0.79 | 1.00 | 0.79 | 1.25 |
| RoCE% | 18.7% | 23.1% | 22.6% | 16.7% | 15.5% |
| EPS (Rs.) | 13.6 | 24.2 | 27.0 | 23.0 | 15.4 |
| DPS (Rs.) | 4.5 | 7.0 | 9.5 | 7.0 | 5.5 |
| BV (Rs.) | 81.1 | 97.0 | 113.2 | 128.0 | 133.4 |

## Dividend Payout Ratio




## Price Chart




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# RML Key Highlights of the Year

**SALES**

- With the newly acquired die casting business, the company achieved a domestic sale of Rs 549.6 Cr in the current year (Rs. 527.3 Cr in previous year) and export turnover was Rs. 160.2 Cr (Rs. 97 Cr in previous year)
- The strength of US$, the main currency of exports, also helped the company to achieve a growth of 5% from its existing business of Steering and Linkage Products
- New products generated 18% of the revenues
- The farm tractor segment recorded a growth of 27% over 2012-13

**OPERATIONS**

- Power crisis impacted operations in TN. Diesel Generator & third party power impacted costs
- Capex additions at Rs. 32 Cr – mainly for confirmed orders in Rack and Pinion Steering Gears and strategic investments in Hydraulics
- Costs controlled by
  - VA/VE initiatives
  - Productivity improvement initiatives like Lean Production Systems
  - Manpower rationalization and
  - Prudent fixed costs management

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# RML Key Highlights of the Year

A record 23 awards were won by the Company for the year out of which 3 awards were from customers. Some of such prestigious awards are indicated below:

- Best Supplier Award from Mahindra & Mahindra for best practices in 'Sustainability initiatives'
- Association Award from Escorts for consistent supplier performance and relationship over the years
- Best Supplier 2013 from Mahindra Swaraj for the category 'Special support'
- Apollo CV Award - Auto Component maker of the year in Commercial Vehicles segment from CV Auto Magazine for best business performance among Auto Component Industry
- Received First Prize in 12th ABK-AOTS Competition for BEST TPM Practices for the year from Consul General of Japan

The Company also incurred an exceptional expenditure of Rs. 9.4 Cr towards separation benefits for its employees opting for a VRS

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# RML Outlook

Key initiatives for the future are :-

- Enhance capacity in casting and machining with a new facility to meet orders awarded from some major customers
- Expanding Rack and Pinion business through new customer acquisition
- Establishing stronger position in suspension ball joints
- Expanding export business through current and new customers in different geographies
- Enhancing the Company's position significantly in hydraulic products
- Expanding scope and reach in after market segment

**Company plans Capex of Rs. 196 Cr, achieve CAGR of 23.80% in Sales and ROCE of 30% by 2016-17**

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# Driving towards a new future




## Rane Engine Valve Limited

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# Rane Engine Valve Limited (REVL)

## Profile

- Company manufactures engine valves, valve guides and tappets for various IC engine applications
- Caters to all segments such as PC, LCV, UV, SCV, M&HCV, Tractor, 2W/3W etc.
- Latest manufacturing practices to keep abreast of technological advancements
- Market leader in Indian OEM and replacement markets
- Customers spread across Europe, North America, and the Far East markets

## Production Plants

Company has **5** plants in the following locations

| Location | Products | Customer Segments |
|---|---|---|
| Alandur (Chennai) | Engine Valves | PC/HCV/MCV/Tractor |
| Ponneri (Chennai) | Guides & Tappets | Other Engine Components |
| (Medchal) Hyderabad | Engine Valves | SCV/LCV/MCV/Tractor |
| Aziz Nagar (Hyderabad) | Engine Valves | 2W/PC |
| Trichy | Engine Valves | 2W/PC |




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# REVL Products Profile



**Engine Valves**



**Valve Guides**



**Mechanical Tappets**

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# REVL Major Customers
























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# REVL Financials

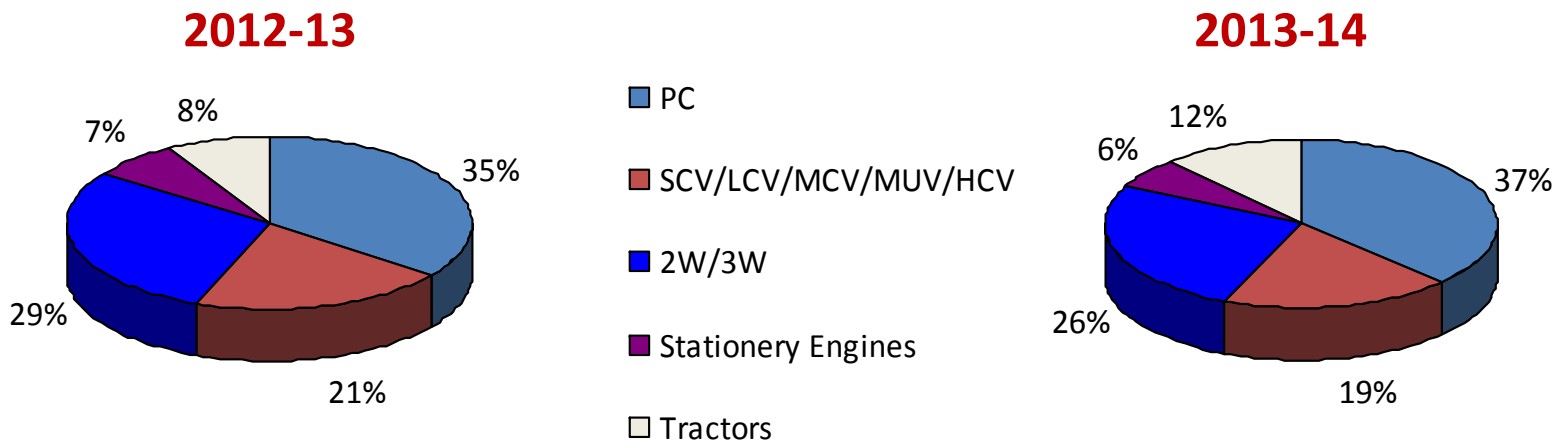
| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 | CAGR (%) |
|---|---|---|---|---|---|---|
| Net Sales | 233.8 | 285.9 | 302.2 | 254.7 | 259.1 | 2.6% |
| *% growth* | | *22.3%* | *5.7%* | *(15.7)%* | *1.8%* | |
| Op. EBITDA | 27.9 | 38.2 | 40.7 | 8.3 | 30.9 | 2.6% |
| *% growth* | | *37.4%* | *6.7%* | *(79.5%)* | *270.0%* | |
| PBT | 7.0 | 16.1 | 28.7 | (18.9) | (43.6) | |
| PAT | 4.3 | 10.8 | 20.8 | (12.6) | (29.1) | |
| Extraordinary Items | - | - | 12.2 | (0.1) | (40.3)* | |
| APAT | 4.3 | 10.8 | 8.6 | (12.5) | 11.2 | |
| *% growth* | *94.6%* | *151.3%* | *(20.8%)* | *(246.4%)* | *189.2%* | |
| **Op. EBITDA%** | **11.9%** | **13.3%** | **13.5%** | **3.3%** | **11.9%** | |
| **APAT%** | **1.8%** | **3.8%** | **2.8%** | **(4.9)%** | **4.3%** | |

* *Includes Rs. 40.8 Cr of amount paid to employees under VRS scheme*

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# REVL Sales Mix 2013/2014

## by Customer Segments




## by Market



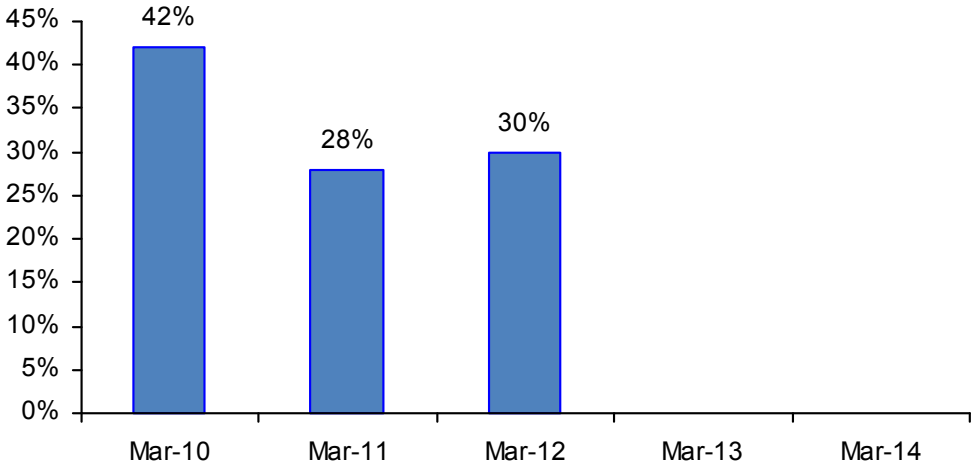

***Sales Rs. 254.7 Cr for FY13 & 259.1 Cr for FY14***

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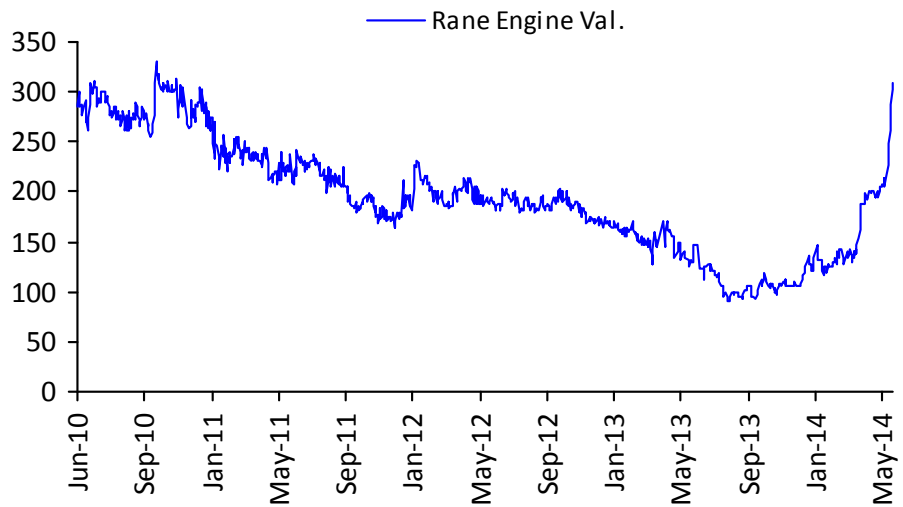
# REVL Ratios and Return

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Debt:Equity | 1.04 | 0.97 | 1.00 | 1.20 | 2.25 |
| RoCE% | 6.8% | 11.6% | 10.9% | (6.1)% | 5.2% |
| EPS (Rs.) | 8.3 | 21.0 | 40.3 | (24.5) | (56.5) |
| DPS (Rs.) | 3.0 | 5.0 | 10.5 | 0.0 | 0.0 |
| BV (Rs.) | 159.4 | 175.0 | 203.1 | 178.6 | 122.1 |

## Dividend Payout Ratio




## Price Chart




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# REVL Key Highlights of the Year

**SALES**

- Net sales of the Company was Rs.259.1 Cr, higher by 1.7% compared to the previous year
- Export turnover was Rs. 81.2 Cr (Rs. 69.0 Cr in the previous year), growth of 18% mainly due to higher realization
- New products generated 8% of the revenue
- The domestic industry witnessed negative growth in all segments except in Farm Tractor and Two Wheeler. Domestic Sales, Rs.177.9 Cr (Rs. 185.6 Cr in previous year), declined by 4% due to political uncertainties and high interest rates combined with lack of positive market sentiments
- The Company launched the following new products during the year – piston kits for 2 wheelers and 3 wheelers, stem seals and valve seat inserts for after market

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# REVL Key Highlights of the Year

**OPERATIONS**

- The Company was able to bring down the raw material cost through yield improvement, localization and alternate sourcing initiatives
- The Company incurred exceptional expense of VRS for employees amounting to Rs.40.8 Cr. This VRS is the first step towards rationalization of facilities across the Company to become more cost efficient
- To manage power cost impact, the Company added 900KW windmill catering to Tamil Nadu plants in addition to 1530KW, wind power contributing to 60% of total TN consumption this year
- The Company made an operating loss (before exceptional items) of Rs.3.3 Cr compared to an operating loss (before exceptional items) of Rs.17.6 Cr last year
- The Company successfully turned around in the last quarter posting a PBT of Rs.3.8 Cr

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# REVL Outlook

Key initiatives for the future are :-

- To consolidate our domestic market position and to enhance the export presence, the Boards of REVL and KML have approved the merger of KML into REVL.
- Upgrading and expanding R&D infrastructure into a comprehensive R&D centre to include design, testing and validation facilities
- The Company is embarking on Lean Production System in order to reduce wastages resulting in enhanced equipment and manpower productivity and consequently cost efficiency

**Company plans Capex of Rs. 41 Cr, achieve CAGR of 20% in Sales and ROCE of 25% by 2016-17 (REVL)**

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# Driving towards a new future




**Rane Brake Lining Limited**

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# Rane Brake Lining Limited (RBL)

## Profile

- JV with Nisshinbo Brakes Inc , Japan in 1985 for know how in asbestos free brake linings and disc pads
- Application in every segment of automobile industry such as PCV, MPV, MUV, UV, LCV and M&HCV, 2W/3W with a vision to be a global supplier
- Domestic Market Leadership with about 37% market share in OE, about 15% in Aftermarket and Railways
  - Leader in Passenger Car / Commercial Vehicle / Utility vehicles / Multi Purpose Vehicles
  - Leading supplier of composite brake blocks to Indian Railways, with presence in Passenger, Electrical Multiple Unit (EMU), Freight, Locomotive and Metro Rail
  - Most preferred brand in independent replacement markets as per study conducted by Frost & Sullivan in 2014
- Exports
  - Products supplied to various countries in Europe, SAARC, Middle East, Far East and Africa
  - Expanded to Nigeria, Malawi and Ukraine – Commercial Vehicle segment and Railway Brake Blocks

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# RBL (cont'd)

## Production Plants

The complete spectrum of products from RBL are manufactured in 4 plants. Exclusive asbestos-free facilities in Hyderabad, Trichy & Puducherry

| Location | Products | Customer Segment |
|---|---|---|
| Chennai | Automotive Products | Brake linings, disc pads and clutch facings |
| | Railway Products | Composite brake blocks |
| | Aerospace | Organic pads for trainer aircraft |
| Hyderabad | Automotive Products | Brake linings, clutch facings & sintered clutch buttons |
| | Railway products | Compositive brake blocks |
| Puducherry | Automotive Products | Disc pads, clutch facings & CV brake pads |
| | Railway Products | Composite brake blocks |
| Trichy | Automotive Products | Disc pads & brake linings |




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# RBL Products Profile



**Brake Linings**



**Disc Pads**



**Composite Brake Blocks**



**CV Brake Pads**



**Clutch Facings**



**Sintered Brake Pads**

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# RBL Major Tier 1 Customers

Brakes India Limited
Where Safety Matters

CHASSIS BRAKES INTERNATIONAL

JWA

Speed-A-Way Private Limited

dimo
DIESEL & MOTOR ENGINEERING PLC

GOE
George Oakes Limited

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# RBL Major OE Customers …through TIER 1

## Japanese

MARUTI-SUZUKI

TOYOTA

HONDA

NISSAN

## European

DAIMLER

ŠKODA

## Indian

TATA

ASHOK LEYLAND

Mahindra

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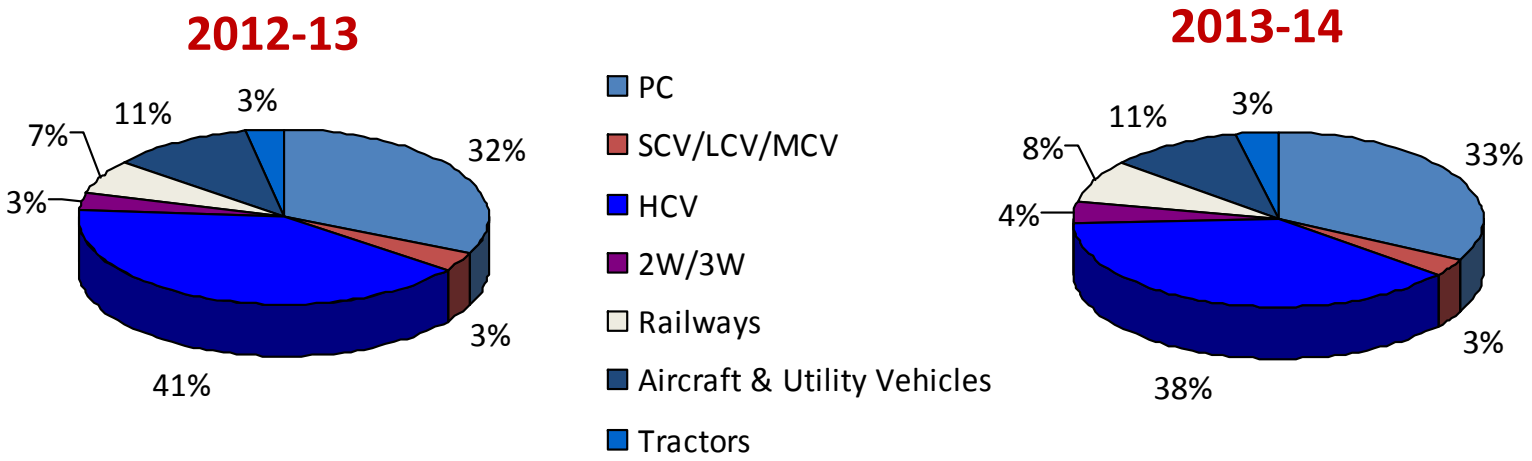
# RBL Financials

| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 | CAGR (%) |
|---|---|---|---|---|---|---|
| Net Sales | 235.7 | 304.7 | 358.2 | 375.9 | 383.5 | 12.9% |
| *% growth* | | *29.3%* | *17.6%* | *4.9%* | *2.0%* | |
| Op. EBITDA | 28.8 | 34.0 | 39.4 | 32.8 | 40.2 | 8.7% |
| *% growth* | | *18.0%* | *15.9%* | *(16.7%)* | *22.5%* | |
| PBT | 14.9 | 19.7 | 21.9 | 10.9 | 16.7 | 2.9% |
| PAT | 10.1 | 15.3 | 16.2 | 9.1 | 17.2 | 14.3% |
| Extraordinary Items | - | - | - | - | - | |
| APAT | 10.1 | 15.3 | 16.2 | 9.1 | 17.2 | 14.3% |
| *% growth* | | *51.5%* | *5.9%* | *(43.8)* | *89.2%* | |
| **Op. EBITDA%** | **12.2%** | **11.2%** | **11.0%** | **8.7%** | **10.5%** | |
| **APAT%** | **4.3%** | **5.0%** | **4.5%** | **2.4%** | **4.5%** | |

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# RBL Sales Mix 2013/2014

## by Customer Segments




## by Market



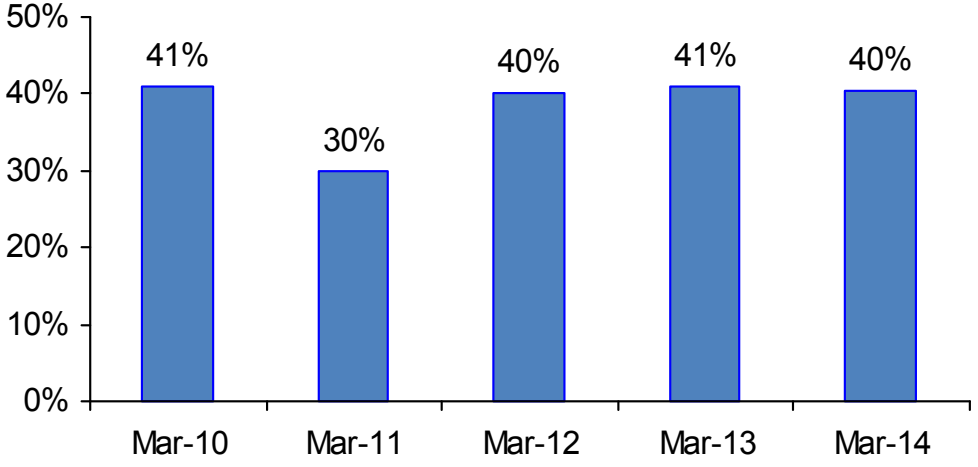

***Sales Rs. 375.9 Cr for FY13 & 383.5 Cr for FY14***

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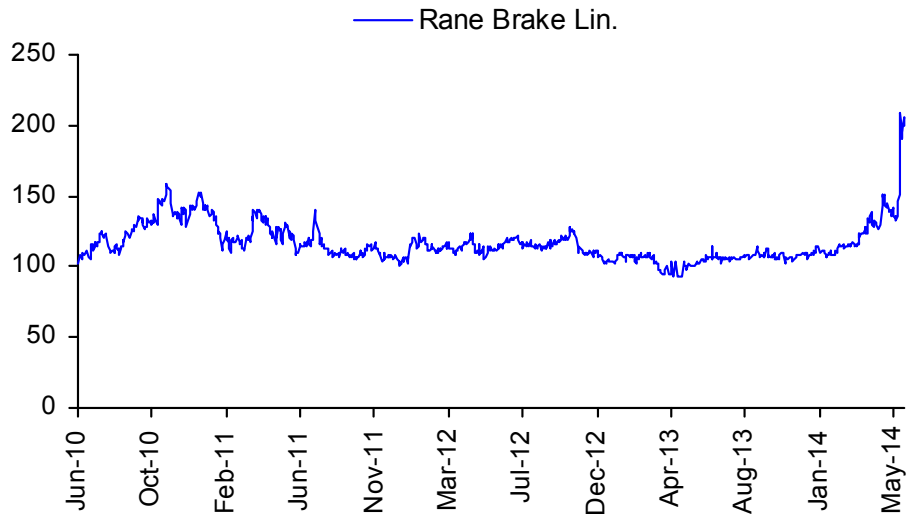
# RBL Ratios and Return

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Debt:Equity | 0.59 | 0.74 | 0.87 | 0.88 | 0.72 |
| RoCE% | 13.4% | 15.0% | 13.9% | 7.7% | 10.9% |
| EPS (Rs.) | 12.8 | 19.3 | 20.5 | 11.5 | 21.8 |
| DPS (Rs.) | 4.5 | 5.0 | 7.0 | 4.0 | 7.5 |
| BV (Rs.) | 96.5 | 109.7 | 122.0 | 128.9 | 141.8 |

## Dividend Payout Ratio




## Price Chart




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# RBL Key Highlights of the Year

**SALES**

- Domestic Sales was Rs.357.2 Cr (Rs. 354.6 Cr in previous year) and Export turnover was Rs. 26.3 Cr (Rs. 21.3 Cr in the previous year)
- Company created a strong position in the Passenger Car and Commercial Vehicle segment apart from traditional strength in after-market segments

**OPERATIONS**

- Trichy and Hyderabad plants have achieved global bench marks in quality standards
- Global / alternate sourcing of materials coupled with yield improvement projects helped in mitigating cost escalation and forex impact on raw material
- In addition, Energy saving initiatives and focus on other cost reduction initiatives helped to mitigate overall costs in difficult market conditions

**AWARDS**

- Won the coveted Deming Grand Prize ('The highest honour for practicing TQM') during the year 2013-14. RBL is the only Company in friction material segment in the world to win this prestigious award
- India's best Companies to work – Ranked number 2 in auto Component Industry by Great Place to Work (GPTW) Survey
- ACMA SILVER award for manufacturing excellence

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# RBL Outlook

Key initiatives for the future are :-

- Working on effective globalisation / localisation of raw material for new generation cars
- Enhancing our leadership position in Passenger Car Segment
- Increasing our Export business

**Company plans Capex of Rs.  67 Cr, achieve CAGR of 22% in Sales and ROCE of 25% by 2016-17**

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# Driving towards a new future




## Kar Mobiles Limited

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# Kar Mobiles Limited (KML)

**Profile**

- Production of quality valves for internal combustion engines
- Specialises in manufacture of large engine valves
- Preferred supplier to OEMs
  - Domestic OEM's such as John Deere, Escorts, Cummins, Ashok Leyland, Daimler India, Tafe Motors, Simpson
  - Exports to Electro Motive (EMD), Lister Petter, MTU, Wartsila, Power Solutions
- Caters to a wide variety of industries. Specialised in manufacturing wide range of valves for all off-road engines like Caterpillar, Komatsu; for power generation engines like Cummins, MTU, Wartsila and for heavy commercial engines like MB, Scania, Volvo, MAN, Cummins, Navistar, Mack, and Detroit Diesels.

**Production Plants**

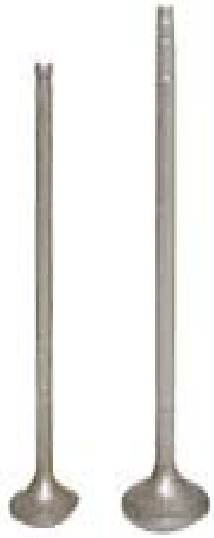
Company has two manufacturing plants in the following locations

| Location | Products | Customer Segments |
|---|---|---|
| Bangalore | IC Engine Valves | MCV, Power Generation, Marine and Locomotive Engines (Domestic and Export) |
| Tumkur | IC Engine Valves | MCV, Power Generation, Marine Engines for exports |




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# KML Products Profile







**Valves**

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# KML Major Customers




★ **Single Source**

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# KML Financials

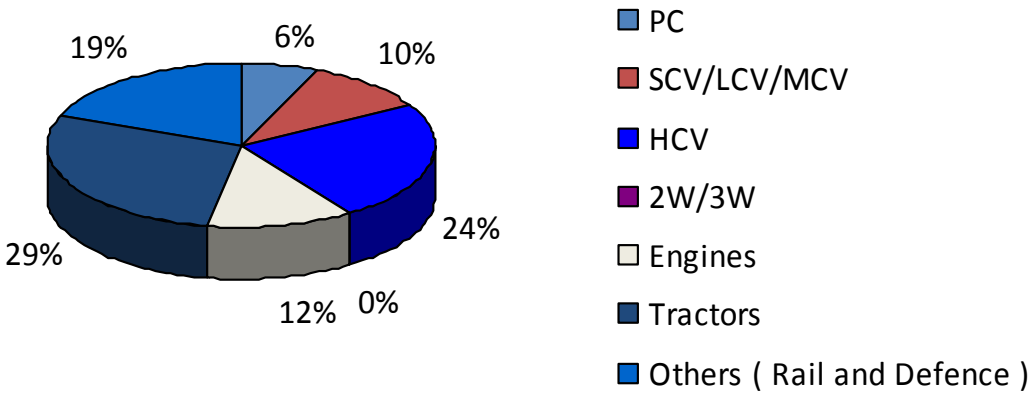
| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 | CAGR (%) |
|---|---|---|---|---|---|---|
| Net Sales | 80.8 | 92.3 | 115.4 | 120.0 | 117.6 | 9.9% |
| *% growth* | | *14.3%* | *25.0%* | *4.0%* | *-2.0%* | |
| Op. EBITDA | 7.3 | 7.5 | 10.7 | 10.0 | 8.4 | 3.4% |
| *% growth* | | *2.7%* | *41.6%* | *(6.7)%* | *(15.7)%* | |
| PBT | 4.4 | 4.8 | 7.7 | 3.1 | 2.1 | (17.4)% |
| PAT | 2.9 | 3.1 | 5.2 | 2.8 | 1.4 | (17.2)% |
| Extraordinary Items | - | - | 0.8 | - | - | |
| APAT | 2.9 | 3.1 | 4.4 | 2.8 | 1.4 | (17.2)% |
| *% growth* | | *7.2%* | *39.2%* | *(36.2)%* | *(50.5)%* | |
| **Op. EBITDA%** | **9.1%** | **8.2%** | **9.3%** | **8.3%** | **7.1%** | |
| **APAT%** | **3.6%** | **3.4%** | **3.8%** | **2.3%** | **1.2%** | |

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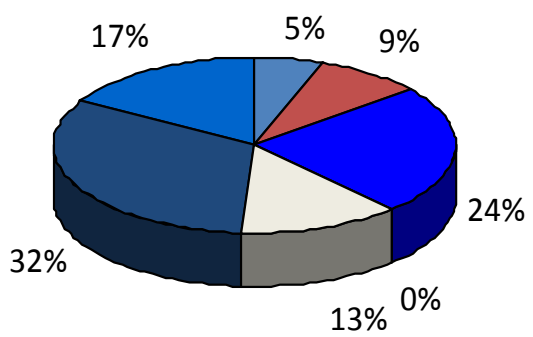
# KML Sales Mix 2013/2014

## by Customer Segments

**2012-13**

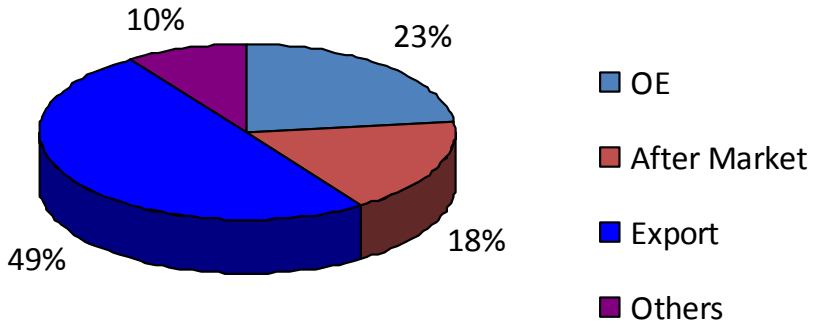



**2013-14**

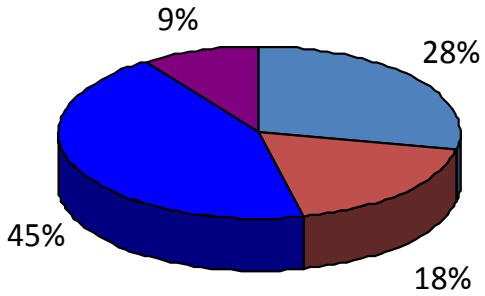



## Market

**2012-13**




**2013-14**



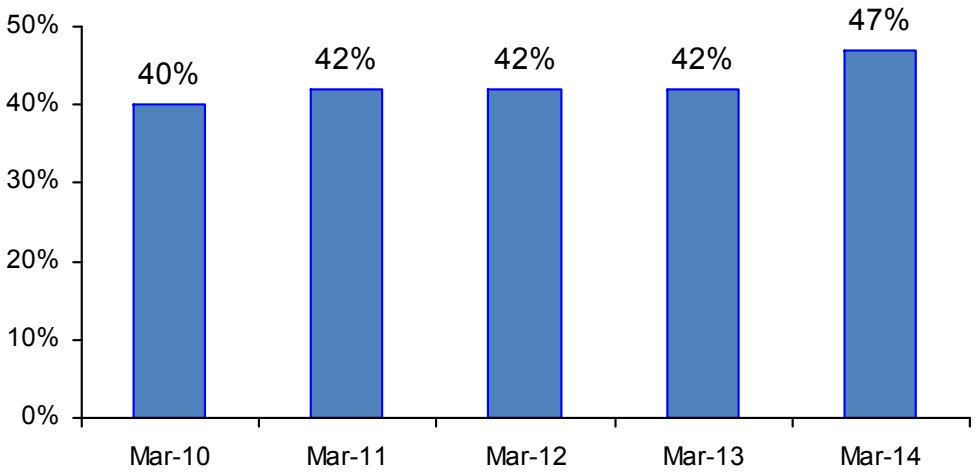

***Sales Rs. 120 Cr. for FY13 & 117.6 Cr for FY14***

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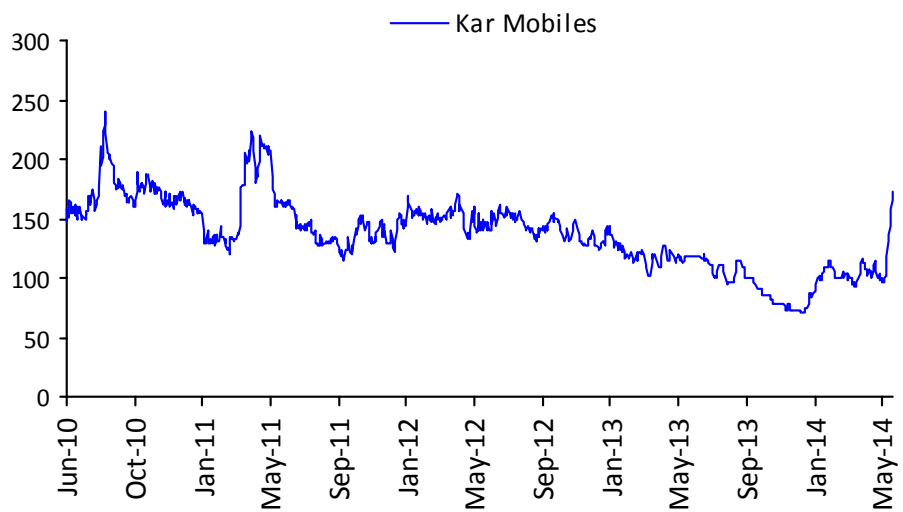
# KML Ratios and Return

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Debt:Equity | 0.34 | 0.76 | 1.10 | 1.03 | 0.98 |
| RoCE% | 15.3 | 14.3 | 14.9 | 10.4 | 7.3 |
| EPS (Rs.) | 13.1 | 14.0 | 23.3 | 12.5 | 6.2 |
| DPS (Rs.) | 4.50 | 5.00 | 8.50 | 4.50 | 2.50 |
| BV (Rs.) | 106.9 | 115.2 | 128.5 | 135.8 | 139.8 |

## Dividend Payout Ratio




## Price Chart




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# KML Key Highlights of the Year

**SALES**

- The revenue from domestic sales for the year was Rs. 65.6 Cr as against 60.8 Cr in the previous year registering a growth of 7.9% (OEM growth of 20% and aftermarket declined by -0.7%)
- The total exports turnover was Rs. 52.0 Cr as against 59.3 Cr in the previous year registering a negative growth of 12%

**OPERATIONS**

- The PBT decreased by 34% due to negative growth in exports
- The modernization and expansion of Tumkur plant for consolidation of operations is nearing completion
- The operational improvement and alternate sourcing of raw material resulted in savings of about 1.25% in raw material costs

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# KML Outlook

Key initiatives for the future are :-

- Upgrade technology to manufacture large and extra-large valves
- Increasing our global presence for large and extra-large valves
- Reducing our Total Employee Cost

**Company plans Capex of Rs.32 Cr, achieve CAGR of 25% in Sales and ROCE of 25% by 2016-17**

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# Driving towards a new future




## Rane TRW Steering Systems Ltd.

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# Rane TRW Steering Systems Ltd. (RTSSL)

## Profile

- The Company manufactures Hydraulic Steering Systems, Seat Belts and Air bags
- Steering Gear Division (SGD) manufactures fully integrated hydraulic steering gears, hydraulic pumps, power-rack and pinion, power steering fluid including plastic reservoir and Occupant safety Division (OSD) manufactures safety seat belts and air bags.
- Both divisions have joint venture partnership with TRW Automotive JV LLC, USA
- Independent and comprehensive units to design, test, and manufacture complete range of power steering solutions and occupant safety systems
- Established dominant share of business in Commercial Vehicle steering, Passenger Car steering, and Utility Vehicle segment

| Market Share for the Year 2013-14 | Mkt Share (%) |
|---|---|
| Commercial Vehicle Segment | 48% |
| Utility Vehicle segment | 32% |
| PC Segment | 57% |

- Preferred partner to Indian OE majors in Passenger Car, Multi Utility Vehicle, Light Commercial Vehicle, Medium and Heavy Commercial Vehicle categories
- Occupant Safety Division serves Passenger Car, Commercial Vehicle and Utility segments

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# RTSSL (cont'd)

## Production Plants

Company has five plants in the following locations

| Location | Products | Segments |
|---|---|---|
| Viralimalai (Trichy) | Hydraulic Power Steering Gears | M&HCV, LCV, UV |
| Guduvanchery (Chennai) | Hydraulic Pumps | M&HCV, LCV, SCV, UV, PC |
| Guduvanchery (Chennai) | Hydraulic Power Steering Gears | SCV, UV, PC |
| Singaperumal Kovil (Chennai) | Air Bags, Seat Belts & Reservoir | PC, SCV, LCV, MCV, HCV |
| Uttrakhand | Steering Gears and Pumps | M&HCV, LCV, SCV |




M&HCV – Medium & Heavy Commercial Vehicle
LCV – Light Commercial Vehicle
UV – Utility Vehicle
SCV – Small Commercial Vehicle
PC – Passenger Car
2W/3W – Two/Three Wheeler

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# RTSSL Products Profile



**Hydraulic Power Rack &**
**Pinion Steering Gear Assembly**



**Power Steering Gear Assembly**



**Power Steering Pump Assembly**



**Air bags for Passenger cars**



**Seat Belts & Reservoir**



**Automatic Control Retractor (ACR)**
**Buckle Pretensioner**

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# RTSSL Major Customers

## Commercial Vehicles

Ashok Leyland

EICHER VOLVO

TATA

AMW THE GLOBAL TRUCK

VE

BHARATBENZ

## Utility Vehicles

TATA

Mahindra

ISUZU

## Passenger Cars

TATA

Mahindra

HYUNDAI

Ford

FIAT

RENAULT

DACIA groupe Renault

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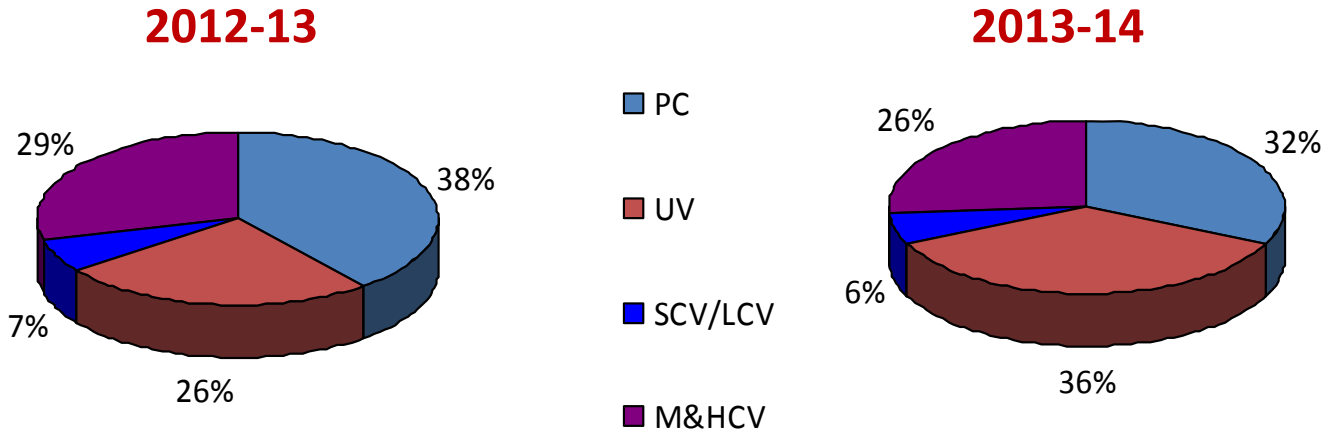
# RTSSL Financials

| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 | CAGR (%) |
|---|---|---|---|---|---|---|
| Net Sales | 398.2 | 569.7 | 619.6 | 630.9 | 590.1 | 10.3% |
| *% growth* | | *43.1%* | *8.8%* | *1.8%* | *(6.5%)* | |
| Op. EBITDA | 76.3 | 85.1 | 92.1 | 67.6 | 50.0 | (10.0%) |
| *% growth* | | *11.5%* | *8.2%* | *(26.5%)* | *(26.1%)* | |
| PBT | 61.4 | 72.1 | 72.7 | 44.3 | 24.5 | (20.5%) |
| PAT | 40.3 | 51.0 | 48.9 | 33.2 | 19.8 | (16.3%) |
| Extraordinary Items | - | - | - | | | |
| APAT | 40.3 | 51.0 | 48.9 | 33.2 | 19.8 | (16.3%) |
| *% growth* | | *26.5%* | *(4.1%)* | *(32.0%)* | *(40.5%)* | |
| **Op. EBITDA%** | **19.2%** | **14.9%** | **14.9%** | **10.7%** | **8.5%** | |
| **APAT%** | **10.1%** | **8.9%** | **7.9%** | **5.3%** | **3.4%** | |

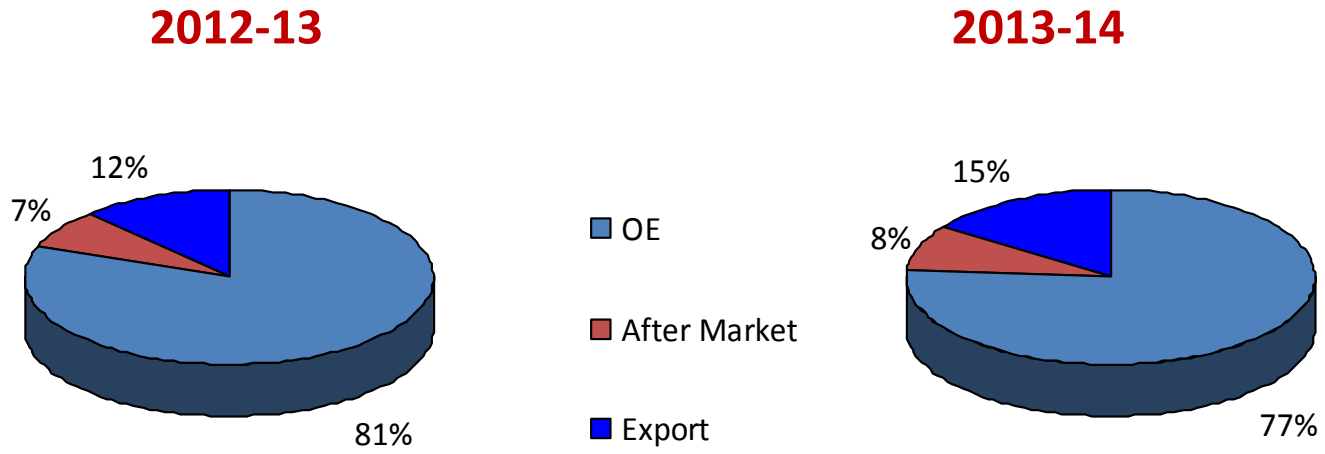
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# RTSSL Sales Mix 2013/2014

## by Customer Segments




## by Market

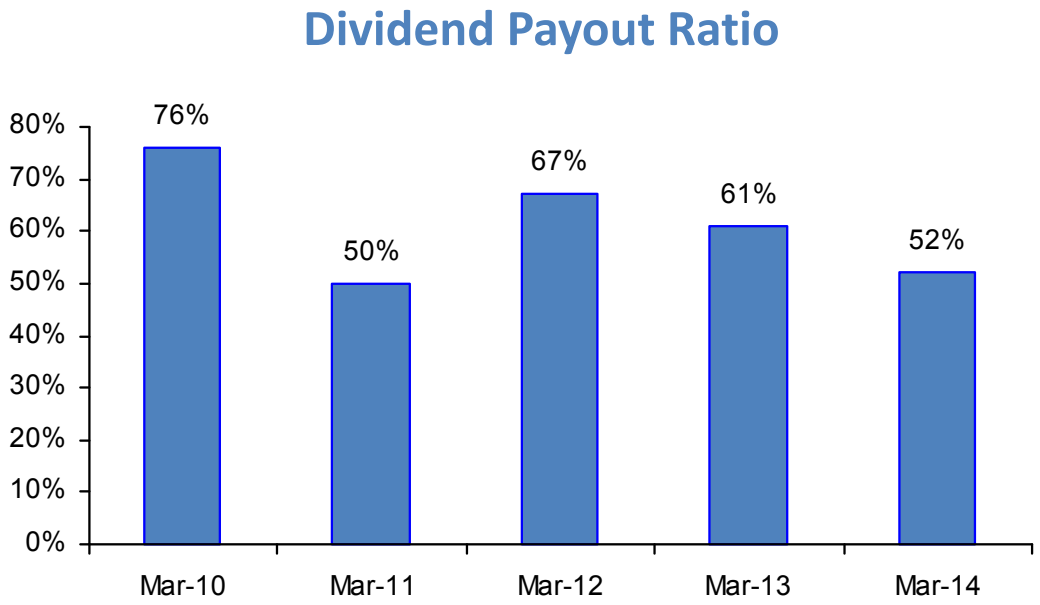



***Sales Rs. 630.9 Cr. for FY13 & 590.1 Cr. for FY14***

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# RTSSL Ratios and Return

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Debt:Equity | 0.02 | 0.02 | 0.12 | 0.24 | 0.22 |
| RoCE% | 48.5% | 45.8% | 38.0% | 19.6% | 10.2% |
| EPS (Rs.) | 46.1 | 58.3 | 56.0 | 38.0 | 22.6 |
| DPS (Rs.) | 30.0 | 25.0 | 32.5 | 20.0 | 10.0 |
| BV (Rs.) | 169.1 | 198.5 | 217.1 | 231.8 | 243.1 |




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# RTSSL Key Highlights of the Year

**SALES**

- Domestic Sales was Rs.500.7 Cr (Rs. 555.6 Cr in previous year) and Export Turnover was Rs.89.4 Cr (Rs. 75.3 Cr in previous year)
- Won new orders from Daimler, ISUZU and Tata Motors
- Working on Innovative Power Steering System for SCV & Tractor segment

**OPERATIONS**

- The company spent Rs. 18.0 Cr in Capex in 2013-14 to meet the future market growth and Rs. 21.4 Cr is planned for the Financial Year 2014-15, again primarily for increasing capacities
- Profitability has come down due to
  - Large drop in CV offtake,
  - Exchange impact & commodity price increases and
  - Continued reduction in volumes of hydraulic steering in PC segment

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# RTSSL Outlook

Key initiatives for the future are :-

- Enhancing our domestic position by penetrating SCV,LCV and Tractor segments
- Enhancing exports by working with TRW for global platforms both for components and Assembly
- Leverage our Engineering capabilities to identify new products in automotive industry
- Increasing market and share for airbags in India.

**Company plans Capex of Rs. 21.36 Cr, achieve CAGR of 4% in Sales and ROCE of 25% by 2016-17**

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# Driving towards a new future




**Rane NSK Steering Systems Ltd.**

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# Rane NSK Steering Systems Ltd. (RNSSL)

## Profile

- Manufacture of Manual Steering Columns and Electric Power Steering
- Joint venture with NSK, Japan
- Preferred OE partner to major Passenger Vehicle & Commercial Vehicle manufacturers

## Production Plants

Company has **3** plants in the following locations

| Location | Products | Customer Segments |
|---|---|---|
| Chennai | Mechanical Steering Columns & I Shafts | PC/MUV, SCV/LCV/MCV/HCV |
| Bawal | Electric Power Steering | PC/MUV |
| Uttrakhand | Mechanical Steering Columns & I Shafts | SCV/MCV/HCV |




PC – Passenger Car
SCV – Small Commercial Vehicle
LCV – Light Commercial Vehicle
MCV – Medium Commercial Vehicle
MUV – Multi Utility Vehicle
HCV – Heavy Commercial Vehicle

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# RNSSL Products Profile



**Electric Power Steering Columns**



**Solid Steering Columns**



**Energy Absorbing & Collapsible Columns**



**Tilt & Telescopic Steering Columns**



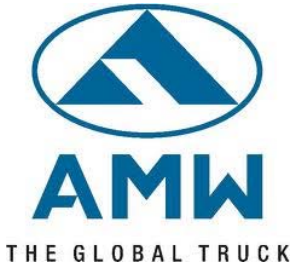
**Intermediate Shafts**



**Universal Joint Assemblies**

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# RNSSL Major Customers




































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# RNSSL Financials

| Rs Cr | 2010 | 2011 | 2012 | 2013 | 2014 | CAGR (%) |
|---|---|---|---|---|---|---|
| Net Sales | 164.2 | 176.8 | 308.2 | 572.6 | 524.0 | 33.7% |
| *% growth* | | *7.7%* | *74.3%* | *85.8%* | *(8.5)%* | |
| Op. EBITDA | 12.8 | 4.3 | 18.9 | 58.6 | 55.5 | 44.3% |
| *% growth* | | *(66.8%)* | *344.2%* | *210.4%* | *(5.4)%* | |
| PBT | 8.2 | (3.3) | 5.4 | 36.3 | 23.0 | 29.6% |
| PAT | 6.4 | (5.6) | 5.4 | 24.9 | 14.1 | 22.1% |
| Extraordinary Items | - | - | - | - | (4.8) * | |
| APAT | 6.4 | (5.6) | 5.4 | 24.9 | 18.9 | 31.4% |
| *% growth* | | *(188.8%)* | *195.9%* | *361.0%* | *(24.2)%* | |
| **Op. EBITDA%** | **7.8%** | **2.4%** | **6.1%** | **10.2%** | **10.6%** | |
| **APAT%** | **3.9%** | **(3.2%)** | **1.8%** | **4.4%** | **3.6%** | |

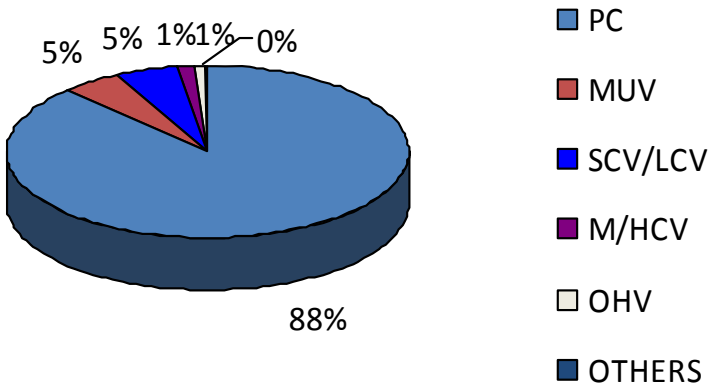
* *Provision for voluntary recall of products*

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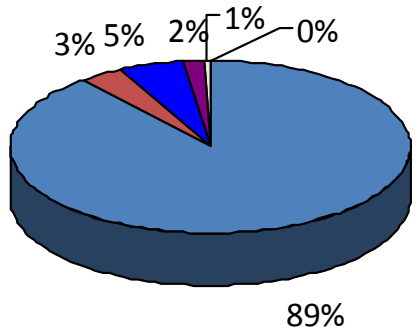
# RNSSL Sales Mix 2013/2014

## by Customer Segments

**2012-13**

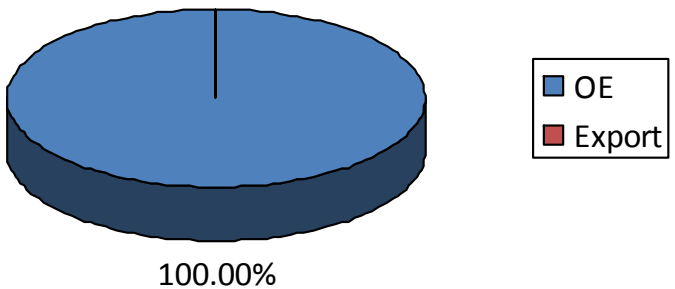



**2013-14**

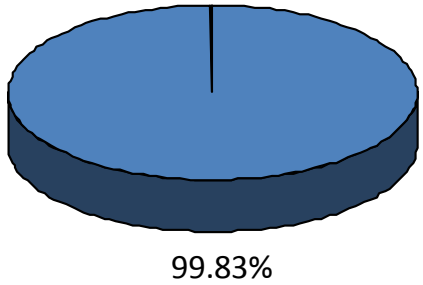



## by Market

**2012-13**




**2013-14**




***Sales Rs. 572.6 Cr. for FY13 & 524.0 Cr. for FY14***

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# RNSSL Ratios and Return

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Debt:Equity | 0.36 | 1.45 | 1.43 | 0.72 | 0.86 |
| RoCE% | 15.9% | - | 12.6% | 46.0% | 28.9% |
| EPS (Rs.) | 3.5 | - | 3.0 | 13.9 | 7.9 |
| BV (Rs.) | 19.9 | 16.8 | 19.8 | 33.7 | 41.6 |

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# RNSSL Key Highlights of the Year

**SALES**

- Sales was Rs. 524.0 Cr for the year (Rs. 572.6 Cr in previous year), a decline of 8% over the previous year mainly in the Manual Column business on account of lower than anticipated performance with key Passenger Vehicle Customers and the slowdown in the Commercial Vehicles segment
- The Company was able to increase the number of Electric Power Steering units supplied due to introduction of new products for Honda City
- Key New Businesses won in commercial vehicle segment – from Volvo Eicher, Nissan Ashok Leyland, Ashok Leyland

**OPERATIONS**

- The Company's performance was affected on account of
  a. Voluntary recall
  b. Higher depreciation consequent to capacity enhancement
  c. Exchange losses due to depreciation in INR
- Productivity improvement and increased localization resulted in cost competitiveness
- Energy consumption reduction in EPS Business through various energy conservation projects
- Company incurred Capex of Rs 47 Cr mainly towards capacity enhancement
- Nine new products launched in Manual Steering Column business with a scope for significant revenue in the near term


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# RNSSL Outlook

Key initiatives identified for fiscal year 2014-15 are :-

- Increased localization in EPS Business
- Strengthening the new product development and quality processes.
- RNSSL working to become the global design centre for manual columns of NSK
- Improve supply chain efficiency and achieve cost reduction through localisation and VAVE activities in the Manual Column Business

**Company plans Capex of Rs.110 Cr, achieve CAGR of 21% in Sales and ROCE of 30% by 2016-17**

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# Driving towards a new future




## SasMos HET Technologies Limited & JMA Rane Marketing Limited

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# SasMos HET Technologies Limited & JMA Rane Marketing Limited

## SasMos HET Technologies Limited

### Profile

SasMos HET Technologies Limited, located at Bangalore, is a leading wiring harness and system integrator for defence, marine and aerospace industry. It is engaged in design, prototyping and manufacture of customized electronic solutions including electrical interconnection of solutions and electronics systems design and integration for defence and aerospace applications. Rane, in its bid to diversify from the automobile segment and enter into new business, acquired 26% stake in SASMOS in 2011-12

### Financials

Net sales of SasMos HET Technologies Limited during the financial year 2013-14 was Rs.48.0 crores as against Rs.22.1 Cr in the previous year. The company turned around posting a PAT of Rs.4.6 Cr compared to a loss of Rs.5.3 Cr in the previous year

## JMA Rane Marketing Limited

### Profile

JMA Rane is a joint venture company between Rane Holdings Limited and Jullundur Motor Agency Company Ltd. JMA Rane is a trading company dealing with automobile components and has dealer network at various locations in India

### Financials

Sale of JMA Rane during the financial year 2013-14 was Rs.55.1 Cr as against Rs. 51.1 Cr in the previous year with a profit after tax of Rs. 1.8 Cr during the year compared to Rs. 2.2 Cr in the previous year

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# Driving towards a new future




## Conclusion

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# Conclusion

- ACMA has forecasted that the Indian Auto Component Industry will grow from $43 Bn to $112 Bn by 2020
- Out of this, Exports will grow from $7 Bn to $35 Bn
- The Group has recently engaged services of McKinsey to develop growth strategy for the future
- The Indian economy is now poised to be back on track for a healthy GDP growth
- The automobile industry should also regain its momentum
- Rane Group is well positioned to grow both in India and in overseas market

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# Driving towards a new future




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# Glossary of Abbreviations

| Abbreviation | Expansion |
|---|---|
| **ACMA** | Automotive Component Manufacturers Association |
| **AP** | Andhra Pradesh |
| **APAT** | Adjusted Profit After Tax |
| **BV** | Book Value |
| **CAGR** | Compound Annual Growth Rate |
| **Capex** | Capital Expenditure |
| **CSR** | Corporate Social Responsibility |
| **CV** | Commercial Vehicles |
| **DPS** | Dividend Per Share |
| **EPS** | Earnings Per Share/Electric Power Steering |
| **EU** | European Union |
| **FT** | Farm Tractors |
| **FY** | Financial Year |
| **HCV** | Heavy Commercial Vehicles |
| **INR** | Indian Rupee |
| **JV** | Joint Venture |
| **LCV** | Light Commercial Vehicles |
| **LTS** | Long Term Settlement |
| **MCV** | Medium Commercial Vehicles |
| **MI** | Minority Interest |
| **MPV** | Multi Purpose Vehicles |
| **MUV** | Multi Utility Vehicles |
| **M&HCV** | Medium & Heavy Commercial Vehicles |

| Abbreviation | Expansion |
|---|---|
| **NGO** | Non Government Organisation |
| **NOC** | No Objection Certificate |
| **NVH** | Noise Vibration & Harness |
| **Op. EBITDA** | Earnings Before Interest, Depreciation, Tax and Amortisation from Operations |
| **OE** | Original Equipment |
| **OEM** | Original Equipment Manufacturer |
| **OES** | Original Equipment Supplier |
| **PAT** | Profit After Tax |
| **PBT** | Profit Before Tax |
| **PC** | Passenger Car |
| **P&L** | Profit & Loss |
| **R&D** | Research & Development |
| **RM** | Raw materials |
| **ROCE** | Return on Capital Employed |
| **SCV** | Small Commercial Vehicles |
| **TN** | Tamil Nadu |
| **TPM** | Total Productivity Management |
| **UV** | Utility Vehicles |
| **VA/VE** | Value Added / Value Engineering |
| **VRS** | Voluntary Retirement Scheme |
| **2W/3W** | Two Wheeler/Three Wheeler |

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# 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.*

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